



SAUDI LAW CONFERENCE
المؤتمر السعودي للقانون

UNDER THE THEME OF: **REINFORCING A SUSTAINABLE
AND INCLUSIVE BUSINESS ENVIRONMENT**

**CANCELLATION OF REGISTERED TRADEMARKS UNDER INTERNATIONAL
INTELLECTUAL PROPERTY LAWS AND ITS IMPLEMENTATION IN THE SAUDI
ADOPTED GCC TRADEMARK LAW. LEGISLATIVE PROBLEMS AND SOLUTIONS!**

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What is this Paper all about?

- i. Cancellation of Registered Trademarks
 - The International Law Regime.
 - The GCC Trademark Law as adopted by Saudi Arabia.
- ii. Compatibility of the GCC Trademark Law with the international law provisions.
- iii. Loopholes in the provisions related to cancellation of registered trademarks in the GCC Trademark law.
- iv. Legal Flexibilities in the GCC Trademark Law.
- v. Are there any Administrative Reforms Saudi Arabia can adopt to fill some gaps in the law?
- vi. I will propose some viable solutions!



The International Law Regime.

The International Law Regime.

Main International Instruments on the subject are following:

- Paris Convention for the Protection of Industrial Property of March 20, 1883 as amended on September 28, 1979.
- Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement. Annex 1(c) of Marrakesh Agreement establishing World Trade Organization (WTO), April 15, 1994.

Saudi Arabia membership:

- i. Member of Paris convention w.e.f March 11, 2004.
- ii. Member of TRIPS Agreement w.e.f December 11, 2005.

Saudi Arabia bound by the mandatory provisions of Paris convention and TRIPS agreement (International IP laws)



Forms of Cancellation provisions under Paris Convention.

Non-use cancellation – Article 5 (c)

C.— (1) **If**, in any country, use of the registered mark is compulsory, the registration may be cancelled only after a reasonable period, and then only **if the person concerned does not justify his inaction**.

(2) Use of a trademark by the proprietor **in a form differing in elements which do not alter the distinctive character** of the mark in the form in which it was registered in one of the countries of the Union **shall not entail invalidation** of the registration and **shall not diminish** the protection granted to the mark.

Questions

- i. What is reasonable Period?
- ii. How to justify inaction?

Not answered by Paris Convention.



Forms of Cancellation provisions under Paris Convention.

Cancellation based on well-known mark – Article 6bis Paris Convention

The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use 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. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.

No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.

Scope of Article 6bis

- i. Mandatory Provision.
- ii. Absence of local legislation does not make the provision ineffective.
- iii. Right of action not limited to imitation as whole.
- iv. Minimum five years time period for challenging registration.
- v. No time limit, if Bad Faith element established. **Very Important**



Forms of Cancellation provisions under Paris Convention.

Un-answered Questions

No guiding principle over declaration of mark as a well-known. Member states free to adopt any criteria under Paris convention.

Is it still the case?

Agent or Representative Relationship

Article 6septies of Paris convention also requires the member states to establish mechanism for initiating cancellation action or opposition for a proprietor of trademark against registration of its trademark by its agent or representative. This provision envisages the scenario where there is a business relationship between the principal or proprietor of mark and agent or representative which can be a distributor as well.

*(1) If the agent or representative of the person **who is the proprietor of a mark in one of the countries** of the Union applies, without such proprietor's authorization, for the registration of the mark in his own name, in one or more countries of the Union, the proprietor shall be entitled to oppose the registration applied for or demand its cancellation or, if the law of the country so allows, the assignment in his favor of the said registration, unless such agent or representative justifies his action*



TRIPS AGREEMENT

TRIPS Agreement

- TRIPS is a Paris-Plus agreement.
- Member of TRIPS are under obligations to comply with substantive provisions (Article 1-16 & 19) of the Paris Convention. Membership of Paris convention is not condition for this (Article 2 TRIPS).

TRIPS Regime over cancellation of registered Trademarks

Non-use Cancellation

Recalling that, reasonability of period was not defined in Paris Convention.

Article 19.1 of the TRIPS agreement limited the flexibility.

*“If use is required to maintain a registration, the registration may be cancelled only after an uninterrupted period of at least three years of non-use, unless **valid reasons** based on the existence of obstacles to such use are shown by the trademark owner...”.*



TRIPS AGREEMENT

What are the “Valid Reasons or justification of non-use”?

Unlike Paris convention, Article 19.1 of TRIPS Agreement provides the justification for non-use:

“...Circumstances arising independently of the will of the owner of the trademark which constitute an obstacle to the use of the trademark, such as import restrictions on or other government requirements for goods or services protected by the trademark, shall be recognized as valid reasons for non-use...”.

Exhaustive or Non-Exhaustive provision?

Beyond the control is the guiding principle.



TRIPS AGREEMENT

Cancellation based on Well-known Mark – Article 16(2)

“... in determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark”

TRIPS create criteria for well-known marks.

Article 6*bis* of Paris convention extended to services as well.



TRIPS AGREEMENT

SPECIAL PROVISIONS UNDER TRIPS AGREEMENT ON CANCELLATION

TRIPS agreement mandates the cancellation procedure under Article 15(5).

“15(5). Members shall publish each trademark either before it is registered or promptly after it is registered and shall afford a reasonable opportunity for petitions to cancel the registration...”

It speaks about Administrative cancellation procedure, Post-Registration.

Safeguard Principles under TRIPS over cancellation of Trademarks

Article 62(4)

*62(4). Procedures concerning the acquisition or maintenance of intellectual property rights and, where a Member's law provides for such procedures, administrative revocation and inter parties procedures such as opposition, revocation and cancellation, shall be governed by the general principles set out in **paragraphs 2 and 3 of Article 41.***



TRIPS AGREEMENT

TRIPS Paragraphs 2 and 3 of Article 41 mandates some principles:

- i. Fairs & Equitable
- ii. Not unnecessarily complicated or costly
- iii. Not in-reasonable in time
- iv. No unwarranted delays
- v. In writing decisions, based on evidence
- vi. Opportunity to be heard.

We will see later whether the GCC Trademark Law or its application in Saudi fulfills it.



The GCC Trademark Law

Saudi Arabia adopted the Gulf Cooperation Council (GCC) Trademark Law September 2016 by virtue of Royal Decree M/51 (26/07/1435H) corresponding to May 25, 2014.

Repeals the earlier Saudi Trademark law issued vide Royal Decree M/21 (28/5/1423) corresponding to 7 August 2002.

The legal framework of cancellation proceedings is substantially amended under the GCC trademark law as compared to the earlier Saudi Trademark law.

Three Types of cancellation proceedings under the GCC TM Law

- i. **Unlawful Registration**
- ii. **Non-use cancellation**
- iii. **Cancellation based on Prior use.**



The GCC Trademark Law

Unlawful Registration

Article 22 of the GCC Trademark law:

*“Without prejudice to the provisions of Article 7 of this law, the Competent Authority as well as any concerned party may request the competent court of law to cancel trademark that has been **unlawfully** registered. The Competent Authority must cancel the registration when a final decision is filed with it.”*

Exclusionary subject matters of Article 3 and legal bar of Article 4 – Well-Known Marks

Article 3(13) *“Marks which are copies, imitation or translation of a famous trademark or part thereof which is owned by others...”*

Article 3(14) *“Marks which are copies, imitation or translation of a famous trademark or an essential part thereof owned by others...”*

Article 4 *“No registration shall be permitted of a famous trademark that acquired fame outside the country in which it is registered in respect of identical or similar goods or services unless it is filed by its owner or the owner consented to such application for registration”*

Above provisions have Administrative Application but also relevant for judicial Cancellation Action. **How? Next Slide.**



The GCC Trademark Law

Problems with this provision

Competent Authority can also file cancellation action under Article 22. On what basis?

It should be limited to Article 2 requirement, or exclusionary subject matters of Article 3 or Article 4 or if the person does not have capacity ab initio or ceases to have capacity as such to hold trademark registration.

Unlawfulness not defined. This makes it broad enough.

My view: The registration shall be in compliance with every provision of law that can be invoked for examination of trademark or can be invoked after registration of trademark. For instance, Article 2 (within scope of trademark) or Article 3 (exclusionary subject) or Article 4 (conflict with well-known mark) or Article 7 (Prior use).

For this reason, I believe that provisions related to **Exclusionary subject matters of Article 3 and legal bar of Article 4 – Well-Known Marks are also relevant to cancellation action.**

We also need to take a view which is more complaint with International Law.



The GCC Trademark Law

Cancellation based on Prior use- Article 7

- i. Under Article 7, any person who claims prior use of trademark can challenge the registration of trademark.
- ii. Limitation period of 05 years from the date of registration.
- iii. Incontestability of registration after five years of use without any legal action filed against it. This provision is applicable to all form of cancellation actions **except non-use based.**

Problem

The incontestability of registered trademark is also applicable in cancellation proceedings based on 'unlawful registration'. This creates a very interesting scenario.

Competent authority can be barred from bringing cancellation action based on the exclusionary subject matters which also includes public morals or order, marks identical to symbols of purely religious nature, or marks owned by persons with whom dealing is banned pursuant to any local law.

Can we make a mark incontestable in all these scenarios?



The GCC Trademark Law

Non-use Cancellation Action

Article 24, any concerned party can file cancellation action against a trademark that is non-used for consecutive 05 years.

Since the non-use cancellation action can be brought after any consecutive five years, this form of cancellation action is exception to the incontestability of registration under Article 7.



The GCC Trademark Law

The most challenging provision of the GCC Trademark Law is Article 25. **Three years bar.**

Article 25 provides “*If the registration of trademark is cancelled from the register, it is not possible to re-register such trademark in favor of others for the same or similar goods or services before the lapse of three years from the date of cancellation, unless a competent authority has ordered the cancellation and prescribed a shorter period for re-registration of the mark*”

Inherent Flaws

This provision has following inherent flaws which makes it difficult to understand the objectives, drafters of this provision intended to achieve:

- i. If a cancellation action is brought based on rightful ownership of earlier user or unregistered well-known mark, successful cancellation does not serve the purpose. The rightful owner must wait for three years to be able to register its trademark.
- ii. The law or its implementing regulations do not have any procedure to keep the priority in application for the rightful owners successful in cancellation action.
- iii. This provision keeps the owners of bad faith registration in advantageous position. The GCC Trademark does not recognize unregistered trademark license. Post cancellation three years bar on registration, deprive the rightful owners from licensing out its trademarks.



The GCC Trademark Law

- iv. In between three years, there is also possibility that another confusingly similar mark might be accepted for registration. In such case, the rightful owner does not have any assurance of registration after three years.
- v. The rightful owner even after successful cancellation action will not be able to exclude the adversary or any third party from using the mark. Cancellation based on unregistered rights in trademark is endorsement of such rights and absence of right to immediately register it makes such right meaningless at least for three years.



Case Law

Issues in Practice-Case Law

- i. Administrative Courts are refusing jurisdiction over cancellation actions. Case No. 2292 of 2016.
- ii. In a recent Case No. 18096 of 2019 filed with Administrative Court in Riyadh for cancellation of registered trademark, the court refused to accept jurisdiction over the matter. The court ruled out that the GCC Trademark law does not clarify competent court to decide a cancellation action. Court also made observations that in the earlier Saudi Trademark law, the position of was clear. No regard for Article 13 of the Law of Board of Grievance which empowers to cancel the administrative decision on grounds of lack of jurisdiction, defect in form or cause, violation of laws and regulations, error in application or interpretation thereof, or abuse of power. Under Appeal.
- iii. Case No. 17438 of 2019, same result. No jurisdiction.
- iv. At the same time, Administrative Courts have accepted jurisdiction as well. Case No. 6760 of 2018.
- v. In practice before Saudi Trademark Office, a cancelled mark remains a cited mark for the purpose of examination for a period of three years post cancellation. A cancelled confusingly similar mark was cited by Examiner against application no. 1436015958.
- vi. The rightful owner of EI ROSA trademark had to wait for three years to register its trademark after cancellation of imitator's trademark.
- vii. It is difficult to take order from court for reducing the period of three years. For instance, in Case No. 5629 of 2018 Court refused to reduce three years period.



Compatibility with TRIPS?

Fair & Equitable?

Not **unnecessarily complicated** or costly?

Not **in-reasonable in time**?

No **unwarranted delays**?

In writing decisions, based on evidence?

Opportunity to be heard.

TRIPS does not recognize incontestable registration **acquired under Bad Faith (Article 6bis)**. How about **Article 7** of the GCC Trademark Law? Can a 'Good Faith' requirement under Article 7 be the answer?



My Proposed Solutions

Filling the loopholes in The GCC Trademark Law --- Only where Administrative solutions can fix the loopholes. Amendment in the Law is not scope of my Paper.

Jurisdiction issue. Very simple Solution!

Saudi Intellectual Property Authority (SAIP) should issue clarification in implementing regulations and clearly specify relevant Courts for Cancellation Action in accordance with the General Law. Article 13 of the Law of Board of Grievance is authority.

Three Years Bar of Article 25. Solution exists in Article 25 itself for SAIP to implement!

- Cancelled Trademark can be registered for dissimilar goods/services in the same class.
- Article 25 should be interpreted to include identical trademark only. Lenient view can be taken if there is additional element or if it is variation of cancelled mark. Trademark Examination guidelines can be issued for such trademarks by SAIP.
- Article 25 bars registration only.
- Article 25 does not bar receiving trademark applications, prioritizing it based on filing date.



My Proposed Solutions

- Creating a **Mail-box system** for deferred Examination after 03 Years.
- Priority should be for the party whose action resulted in cancellation of the mark if action was based on prior established rights.
- SAIP can examine priority under general rules if more than one party files for the mark cancelled on non-use basis or expired mark for non-renewal or for any other reason not based on established prior rights.



Thank you for listening. Any Questions?

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