

USE IT OR LOSE IT!  
 BURDENS OF PROOF IN NON-USE  
 CANCELLATION ACTIONS: A CALL FOR BALANCE  
 IN THE TRADEMARK LAWS OF THAILAND,  
 INDONESIA, AND INDIA<sup>♦</sup>

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I. INTRODUCTION

Today’s trademark owners are faced with tremendous opportunity to obtain brand protection not only in their home countries, but also abroad. As they consult with their respective intellectual property counsel, they may be pleased to learn that

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international accords such as the TRIPS Agreement,<sup>1</sup> the Madrid Agreement,<sup>2</sup> and the Nice Agreement<sup>3</sup> provide for relatively uniform procedures and protections in most major markets of the world—in other words, the way that one obtains trademark registration, and the rights and obligations that attach to this registration, are strikingly similar throughout an increasingly “small world.”

But given that complete legal uniformity on a global scale has thus far not been achieved, it should not be surprising that managers of international trademark portfolios do come across ripples of nonconformity. For example, the duration of a trademark registration may be shorter or longer than the typical ten-year period. Or, certain countries may offer fewer or greater filing bases than does the applicant’s home country. These differences are usually explored and resolved in exchanges between the applicant’s home-country counsel and the foreign associate.

Nonetheless, the intellectual property practitioner and owner must understand the legal landscape of any country that may appear or already has appeared in the latter’s portfolio. While trademark owners take comfort in the idea that their brands can be protected around the world, this Note will explore the ramifications of what may be called “over-protection” of trademark rights by way of stringent burdens of proof in non-use cancellation actions in Thailand, Indonesia, and India. These countries were chosen based on their unique non-use cancellation schemes, their geographic proximity, and their importance as emerging markets.

The trademark laws of Thailand, Indonesia, and India make it extremely difficult to cancel trademark registrations based on non-use, thus clogging their respective registers with unused trademarks and preventing individuals and companies from gaining rightful ownership and enjoying beneficial use of such marks. This affects trademark owners in two ways: 1) the senior registrant acquires an unfair advantage, because he can register a mark without ever using it, and without fear of cancellation; and 2) the junior applicant who is unsuccessful in canceling an unused registration is unable to safely expand his brand into the country in question. The net result is a frozen registration record that en-

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<sup>1</sup> Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, 33 I.L.M. 1125, available at [http://www.wto.org/english/tratop\\_e/trips\\_e/t\\_agm0\\_e.htm](http://www.wto.org/english/tratop_e/trips_e/t_agm0_e.htm).

<sup>2</sup> Madrid Agreement Concerning the International Registration of Marks, Apr. 14, 1891 (as amended Sept. 28, 1979), 828 U.N.T.S. 389, available at [http://www.wipo.int/madrid/en/legal\\_texts/trtdocs\\_wo015.html](http://www.wipo.int/madrid/en/legal_texts/trtdocs_wo015.html).

<sup>3</sup> Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, June 15, 1957 (as amended Sept. 28, 1979), 23 U.S.T. 1336, 550 U.N.T.S. 45, available at [http://www.wipo.int/treaties/en/classification/nice/trtdocs\\_wo019.html](http://www.wipo.int/treaties/en/classification/nice/trtdocs_wo019.html).

courages trademark squatting<sup>4</sup> and discourages expansion of international trade. Countries that allow or endorse such a circumstance will be unable to fully insert themselves into an international community that is increasingly anti-unfair competition and pro-trade.

As an initial matter, this Note seeks to make trademark owners and practitioners aware of the post-registration regimes in which they now participate or wish to enter. Furthermore, and perhaps more importantly, this Note advocates for balance in the non-use cancellation schemes of Thailand, Indonesia, and India—balance that will give junior applicants more power to say to senior registrants, “Use it or lose it,” and that will enable these countries’ laws to comport with more realistic and palatable notions of intellectual property protection.

Part II will orient this discussion of foreign trademark law by building upon something familiar, namely, United States trademark law. It will discuss what qualifies as a trademark in the United States, and how such a trademark becomes registered. It will then take up these notions in the foreign context generally, before honing in on trademark definition and registration in Thailand, Indonesia, and India. Part III will provide an overview of non-use cancellation proceedings in the United States and abroad generally, and will also briefly introduce the quirks found in the non-use cancellation schemes of Thailand, Indonesia, and India. Part IV will dissect non-use cancellation in these three countries by discussing the relevant statutes and analyzing selected case law. Part V will examine why these (admittedly obscure) procedures matter and the consequences of imbalance therein. Finally, Part VI will theorize as to how more fairness in the non-use cancellation standards of these countries might be achieved.

## II. TRADEMARK DEFINITION AND REGISTRATION

### A. *Trademark Definition and Registration in the United States*

The Lanham Act, the principal piece of legislation in United States trademark law, defines a trademark as “any word, name, symbol, or device, or any combination thereof” that identifies and distinguishes the goods of one manufacturer or seller from the goods of another manufacturer or seller.<sup>5</sup> A trademark,

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<sup>4</sup> For an example of trademark squatting as it relates to the failure of a trademark owner to use his registered mark within a statutorily mandated period of time, see *infra* note 48 and accompanying text. Trademark squatting in general is somewhat outside the scope of this Note, as squatters can be more directly stymied by cancellation actions based on bad faith or by trademark infringement lawsuits.

<sup>5</sup> 15 U.S.C. § 1127 (2006).

in other words, identifies the source of goods.<sup>6</sup> In the United States, a trademark can be registered<sup>7</sup> with the United States Patent and Trademark Office (“USPTO”) only after the owner shows that the mark has been used in commerce in association with specific goods and/or services.<sup>8</sup> The owner demonstrates such use by submitting a verified statement of use<sup>9</sup> together with specimens of use.<sup>10</sup> Once the mark is registered, it will remain so for ten years, at which time it can be renewed for successive ten-year periods, provided the owner submits an affidavit of use, with specimens.<sup>11</sup> Clearly, the United States trademark system places a premium on trademark use and provides for specific methods to establish such use on a continuing basis.<sup>12</sup>

### B. *Trademark Definition and Registration Abroad*

While the definition of a trademark remains quite similar throughout the world,<sup>13</sup> the registration requirement differs

<sup>6</sup> Likewise, a service mark identifies the source of services and, like a trademark, consists of any word, name, symbol, or device, or any combination thereof. *Id.* In this Note, the words “trademark” and “mark” will be used in a general sense, in order to encompass the various types of marks that are recognized in the United States and abroad, including trademarks, service marks, certification marks, collective marks, and others.

<sup>7</sup> For the purposes of this discussion, a general overview of how trademark registration works in the United States will be given, without going into detail on such pre-registration matters as the examination and publication process, or such post-registration matters as incontestability. For a list of the benefits of United States trademark registration, see <http://www.uspto.gov/web/offices/tac/doc/basic/register.htm>.

<sup>8</sup> 15 U.S.C. §§ 1051(a)(3)(C), 1051(d)(1) (2006).

<sup>9</sup> The statement of use must specify the date on which use of the mark in commerce began. 15 U.S.C. § 1051(d)(1) (2006).

<sup>10</sup> Specimens, such as labels, tags, or advertising materials, must show the mark as it is used in commerce in association with the goods and/or services sought to be covered by the registration. U.S. PATENT & TRADEMARK OFFICE, TRADEMARK MANUAL OF EXAMINING PROCEDURE §§ 904.03, 1301.04 (5th ed. 2007), available at <http://tess2.uspto.gov/tmdb/tmep/>.

<sup>11</sup> 15 U.S.C. § 1058 (2006).

<sup>12</sup> For a brief explanation of how the Lanham Act’s use requirements stem from the Commerce Clause of the Constitution, see 1 ANNE GILSON LALONDE & JEROME GILSON, GILSON ON TRADEMARKS § 1.04(3)(b) (69th rev. 2009).

<sup>13</sup> For example, in the European Community, a trademark “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.” Council Regulation 40/94, art. 4, 1994 O.J. (L 11) 3, available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31994R0040:EN:HTML>. Under Mexican law, a mark is “any visible sign that distinguishes products or services from others of the same type or category on the market.” Ley de la Propiedad Industrial [Industrial Property Law], as amended, art. 88, Diario Oficial de la Federación [D.O.], 27 de Junio de 1991, available at <http://www.ordenjuridico.gob.mx/Federal/Combo/L-46.pdf>; available in English at [http://www.wipo.int/clea/en/text\\_pdf.jsp?lang=EN&id=3102](http://www.wipo.int/clea/en/text_pdf.jsp?lang=EN&id=3102). South African trademark law states, “In order to be registrable, a trade mark shall be capable of distinguishing the goods or services of a person . . . from the goods or services of another person.” Trade Marks Act 194 of 1993 s. 9, available at [http://www.wipo.int/clea/en/text\\_html.jsp?lang=en&id=4074#JD\\_ZA009\\_9](http://www.wipo.int/clea/en/text_html.jsp?lang=en&id=4074#JD_ZA009_9). A “mark” is defined as “any sign capable of being represented graphically, including a device, name,

sharply. Indeed, it seems that use of the mark in commerce as a prerequisite for registration is the exception rather than the rule in the global arena.<sup>14</sup> For example, in the European Community, a trademark need not be used in order to be registered.<sup>15</sup> The same is true in Mexico,<sup>16</sup> Brazil,<sup>17</sup> China,<sup>18</sup> Egypt,<sup>19</sup> Israel,<sup>20</sup> Japan,<sup>21</sup>

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signature, word, letter, numeral, shape, configuration, pattern, ornamentation, colour or container for goods or any combination of the aforementioned.” *Id.* at s. 2. China’s trademark law provides,

Any visual sign capable of distinguishing the goods or service of one natural person, legal person or any other organization from those of others, including words, devices, letters, numerals, three-dimensional symbols, combination of colors or the combination of the said elements may be applied for the registration of a trademark.

Trademark Law (promulgated by the Standing Comm. Nat’l People’s Cong., Aug. 23, 1982, *as amended*), art. 8, *available in English at* [http://www.wipo.int/clea/en/text\\_pdf.jsp?lang=EN&id=5003](http://www.wipo.int/clea/en/text_pdf.jsp?lang=EN&id=5003).

<sup>14</sup> This may be attributed to the constitutional or statutory authority that creates the trademark scheme of each country—for example, the use-focused system of the United States stems from the Commerce Clause of the Constitution (*see* GILSON, *supra* note 12). Perhaps this connection is absent from the foundational documents of countries where use is not a prerequisite to trademark registration. *See, e.g.*, Constituição Federal, art. 173, Oct. 5, 1988, *available in English* (as amended through 1996) at <http://pdba.georgetown.edu/Constitutions/Brazil/english96.html> (Brazil) (what may be considered Brazil’s counterpart to the Commerce Clause seems more limited in scope than that of the United States: “the direct exploitation of an economic activity by the State shall only be allowed whenever needed to the imperative necessities of the national security or to a relevant collective interest . . .”).

<sup>15</sup> However, if the mark is not used in any five-year period following registration, the mark may be subject to revocation. Council Regulation 40/94, art. 50, 1994 O.J. (L 11) 3, *available at* <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31994R0040:EN:HTML>.

<sup>16</sup> However, if the mark is not used in any three-year period following registration, the mark may be subject to a “declaration of lapse.” Ley de la Propiedad Industrial [Industrial Property Law], *as amended*, art. 130, Diario Oficial de la Federación [D.O.], 27 de Junio de 1991, *available at* <http://www.ordenjuridico.gob.mx/Federal/Combo/L-46.pdf>; *available in English at* [http://www.wipo.int/clea/en/text\\_pdf.jsp?lang=EN&id=3102](http://www.wipo.int/clea/en/text_pdf.jsp?lang=EN&id=3102). Trademark owners are encouraged, though not required, to submit a Declaration of Use every three years in order to prevent third parties from initiating such an action. *See* E-mail from Eryck Castillo, Uhthoff Gomez Vega & Uhthoff, to author (Oct. 13, 2008) (on file with author). The author is grateful to Mr. Castillo for his explanation of current declaration practices in Mexico.

<sup>17</sup> However, if the mark is not used in any five-year period following registration, the mark may be subject to forfeiture. Lei No. 9.279, art. 143, de 14 de Maio de 1996, D.O. de 15.05.1996, *available in English at* [http://www.wipo.int/clea/en/text\\_html.jsp?lang=EN&id=515](http://www.wipo.int/clea/en/text_html.jsp?lang=EN&id=515).

<sup>18</sup> However, if the mark is not used in any three-year period following registration, the mark may be subject to cancellation. Trademark Law (promulgated by the Standing Comm. Nat’l People’s Cong., Aug. 23, 1982, *as amended*), art. 44, *available in English at* [http://www.wipo.int/clea/en/text\\_pdf.jsp?lang=EN&id=5003](http://www.wipo.int/clea/en/text_pdf.jsp?lang=EN&id=5003).

<sup>19</sup> However, if the mark is not used in any five-year period following registration, the mark may be subject to cancellation. Law on the Protection of Intellectual Property Rights, Law No. 82, art. 91, June 3, 2002, *available in English at* <http://www.wipo.int/clea/en/details.jsp?id=1301>.

<sup>20</sup> However, if the mark is not used in any two-year period following registration, the mark may be subject to cancellation. Trade Marks Ordinance (New Version), 5732-1972, 26 LSI 511, art. 41(a), *available in English at* [http://www.wipo.int/clea/en/text\\_pdf.jsp?lang=EN&id=2369](http://www.wipo.int/clea/en/text_pdf.jsp?lang=EN&id=2369).

<sup>21</sup> However, if the mark is not used in any three-year period following registration, the mark may be subject to rescission. Trademark Law, Law No. 127 of 1959, *as amended*, art. 50, *available in English at* [http://www.wipo.int/clea/en/text\\_pdf.jsp?lang=EN&id=2647](http://www.wipo.int/clea/en/text_pdf.jsp?lang=EN&id=2647).

the Philippines,<sup>22</sup> Australia,<sup>23</sup> and most other countries of the world.<sup>24</sup>

C. *Trademark Definition and Registration in Thailand, Indonesia, and India*

In terms of defining a trademark, each of these three countries follows suit with the language seen thus far. Thai trademark law states that a trademark is used to distinguish the goods of one owner from the goods of another, and that a mark consists of “a photograph, drawing, device, brand, name, word, letter, manual, signature, combinations of colors, shape or configuration of an object or any one or combination thereof.”<sup>25</sup> Indonesian trademark law provides that a trademark “shall mean a sign in the form of a picture, name, word, letters, figures, composition of colors, or a combination of said elements, having distinguishing features and used in the activities of trade in goods or services.”<sup>26</sup> In India, a trademark is “a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others . . . .”<sup>27</sup>

Thus, the theme of a distinguishing symbol used in commerce in association with goods and/or services appears to provide a universal template for defining the word “trademark.” These three countries also comport with the widespread notion that use of a mark is not required in order to obtain registration.<sup>28</sup>

<sup>22</sup> However, if the mark is not used in any three-year period following registration, the mark may be subject to cancellation. Intellectual Property Code of the Philippines, Rep. Act No. 8293, § 151(1)(c) (1997), available at [http://www.wipo.int/clea/en/text\\_pdf.jsp?lang=EN&id=3432](http://www.wipo.int/clea/en/text_pdf.jsp?lang=EN&id=3432). In addition, as in the United States, the registrant must file a declaration of use and evidence of such use by the sixth anniversary of the registration date. *Id.* at § 145.

<sup>23</sup> However, if the mark is not used in any three-year period following registration, the mark may be subject to removal from the register. Trade Marks Act, 1995, § 92(4)(b), available at [http://www.wipo.int/clea/en/text\\_pdf.jsp?lang=EN&id=230](http://www.wipo.int/clea/en/text_pdf.jsp?lang=EN&id=230).

<sup>24</sup> *But see* Trade-marks Act, R.S.C., ch. T 13, *as amended*, § 40(2) (1985), available at [http://www.wipo.int/clea/en/text\\_pdf.jsp?lang=EN&id=601](http://www.wipo.int/clea/en/text_pdf.jsp?lang=EN&id=601). Canada’s registration procedures are similar to those of the United States, in that evidence of use of the mark in commerce is a prerequisite to registration.

<sup>25</sup> Trademark Act, B.E. 2534, *as amended*, § 4 (1991), available in English at [http://www.wipo.int/clea/en/text\\_pdf.jsp?lang=EN&id=3804](http://www.wipo.int/clea/en/text_pdf.jsp?lang=EN&id=3804).

<sup>26</sup> Trademark Law, Law No. 15, art. 1(1) (2001), available in English at [http://www.jpo.go.jp/shiryu\\_e/s\\_sonota\\_e/fips\\_e/pdf/indonesia\\_e/e\\_shouhyou.pdf](http://www.jpo.go.jp/shiryu_e/s_sonota_e/fips_e/pdf/indonesia_e/e_shouhyou.pdf).

<sup>27</sup> The Trade Marks Act, No. 47 of 1999, art. 2(zb); India Code (1999), available at <http://indiacode.nic.in>.

<sup>28</sup> However, as will be discussed more fully, Thai and Indonesian trademark law provide that if the mark is not used in any three-year period following registration, the mark may be subject to cancellation. Trademark Act, B.E. 2534, *as amended*, § 63 (1991) (Thail.), available in English at [http://www.wipo.int/clea/en/text\\_pdf.jsp?lang=EN&id=3804](http://www.wipo.int/clea/en/text_pdf.jsp?lang=EN&id=3804); Trademark Law, Law No. 15, art. 61(2)(a) (2001) (Indon.), available in English at [http://www.jpo.go.jp/shiryu\\_e/s\\_sonota\\_e/fips\\_e/pdf/indonesia\\_e/e\\_shouhyou.pdf](http://www.jpo.go.jp/shiryu_e/s_sonota_e/fips_e/pdf/indonesia_e/e_shouhyou.pdf). In India, the vulnerability period is five years. The Trade Marks Act, No. 47 of 1999, art. 47(1)(b); India Code (1999), available at <http://indiacode.nic.in>.

Based on these factors, it would seem that these three countries' trademark laws are similar to those found in most other countries of the world in terms of how they define what is eligible for trademark protection and on what conditions. However, this Note submits that each of these countries has an idiosyncrasy lurking in its laws, specifically, in the realm of non-use cancellation proceedings. As discussed in the Introduction, the laws of Thailand, Indonesia, and India impose strict requirements on those seeking to cancel a trademark registration on the ground of non-use—requirements that result in stale registers, meaningless trademarks, and, ultimately, thwarted trade.

### III. NON-USE CANCELLATION: AN OVERVIEW

Though it may not be a frequently discussed aspect of trademark law, the non-use cancellation action serves an important purpose. In a system that almost universally binds “trademark” and “use” together in a definitional sense, but then allows an entity to acquire registered trademark protection without showing use, there must be some back-up provision whereby such non-use will not be permitted. Thus, all major nations include in their trademark laws a device by which the registrar or any interested party may petition for the cancellation of a mark's registration based on non-use.<sup>29</sup> Also, given the recent proliferation of international trademark registration,<sup>30</sup> non-use cancellation could serve the administrative function of removing “deadwood” from trademark registers.<sup>31</sup>

“Canceling” a trademark registration means removing it from the register such that a newcomer can apply to register the mark without having such an application barred by the prior registration—in other words, cancellation has the effect of erasing the prior mark's registration and all of the rights that come along with it.<sup>32</sup> Thus, in order to apportion trademark rights to those who,

<sup>29</sup> See Richard J. Taylor, *Loss of Trademark Rights through Nonuse: A Comparative Worldwide Analysis*, 80 TRADEMARK REP. 197 (1990).

<sup>30</sup> See Press Release, World Intellectual Property Organization (WIPO), International Trademark Registrations Top One Million (May 11, 2009), available at [http://www.wipo.int/pressroom/en/articles/2009/article\\_0011.html](http://www.wipo.int/pressroom/en/articles/2009/article_0011.html).

<sup>31</sup> See Taylor, *supra* note 29, at 199-200.

<sup>32</sup> However, at least as far as the United States is concerned, it is the registration that is canceled, not the mark itself. Thus, the owner of a canceled registration, while losing the rights that come along with federal trademark registration, may still enjoy his common-law, use-based rights in the mark. This, again, is because United States trademark law dictates that use, not registration, creates a trademark right. See 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 20:68 (4th ed. 2009). But in a cancellation action based on non-use, one may not be concerned about the distinction between registration rights and use rights. In other words, there are other types of cancellation actions (e.g., statutory bar, dilution, genericness, functionality, fraud, etc.—for a discussion of these and others, see *id.* at §§ 20:52-20:64) in which the petitioner would

according to current international trends, “deserve” them, it is crucial that non-use cancellation statutes and the judges who interpret them be balanced enough to actually allow cancellation to occur where appropriate.

A. *Non-use Cancellation Proceedings in the United States*<sup>33</sup>

The Lanham Act provides that a petition to cancel the registration of a trademark may be filed at any time “by any person who believes that he is or will be damaged” by such registration if the mark has been abandoned.<sup>34</sup> A mark will be deemed “abandoned” if its use has been discontinued with the intent not to resume use; also, non-use for three consecutive years is *prima facie* evidence of abandonment.<sup>35</sup>

The person or entity seeking cancellation under the abandonment rubric must file a petition for cancellation with the Trademark Trial and Appeal Board,<sup>36</sup> which is an administrative tribunal of the USPTO.<sup>37</sup> The petition mirrors the form of a complaint in a court proceeding<sup>38</sup> and must set forth the reasons why the petitioner (plaintiff) believes he is or will be damaged by the registration (for example, he is or will be unable to register his mark due to the existence of the registration in question) and must state the grounds for cancellation (such as abandonment).<sup>39</sup> Likewise, an answer to the petition mirrors the form of an answer in a court proceeding<sup>40</sup> and must set forth admissions, denials,

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want to cancel the registration *and* prohibit the former registrant from using the mark; but if non-use is a given, it is reasonable to surmise that the petitioner’s goal is to simply get the prior registration out of the way so that he can obtain a registration of his own.

<sup>33</sup> As with the discussion of trademark definition and registration in Part II, *supra*, this exploration of non-use cancellation begins with the United States in order to provide a familiar backdrop before delving into foreign non-use cancellation schemes. While this Note does not seek to demonstrate that the United States’ non-use cancellation scheme is “better” than those found in other countries, it is worth noting that one virtue of United States law is that it clearly provides for and enforces a burden shifting rubric that is lacking in Thailand, Indonesia, and India, the three countries at issue here.

<sup>34</sup> 15 U.S.C. § 1064(3) (2006).

<sup>35</sup> *Id.* at § 1127. This language of *abandonment* cancellation is interesting in light of other countries’ focus on *non-use* cancellation. The author submits that this difference can be attributed to United States trademark law’s assumption that the mark, once registered, is being used, since use is a prerequisite to both registration and renewal. See 15 U.S.C. § 1057(b) (2006) (trademark certificate of registration is *prima facie* evidence of validity, ownership, and exclusive right to use the mark). Because this is not the case in other countries, their laws typically do not require the petitioner to go so far as to establish abandonment; however, India’s trademark law does (surprisingly) require a showing of abandonment in its non-use cancellation proceedings, as will be discussed later, *infra* Part IV.C.

<sup>36</sup> U.S. PATENT & TRADEMARK OFFICE, TRADEMARK TRIAL AND APPEAL BOARD MANUAL OF PROCEDURE § 302 (2nd ed. 2003, 1st rev. 2004) [hereinafter TBMP], available at <http://www.uspto.gov/web/offices/dcom/ttab/tbmp/index.html>.

<sup>37</sup> *Id.* at § 102.01.

<sup>38</sup> *Id.* at § 302.

<sup>39</sup> *Id.* at § 309.03.

<sup>40</sup> *Id.* at § 311.01.



and/or defenses.<sup>41</sup> If the registrant (defendant) fails to answer within the time allowed, default judgment may be entered against him,<sup>42</sup> thus resulting in the cancellation of the registration.

United States law provides that the petitioner bears the initial burden of proving by a preponderance of the evidence that the mark has been abandoned.<sup>43</sup> Once that burden is met, the registrant bears the burden of either showing evidence of use to disprove the first prong of the abandonment claim (non-use), or evidence of an intent to resume use to disprove the second prong of the abandonment claim (intent not to resume use).<sup>44</sup> Thus, United States non-use cancellation law provides for balance by way of burden shifting.

### B. *Non-use Cancellation Proceedings Abroad, Generally*

Unlike in the United States, abandonment does not take center stage in the trademark cancellation provisions of other countries.<sup>45</sup> Instead, as discussed in Part II.B, most foreign countries' trademark laws provide that a registered trademark can become vulnerable to cancellation if the mark has not been used in association with the corresponding goods for any continuous period of a certain number of years following registration.<sup>46</sup> This "vulnerability period," as it will be referred to throughout this Note, is usually three or five years.<sup>47</sup> Though not the focus of this Note, it is extremely important that trademark owners are made aware of these vulnerability periods so that they can adequately protect their rights abroad—merely obtaining registration and filing renewals is not enough.<sup>48</sup>

<sup>41</sup> *Id.* at § 311.02.

<sup>42</sup> *Id.* at § 312.01.

<sup>43</sup> *See, e.g.,* Auburn Farms, Inc. v. McKee Foods Corp., 51 U.S.P.Q.2d 1439, 1443 (1999). Auburn established McKee's non-use through a deponent who testified as to the exact date of the last use of the JAMMERS mark and as to the lack of any discussions within the company regarding intent to resume use of the mark. *Id.* at 1441-42. The Trademark Trial and Appeal Board stated that the execution of a consent agreement and an assignment by McKee's predecessor-in-interest failed to disprove Auburn's prima facie case of abandonment. *Id.* at 1445. The documents were executed well after the time of abandonment that Auburn established, and their existence could just as easily give rise to an inference of abandonment as it could give rise an inference of non-abandonment. *Id.* at 1444. Viewed in the context of the entire record, the Board held that these documents were not enough to outweigh Auburn's "objective evidence of nonuse." *Id.* This case illustrates United States law's impatience for trademark owners who cannot adequately prove use—an impatience that is lacking in the three countries explored in this Note.

<sup>44</sup> *Id.* at 1443.

<sup>45</sup> *See supra* note 35.

<sup>46</sup> *See supra* notes 15-24, 28.

<sup>47</sup> *See supra* notes 15-24, 28.

<sup>48</sup> Starbucks serves as an exemplar of this point. Although the coffee giant registered its trademark in Russia in 1997, a trademark squatter was successful in canceling the registration in 2002 based on non-use. He then registered the mark in his own name and refused to give it up for anything less than \$600,000. After a three-year battle in the Russian

C. *Non-use Cancellation Proceedings in Thailand, Indonesia, and India:  
An Introduction*

Like the United States, the three countries at issue also seem to provide for balance in their non-use cancellation proceedings by way of burden shifting. However, this Note asserts that, despite what appears in the codified law, these three countries make it very difficult for a petitioner to be successful in his quest for cancellation. This difficulty, as will be discussed more fully in Part IV, is a hindrance to would-be market participants, that is, potential trademark owners and the countries in which they wish to register and use their marks.

For example, a Thai attorney explains:

[T]he petitioner's burden of proof is much more onerous in Thailand than it is in other jurisdictions. The Board [of Trademarks, an administrative tribunal of the Department of Intellectual Property] seems to be motivated to protect the rights of the owner of the registered mark and ensure absolute non-use before rendering its decision to cancel the mark. Therefore, the Board requires extensive evidence to prove non-use and is willing to consider broad special circumstances justifying the non-use.<sup>49</sup>

Indeed, the owner's renewal of the registration appears to satisfy the Board's desire to see that the owner intends to use the mark in commerce; even a failure of the trademark owner to respond to the cancellation petition will not result in cancellation.<sup>50</sup>

Another quirk is found in Indonesia. There, the petitioner must not only prove non-use, but must also specify the date on which use of the mark ceased.<sup>51</sup> Finally, in India, as mentioned previously,<sup>52</sup> the petitioner must prove, in addition to non-use, the intent of the owner not to resume use.<sup>53</sup> Interestingly, this language echoes the abandonment requirement of United States law, even though the two trademark systems rest on different prem-

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courts, Starbucks finally was able to reclaim its mark. See Andrew E. Kramer, *After Long Dispute, a Russian Starbucks*, N.Y. TIMES, Sept. 7, 2007, available at <http://www.nytimes.com/2007/09/07/business/worldbusiness/07sbux.html>. The company now operates twenty stores in Moscow. See [http://starbuckscoffee.ru/en-US/\\_Our+Stores/](http://starbuckscoffee.ru/en-US/_Our+Stores/) (click "submit" under Store Locator Form) (last visited Sept. 25, 2009).

<sup>49</sup> E-mail from Threenuch Chatmahasuwan, Tilleke & Gibbins International Ltd., to author (Sept. 15, 2008) [hereinafter E-mail from Threenuch Chatmahasuwan] (on file with author). The author is grateful to Ms. Chatmahasuwan for her explanation of Thailand's non-use cancellation scheme.

<sup>50</sup> See *infra* notes 58-62 and accompanying text.

<sup>51</sup> See E-mail from Laxmi Rosell, Rouse & Co. International, to author (Sept. 19, 2008) [hereinafter E-mail from Laxmi Rosell] (on file with author). The author is grateful to Ms. Rosell for her expertise and for her kind assistance in the retrieval of Indonesian source materials for this Note.

<sup>52</sup> See *supra* note 35.

<sup>53</sup> The Trademarks Act, No. 47 of 1999, art. 47(1)(b), 47(3); India Code (1999), available at <http://indiacode.nic.in>.

ises.<sup>54</sup>

#### IV. NON-USE CANCELLATION: BURDENS OF PROOF IN THAILAND, INDONESIA, AND INDIA

##### A. *Thailand's Burden of-Proof Scheme*

Thailand's Trademark Act states that a petitioner may ask the Board to cancel a trademark registration if he can prove

that during the three years prior to the petition for cancellation there was no *bona fide* use of the trademark for the goods for which it was registered unless the owner can prove that such non-use was due to special circumstances in the trade and not to an intention not to use or to abandon the trademark for the goods for which it was registered.<sup>55</sup>

This statute provides for burden shifting, in that "[i]t is the petitioner's duty to prove non-use, and once this is proven, the burden shifts to the trademark owner to demonstrate use or explain the special circumstances involved in the non-use."<sup>56</sup> However, peeking behind the statutory curtain reveals a twist: decisions from the Board suggest that if a trademark is registered, intent to use it will be assumed.<sup>57</sup> In fact, even if the trademark owner does not respond to the cancellation petition, the Board may still conclude that he intends to use the mark and that it should therefore remain on the register.<sup>58</sup>

The following case illustrates this oddity. In *Orica Australia Pty. Ltd. v. Akzo Nobel Decorative Coatings Ltd.*,<sup>59</sup> Orica filed an appli-

<sup>54</sup> See *supra* note 35.

<sup>55</sup> Trademark Act, B.E. 2534, *as amended*, § 63 (1991), *available in English at* [http://www.wipo.int/clea/en/text\\_pdf.jsp?lang=EN&id=3804](http://www.wipo.int/clea/en/text_pdf.jsp?lang=EN&id=3804) (emphasis in original).

<sup>56</sup> E-mail from Threenuch Chatmahasuwat, *supra* note 49.

<sup>57</sup> See Dana Bergling & Vipa Chuenjaipanich, Thailand Points Out Just How Hard Cancellation of a Registered Trademark Really Is! (Aug. 2001), [http://www.tillekeandgibbins.com/publications/pdf/cancellation\\_registered\\_tm.pdf](http://www.tillekeandgibbins.com/publications/pdf/cancellation_registered_tm.pdf).

<sup>58</sup> Bergling's and Chuenjaipanich's analysis of the fact that the trademark owner is not required to respond to a cancellation petition highlights the author's principal frustration with Thailand's non-use cancellation scheme:

If a response to a cancellation action is not filed, the logical deduction would be that the holder of the registered trademark either: a) no longer wishes to continue utilizing the trademark, b) no longer is in business, or c) no longer is alive. By not requiring a response to be filed, the Board allows for the perpetuation of *unused* trademarks. It seems perplexing that even though the registrant of a trademark does not care enough to reply to a cancellation action, the Board still assumes intent by the owner to use the trademark.

*Id.* (emphasis in original).

<sup>59</sup> Trade Mark Board Decision No. 30/2543, Dec. 12, 2000 (on file with author). Relevant portions of this decision were provided in a one-page translation from Thai into English by Sittharat Tiranasak of Rouse & Co. International. The author is grateful to Ms. Tiranasak for her kind assistance.

cation to register the WALPAMUR mark; however, this application was rejected due to the existence of a registration for an identical mark, owned by Akzo.<sup>60</sup> Orica then filed a petition to cancel Akzo's registration, using market surveys as proof that Akzo had not used its mark in association with the covered goods (paint and lacquer products) during the three-year vulnerability period.<sup>61</sup> The Board was not convinced that Orica had met its burden, stating that the market survey was insufficient to show that Akzo had no intention to use the mark—this despite the fact that Akzo did not even file a response to the cancellation petition.<sup>62</sup> The petition was dismissed.<sup>63</sup>

What appears to be happening under this and other Board decisions<sup>64</sup> is that the petitioner's burden to prove non-use is being conflated with the owner's burden to prove lack of intent not to use. In other words, while the Board did not explicitly say so, it seems that the owner's burden is really not his burden at all—either it rests on the petitioner's shoulders (in addition to the petitioner's burden to prove non-use) or it is so easily met that it can hardly be called a burden at all. This becomes especially clear in light of the fact that the owner need not respond to the cancellation petition. Simply keeping his registration on the books is enough to meet his burden, if one is to assume it is still his burden to bear.

What this means for petitioners like Orica is that they cannot, despite providing the Board with evidence of non-use that would appear under the statute to satisfy their burden, obtain registration of a particular mark. In a system where the registration creates an exclusive use right,<sup>65</sup> it is crucial that these entities be able to clear the way for marks that they wish to put to good use in the marketplace. One could suggest that they simply use the marks anyway, without the protection of trademark registration; however, such use leaves them vulnerable to infringement actions initiated by none other than the non-using owners. Trapping the non-use cancellation petitioner in this way freezes the trademark register and the state of trade that the register is supposed to represent. Such a harsh non-use cancellation practice serves as an example of unrealistic and unbalanced law that should not survive the scrutiny of the international intellectual property community.

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<sup>60</sup> *Id.*

<sup>61</sup> *Id.*

<sup>62</sup> See Bergling & Chuenjaipanich, *supra* note 57.

<sup>63</sup> Trade Mark Board Decision No. 30/2543, Dec. 12, 2000 (on file with author).

<sup>64</sup> And in India, as will be addressed *infra* Part IV.C.

<sup>65</sup> Trademark Act, B.E. 2534, *as amended*, § 44 (1991), available in English at [http://www.wipo.int/clea/en/text\\_pdf.jsp?lang=EN&id=3804](http://www.wipo.int/clea/en/text_pdf.jsp?lang=EN&id=3804).

Of course, it is not entirely impossible to cancel a trademark registration in Thailand—but even a successful case shows how difficult it is. *Frento Co. Ltd. v. United Foods PCL*<sup>66</sup> illustrates this point. In this case, Frento petitioned to cancel United Foods' registrations for the KARAMUCHO mark, covering potato chips and other snack products.<sup>67</sup> As evidence of United Foods' non-use, Frento submitted a letter from the Thai Food and Drug Administration stating that United Foods' products were not registered with the agency as required by law in order to manufacture or import such products.<sup>68</sup> The Board concluded that this letter, combined with United Foods' failure to supply evidence of use, established that United Foods had not used the mark and that its registrations should therefore be canceled.<sup>69</sup>

Referring to this rare instance of a successful non-use cancellation, a Thai attorney whose firm represented Frento says,

[T]he Board still has a narrow view regarding non-use cancellation because there are many goods or services which do not have to be registered or recorded with any governmental body. Therefore, it would be very difficult for the petitioner to provide a letter from a government office showing that there has not been any recordation or registration of that mark. In the absence of such official documentation, the burden of proof to demonstrate non-use remains extremely high.<sup>70</sup>

#### B. *Indonesia's Burden-of-Proof Scheme*

The cancellation provision of Indonesian trademark law is straightforward: a third party may request cancellation of a registration by filing a claim in the Commercial Court on the ground that the mark has not been used during the three-year vulnerability period.<sup>71</sup> In order to avoid cancellation, the registrant may supply the court with a valid excuse for such non-use.<sup>72</sup>

The petitioner bears the burden of proving non-use; however, the petitioner also has the specific burden of proving when the mark was last used in Indonesia.<sup>73</sup> An Indonesian practitioner

<sup>66</sup> Trade Mark Board Decision No. 14/2550, May 17, 2007, and Trade Mark Board Decision No. 15/2550, May 17, 2007 (both on file with author). Relevant portions of these companion decisions were provided in one-page translations from Thai into English by Sittharat Tiranajak of Rouse & Co. International. The author is grateful to Ms. Tiranajak for her kind assistance.

<sup>67</sup> *Id.*

<sup>68</sup> *Id.*

<sup>69</sup> *Id.*

<sup>70</sup> E-mail from Threenuch Chatmahasuwan, *supra* note 49.

<sup>71</sup> Trademark Law, Law No. 15, arts. 61(2)(a), 63 (2001), *available in English at* [http://www.jpo.go.jp/shiryoku\\_e/s\\_sonota\\_e/fips\\_e/pdf/indonesia\\_e/e\\_shouhyou.pdf](http://www.jpo.go.jp/shiryoku_e/s_sonota_e/fips_e/pdf/indonesia_e/e_shouhyou.pdf).

<sup>72</sup> *Id.* at art. 61(2)(a).

<sup>73</sup> See E-mail from Laxmi Rosell, *supra* note 51.

provides a helpful overview of the non-use cancellation<sup>74</sup> process: first, the (would-be) plaintiff usually conducts a market survey in three or four major Indonesian cities in order to establish a prima facie case that the mark has not been used in the country as a whole.<sup>75</sup> If negotiations with the registrant should fail at this point, the plaintiff files a cancellation suit in the Commercial Court (not the trademark office). Arguments are exchanged, witnesses are called, and the court issues a decision that is appealable only to the Supreme Court<sup>76</sup> (Indonesia's highest).

One would think that a market survey showing not only non-use of the mark within the three-year vulnerability period, but also lack of use in association with the covered goods at any time, would be enough to convince a court to order cancellation of the registration. However, in a recent case, despite evidence showing that the mark had never been used at all, the Supreme Court required that the plaintiff establish when the mark was last used by the defendant (the registrant).<sup>77</sup> An Indonesian source suggests that perhaps this requirement comes from a strict reading of the statute, which says that a registration may be canceled if "the mark . . . has not been used for 3 (three) consecutive years in trade of goods and/or services from the date *or of the last use*."<sup>78</sup>

<sup>74</sup> The more accurate term is "deletion," as the word "cancellation" is reserved for other types of registration-removal actions, such as those based on bad faith or confusing similarity. *Id.* For the sake of consistency within this Note, however, the word "cancellation" will be used with the understanding that it is meant to refer specifically to the removal of a trademark registration based on the ground of non-use.

<sup>75</sup> See E-mail from Laxmi Rosell, *supra* note 51.

<sup>76</sup> *Id.*

<sup>77</sup> The case is *Intel Corp. v. Pt. Panggung Electric Corp.*, No. 017 PK/Pdt.Sus/2008 (March 13, 2008) (Indonesian version on file with author). The author was unable to procure an English translation of the decision; however, the court's holding is made clear by practitioner commentary. See Zain Adnan & Brett McGuire, *Indonesia: Progress in IP protection – But Much to Be Done*, in IP VALUE 2008: BUILDING AND ENFORCING INTELLECTUAL PROPERTY VALUE 208 (Globe White Page, 2008), available at [http://www.buildingipvalue.com/08\\_AP/207-210Rouse\\_Co.pdf](http://www.buildingipvalue.com/08_AP/207-210Rouse_Co.pdf). The case presents at least the following unique issues: 1) The defendant appears to be a trademark pirate. *Id.* 2) The INTEL mark is considered well-known in Indonesia and thus should be afforded special protection under the TRIPS Agreement. *Id.*; see also A. Zen Umar Purba, Dir. Gen. of Intellectual Prop. Rights, Dep't of Law and Legislation of the Republic of Indon., Statement before the WTO [World Trade Organization] Council for TRIPS on the Review of Legislations (June 27, 2000), <http://www.mission-indonesia.org/modules/article.php?lang=en&articleid=112&preview=1>. 3) According to an Intel staff member with whom the author corresponded in October 2008 (notes on file with author), Intel is in negotiations with the Indonesian government in an attempt to rectify what Adnan and McGuire call the "dangerous precedent" set by the Supreme Court in this case. See Zain Adnan & Brett McGuire, *Indonesia: Progress in IP protection – But Much to Be Done*, in IP VALUE 2008: BUILDING AND ENFORCING INTELLECTUAL PROPERTY VALUE 208 (Globe White Page, 2008), available at [http://www.buildingipvalue.com/08\\_AP/207-210Rouse\\_Co.pdf](http://www.buildingipvalue.com/08_AP/207-210Rouse_Co.pdf).

<sup>78</sup> Trademark Law, Law No. 15, art. 61(2)(a), available in English at [http://www.jpo.go.jp/shiryu\\_e/s\\_sonota\\_e/fips\\_e/pdf/indonesia\\_e/e\\_shouhyou.pdf](http://www.jpo.go.jp/shiryu_e/s_sonota_e/fips_e/pdf/indonesia_e/e_shouhyou.pdf) (emphasis added). See E-mail from Laxmi Rosell of Rouse & Co. International, to author (Oct. 13, 2008) (on file with author). Presumably, if the court is to conclude that the

One would be remiss to suggest that non-use cancellation can never happen in Indonesia. But as with Thailand, the exception proves the rule. In *Ferrari SPA v. PT. Citra Asih Aromindo*,<sup>79</sup> the Italian sports car manufacturer wanted to expand its business by producing goods in International Class 3, which covers items in the vein of cosmetics and fragrances.<sup>80</sup> Ferrari conducted a trademark search to determine whether there were any obstacles to filing new applications in Class 3 and found two registrations in Citra's name—one for the FERRARI ROSSE WORLD OF SPORT mark and another for the FERRARI ROSSE mark.<sup>81</sup>

Ferrari then conducted a market survey in four business establishments (two department stores, one cosmetics distributor, and one supermarket) spanning two major Indonesian cities, Jakarta and Surabaya.<sup>82</sup> The survey established that Citra's marks had not been used within the three-year vulnerability period.<sup>83</sup> In addition, Ferrari produced letters from the Ministry of Health stating that the marks were not registered with this agency, which meant that Citra could not legally sell or distribute products bearing those marks.<sup>84</sup> The Central Jakarta Commercial Court rejected Citra's argument that it did have a registration with the Ministry for the FERRARI ROSSE PERFUME BODY SPRAY mark and that this registration encompassed the FERRARI ROSSE registrations that Ferrari sought to cancel.<sup>85</sup> Because Ferrari successfully proved non-use, and because Citra did not prove use, the court ordered the trademark office to delete the two registrations. Citra appealed to the Supreme Court, which upheld the Commercial Court's decision.<sup>86</sup>

Referring to the rarity of a successful non-use cancellation action, an Indonesian commentator attributes this trend not to an institutional inclination toward protection of registered marks, but

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mark has not been used within three years of the last use, it needs to know when that last use occurred. This reasoning makes perfect sense in cases in which the mark was indeed used at some point, but its application in the *Intel* case seems illogical.

<sup>79</sup> No. 04 MEREK/PN.Niaga.Jkt.Pst/2001 (Feb. 25, 2002). A case summary with commentary, kindly provided by Ms. Rosell, is on file with the author.

<sup>80</sup> See United States Patent and Trademark Office, International Schedule of Classes of Goods and Services, <http://www.uspto.gov/go/tac/doc/basic/international.htm> (last visited Sept. 28, 2009).

<sup>81</sup> No. 04 MEREK/PN.Niaga.Jkt.Pst/2001 (Feb. 25, 2002).

<sup>82</sup> *Id.*

<sup>83</sup> *Id.* The case summary does not mention, and perhaps the court did not discuss, the exact date of last use.

<sup>84</sup> *Id.* The case summary suggests that, like the KARAMUCHO case in Thailand, these letters were the keystone of the court's decision. One may wonder if the same result would have been reached without these letters (and, perhaps, without the fame of the Ferrari brand).

<sup>85</sup> *Id.*

<sup>86</sup> See E-mail from Laxmi Rosell, Rouse & Co. International, to author (Oct. 20, 2008) (on file with author).

rather to a legal standard that is very much in flux.<sup>87</sup> Because practitioners realize that the courts are inconsistent in determining the requisite degree of proof of non-use, it is considered prudent to plead a case at the most stringent level<sup>88</sup>—perhaps the courts have piggybacked on this strategy, thus ratcheting up the petitioner's burden.

Whatever the cause for or motivation behind this hurdle, it is ironic that the bar is set lower in cancellation actions based on confusing similarity or bad faith than it is in cancellation actions based on non-use.<sup>89</sup> Perhaps the courts take the position that malfeasance on the part of the registrant (in the case of bad faith) or on the trademark office (in the case of confusing similarity) is more worthy of punishment than nonfeasance (that is, non-use). This seems correct from a view of chastisement, but perhaps that mode of attack misses the true target. That is to say, if a petitioner can clearly show that the registered mark has not been used within the statutorily established vulnerability period, the courts should feel comfortable ordering the cancellation of such a registration; there is no reason why a clear and reasonable burden of proof cannot be established in these relatively straightforward cases, when it has been established in other types of cancellation actions<sup>90</sup> that tend to involve more sophisticated legal doctrine. Such an imbalance within the non-use cancellation scheme itself and between the procedures of non-use cancellation and other types of cancellation does not comport with modern notions of fairness and legal clarity—in the case of Indonesia, a confused bar may lead to a country finding itself unable to take advantage of international trade opportunities.

### C. *India's Burden-of-Proof Scheme*<sup>91</sup>

Under the Trademarks Act of 1999,

A registered trade mark may be taken off the register . . . on application made in the prescribed manner . . . by any person aggrieved on the ground . . . that up to a date three months before the date of the application, a continuous period of five years from the date on which the trade mark is actually entered

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<sup>87</sup> See E-mail from Laxmi Rosell, Rouse & Co. International, to author (Oct. 13, 2008) (on file with author).

<sup>88</sup> *Id.*

<sup>89</sup> *Id.*

<sup>90</sup> *Id.*

<sup>91</sup> The author is grateful to Mr. Raja Selvam and Ms. Maragathavallii of Selvam & Selvam, Advocates, for their assistance in the retrieval of Indian case law. The availability of complete Indian case law in English is one explanation for why this Part is longer than Parts IV.A and IV.B. Another is that the interesting (and at times confusing) commingling of Indian and United States trademark law concepts is deserving of special attention.



in the register or longer had elapsed during which the trade mark was registered and during which there was no bona fide use thereof . . .<sup>92</sup>

What this means is that in order to initiate a non-use cancellation action, there must be a period of five years and three months of non-use.<sup>93</sup> In determining what constitutes non-use, a recent case from the Supreme Court of India holds that the above-quoted section must be interpreted in light of Section 47(3) of the Trademarks Act,<sup>94</sup> which contains abandonment language. The case is *Hardie Trading Ltd. v. Addisons Paint & Chemicals Ltd.*<sup>95</sup>

Hardie, an Australian company, registered its SPARTAN and SPARTAN VELOX marks for paints, lacquers, and other surface coatings in India the 1940s.<sup>96</sup> In 1946, Hardie entered into an agreement with Addisons, an Indian company, under which Addisons was to serve as Hardie's sales agent and trademark user in India.<sup>97</sup> This agreement was canceled in 1968 because Hardie had agreed to assign its trademark rights to Addisons, thus making the agreement moot.<sup>98</sup> However, the assignment was unsuccessful because the Reserve Bank of India did not allow Addisons to pay the requested consideration to Hardie.<sup>99</sup> As the assignment fell through, Hardie asked Addisons to stop using Hardie's marks, which it eventually did.<sup>100</sup>

In 1976, Addisons filed applications seeking to register the above-referenced SPARTAN and SPARTAN VELOX marks—the very trademarks that were registered in Hardie's name.<sup>101</sup> Predictably, Addisons' applications were rejected because they were identical to Hardie's existing registered trademarks.<sup>102</sup> Around this time, Hardie was in the process of negotiating with another company, Hansa, to make Hansa its trademark user in India—in effect, Hansa would perform the same tasks that Addisons had performed for Hardie previously.<sup>103</sup> An agreement between Hardie and Hansa was executed in 1977.<sup>104</sup> Two months later, Addi-

<sup>92</sup> The Trade Marks Act, No. 47 of 1999, art. 47(1)(b); India Code (1999), available at <http://indiacode.nic.in>.

<sup>93</sup> For simplicity's sake, this will be referred to as the five-year vulnerability period.

<sup>94</sup> The Trade Marks Act, No. 47 of 1999, art. 47(3); India Code (1999), available at <http://indiacode.nic.in>.

<sup>95</sup> (2003) 4 L.R.I. 77.

<sup>96</sup> *Id.* at \*6.

<sup>97</sup> *Id.*

<sup>98</sup> *Id.* at \*7.

<sup>99</sup> *Id.*

<sup>100</sup> *Id.*

<sup>101</sup> *Id.* at \*8.

<sup>102</sup> *Id.*

<sup>103</sup> *Id.*

<sup>104</sup> *Id.*

sons sought the cancellation of Hardie's trademarks on the ground of non-use by filing an application before the Registrar of Trademarks.<sup>105</sup> In 1985, as a result of the Registrar's order, Hardie's trademarks were expunged from the trademark register.<sup>106</sup> After an unsuccessful appeal to the Calcutta High Court, Hardie found itself in the Supreme Court (India's highest), the source of the instant opinion.<sup>107</sup>

The *Hardie* court laid the foundation for its analysis by first stating that it is the task of the petitioner (Addisons) to prove non-use during the five-year vulnerability period, which, in this case, was April 30, 1972, to April 30, 1977.<sup>108</sup> Addisons argued, and the Registrar had agreed, that using the mark means placing it on the goods to be manufactured or sold.<sup>109</sup> Thus, the Registrar had found that a letter from Hansa to Addisons in 1977 stating that Hansa had not manufactured or sold any goods bearing the trademarks was sufficient evidence of non-use such as to warrant cancellation of the registrations.<sup>110</sup>

The court, however, disagreed with this interpretation of use and non-use.<sup>111</sup> First, the court looked to the Definitions and Interpretation section of the Trademarks Act and found that one does not literally need to place his mark on the goods in order to show use of the mark; rather, use can consist of a relation between the goods and the mark that is something other than physical, for example, advertising and promotional materials and price lists.<sup>112</sup> Additionally, after discussing two English cases with approval, the court noted that use "may encompass actions other than actual sale."<sup>113</sup>

The court also disagreed with the Registrar's contention that a petitioner must only prove the registrant's intention to abandon the mark when the registrant asserts that special circumstances warrant maintenance of the status quo (that is, the continued existence of the trademark registration).<sup>114</sup> The court's summation of the Trademarks Act's rather confusing conflation of special circumstances and abandonment is helpful in understanding India's

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<sup>105</sup> *Id.* at \*9.

<sup>106</sup> *Id.*

<sup>107</sup> (2003) 4 L.R.I. 77, at \*9.

<sup>108</sup> *Id.* at \*11, 14.

<sup>109</sup> *Id.* at \*14-15.

<sup>110</sup> *Id.* at \*15.

<sup>111</sup> *Id.* at \*15-19.

<sup>112</sup> *Id.* at \*15-16. Compare to the United States trademark law definition of use in commerce, which requires physical placement of the mark on the goods, unless "the nature of the goods makes such placement impracticable." 15 U.S.C. § 1127 (2006).

<sup>113</sup> (2003) 4 L.R.I. 77, at \*16.

<sup>114</sup> *Id.* at \*16-19.

burden-of-proof scheme:<sup>115</sup> “Sub-section (3) to Section [47] says that the applicant can rely only on the non-use unless it is shown by the registered owner to be due to special circumstances in the trade and not to any intention either to abandon or not to use the trade mark.”<sup>116</sup> From this, the court concluded that, in addition to proof of non-use (which is made more difficult by the broad definition of use), proof of Hardie’s intention to abandon the SPARTAN and SPARTAN VELOX marks was necessary for cancellation.<sup>117</sup>

Strangely, the court glossed over the burden of proof issue:

It is a moot point whether the onus to prove this aspect of [non-use] is on the applicant or on the registered user. Irrespective of the onus of proof, the question is, [W]as there any evidence of such intention on Hardie[’s] part either not to use the trademark itself or through the registered user during the relevant period?<sup>118</sup>

After reviewing the evidence, the court held that no such intention existed in this case.<sup>119</sup> The correspondence exchanged between Hardie and Hansa shows that the two companies were negotiating their agreement since at least as early as 1971, which is prior to the vulnerability period.<sup>120</sup> From 1971 to 1976, various hindrances prohibited the companies from moving forward with their agreement, until it was finally executed in 1977.<sup>121</sup> Such hindrances included the fact that Hardie had to give Addisons notice that it wished the latter to cease use of the marks; the fact that Hansa was required to pay royalties to Hardie in Australian dollars, for which it was necessary to obtain approval from the Indian government; and the fact that, just as had happened with Addisons previously, the Reserve Bank of India did not approve the royalty payments under the Foreign Exchange Act of 1973.<sup>122</sup> All the

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<sup>115</sup> This is helpful, but perhaps flawed. The court does not address what appears, after a close reading of the quoted language, to be its own position: that it is up to the registered owner (rather than the petitioner) to prove lack of intention either to abandon or not to use the mark. The opinion does not state who bears the burden of proof. *See infra* note 118.

<sup>116</sup> (2003) 4 L.R.I. 77, at \*16.

<sup>117</sup> *Id.* at \*16-18. In a fascinating example of cross-national jurisprudence, the court, citing a United States Supreme Court case and the McCarthy treatise (*supra* note 28), stated that the United States has embraced the abandonment rule as well and has been reluctant to find abandonment because it works a forfeiture of a property right. *Id.* at \*17-18.

<sup>118</sup> *Id.* at \*19. Although the court does not state that the petitioner bears the burden of proof of abandonment, such appears to be the case: if it is up to the petitioner to prove non-use, and if abandonment is an essential element of non-use, then it must follow that it is up to the petitioner to prove abandonment.

<sup>119</sup> *Id.* at \*19-20.

<sup>120</sup> *Id.* at \*19.

<sup>121</sup> *Id.* at \*19-20.

<sup>122</sup> *Id.*

while, draft agreements were being circulated and revised in order to overcome these obstacles.<sup>123</sup>

From this chronology, the court concluded that it was not established that Hardie intended to abandon its use of the trademarks.<sup>124</sup> As such, Addisons did not meet its burden to prove non-use within the vulnerability period, and Hardie's appeal of the Registrar's decision to the Calcutta High Court was allowed.<sup>125</sup>

As previously mentioned,<sup>126</sup> it is interesting that Indian non-use cancellation proceedings require proof of abandonment as does United States law. While it is true that India is a common-law nation that often looks to the laws of the United Kingdom and the United States to provide support for its legal pronouncements,<sup>127</sup> the abandonment carry-over does strike one as odd in light of the fact that the trademark registration regimes of India and the United States are quite different.

Because the United States makes use of the trademark a condition precedent to registration and provides that registration is prima facie evidence of the exclusive right to use the mark,<sup>128</sup> perhaps it makes sense to require an "extra something"—such as proof of abandonment—before a registration will be canceled. However, even though United States trademark law utilizes an abandonment rubric, that same law provides that non-use for

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<sup>123</sup> *Id.*

<sup>124</sup> *Id.* at \*20.

<sup>125</sup> *Id.* The author was unable to retrieve a High Court decision on remand; it is possible that the High Court reversed the Registrar's cancellation order without issuing an opinion. Or, perhaps the High Court has not yet issued a decision. In any event, despite the Supreme Court's reluctance to address burden-of-proof issues, it is clear that the case sets a new standard in non-use cancellation actions. While the disposition of this particular case strikes one as equitable and correct under the circumstances, the author remains concerned that, in a stretch of statutory language, the Supreme Court has set the bar too high for non-use cancellation petitioners going forward. On the other hand, a review of subsequent cases in the lower courts and before the Intellectual Property Appellate Board reveals that, while registrants have raised the argument that their respective adversaries have not proven intent to abandon, the judges do not address this point; instead, they seem to be granting cancellation on simple non-use grounds. *See, e.g.,* Royal Snacks Food Prods. v. NABISCO Inc., 30 P.T.C. 618 (I.P.A.B. 2005) (on file with author) (ordering that respondent's registration be expunged, with no discussion of abandonment element, albeit with extended discussion of anti-monopolistic policy); Jupiter Infosys Ltd. v. Infosys Techs. Ltd., 29 P.T.C. 385 (I.P.A.B. 2004) (on file with author) (same result; respondent only used the mark in connection with its software services, not in connection with the goods covered by its registrations).

Perhaps the abandonment requirement announced in *Hardie* has less weight than its discussion of special circumstances that will excuse non-use, for which the case is often cited. If lower courts are indeed ignoring *Hardie* on the abandonment point, one must wonder where that leaves future petitioners—is the abandonment element laid down by the highest court in India truly moot, or are these lower court decisions merely the product of a judiciary that is finding its way through a new standard and a relatively new Trade Marks Act (enacted in 1999 and effective in 2003)?

<sup>126</sup> *See supra* note 35.

<sup>127</sup> *See* Jayanth K. Krishnan, *Outsourcing and the Globalizing Legal Profession*, 48 WM. & MARY L. REV. 2189, 2211 (2007).

<sup>128</sup> 15 U.S.C. § 1057(b) (2006).

three consecutive years constitutes prima facie evidence of abandonment.<sup>129</sup> Thus, one could say that it all rests on the petitioner's ability to prove non-use. To be sure, this is a difficult burden to meet, but not as difficult as the one found in India's system, in which intent to abandon serves as an element of non-use, rather than the other way around.

*Hardie* provides some guidance as to why the petitioner's burden is so high under Indian trademark law. Quoting a prior Supreme Court of India case in which the petitioner was unsuccessful, the court discusses the policy behind the abandonment rule:

In the present day world of commerce and industry, a manufacturing industry can neither be commenced nor established overnight. There are innumerable preparatory steps required to be taken and formalities to be complied with before the manufacture of goods can start and the manufactured goods marketed. The process must of necessity take time. If the position were that the mere [non-use] of a trade mark for the period mentioned in [the Act] would make a trade mark liable to be taken off the Register, it would result in great hardship and cause a large number of trade marks to be removed from the Register . . .<sup>130</sup>

To be sure, the court is correct that the manufacturing and marketing processes do take time to initiate and complete. However, the Trademarks Act accounts for this reality by providing for a five-year vulnerability period (as opposed to the three-year vulnerability period found in Thai and Indonesian law and the three-year non-use period at the end of which a mark is presumed to be abandoned under United States law). If a producer has gone to the trouble of registering his mark, he should make himself aware of the statutory use requirements and should take steps to comply therewith. There may be cases, like *Hardie*, where the circumstances do not allow for proper use within the vulnerability period, and a court, doing equity, will address such cases appropriately. But to rest upon the notion that removing a mark from the register results in a hardship to the registrant is to ignore the fact that failure to do so results in a hardship to potential users of the mark. The question, then, is this: Do we want to protect unused trademarks and their (perhaps non-industrious or inattentive) registrants, or do we want to encourage the use and users of trademarks? A balanced approach provides due time to protect the

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<sup>129</sup> 15 U.S.C. § 1127 (2006).

<sup>130</sup> (2003) 4 L.R.I. 77, at \*18-19 (quoting *Am. Home Prods. Corp. v. Mac Labs. Pvt. Ltd.*, (1986) 1 S.C.C. 465).

former interest while also encouraging the latter.

#### V. THE CONSEQUENCES OF UNBALANCED BURDENS

The allocations of the burden of proof (if one can properly identify an allocation) in Thailand, Indonesia, and India show that these countries have a strong desire to protect registered trademarks from interference. This is a common enough theme in trademark law around the world, but one must also consider the needs of the petitioner. The petitioner is presumably someone who wants to put the mark into active use but cannot do so because of a prior existing registration. Moreover, the petitioner's attempt to register his own mark will be unsuccessful, because the application will be barred by the unused prior existing registration.

One could argue that this is a good thing. Perhaps it encourages junior users to create more innovative marks for their products that would not conflict with existing registrations. Or, perhaps it encourages those who wish to make use of the mark to approach the registrant and negotiate some sort of licensing agreement whereby the registrant would still own the mark, but the junior user would get to use it by, for example, paying a royalty.

However, as was the case in *Hardie*,<sup>131</sup> there may be a prior relationship between the parties that makes use of a specific trademark advantageous but negotiation with the registrant problematic. Besides, both arguments miss the point that it is undesirable to have an unused trademark sitting on a register while someone who wishes to gain rights to it through statutorily mandated means cannot do so. While the workarounds discussed in the previous paragraph may be suitable for some junior users, the fact remains that making it all but impossible to cancel a trademark registration based on non-use (whether due to pro-registrant bias or to ambiguous standards of proof, or both) does not comport with the very idea of what a trademark is—it is, quite simply, a form of intellectual property to be *used in trade*.

Furthermore, setting such high burdens of proof in non-use cancellation actions makes the actions themselves less than appealing, when ideally, they should serve as an effective means by which to 1) urge registrants to use their trademarks in order to avoid cancellation (presently, cancellation is likely perceived by registrants as an empty threat);<sup>132</sup> 2) encourage would-be users to seek

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<sup>131</sup> See *supra* Part IV.C.

<sup>132</sup> Indeed, the author can attest from personal experience that, while a law firm may consistently inform and remind its trademark clients of the vulnerability periods in various

cancellation, if they feel they are in the better position to use the mark (thus spurring a sense of healthy competition and pride in intellectual property ownership); and 3) maintain the swift administration of the trademark offices by cleansing their respective registers of deadwood. Put more simply, the non-use cancellation action should be a relatively quick, easy, and inexpensive way for newcomers to “clean house” so that they can make proper use of their brands. This is especially so when other grounds for cancellation, such as confusing similarity or bad faith, are not applicable to the matter at hand or are more expensive and litigious.

## VI. PROPOSALS FOR INSTITUTING BALANCE

While the desire to uphold a trademark registration is commendable and should not be lightly tossed aside, measures should be taken in Thailand, Indonesia, and India<sup>133</sup> to balance the burdens so that petitioners have a fair opportunity to cancel trademark registrations that are not serving their purpose.

The various international accords mentioned in the Introduction do not provide us with any guidance on this issue. Because those items are not the focus of this Note, it is sufficient for the time being to state that while they have had a great influence on the international trademark community by providing a “road map” for their respective signatories to follow, they do not mandate changes in substantive law that would affect an area such as non-use cancellation.<sup>134</sup> Thus, it is difficult to imagine that an amendment to any or all of these agreements (or any future treaty) would properly account for burden shifting, for this is very much an aspect of statutory interpretation and case law.

Perhaps the best that can be done for the moment is to make brand owners aware of the legal landscape they are in or about to enter, and to make practitioners, legislators, and the judiciary

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countries, such correspondence will also mention the fact that if the client has not used the mark within the vulnerability period, he should consider re-applying to register the same mark in order to strengthen his rights in that particular country. While clever, such a mechanism perpetuates the very problems this Note contemplates (i.e., frozen registers, monopolization of unused marks, and restriction of trade) and turns trademark registration into somewhat of a formality or farce.

<sup>133</sup> And, of course, other countries outside the scope of this Note that may also set such high standards in non-use cancellation and other actions.

<sup>134</sup> For example, the TRIPS Agreement, while generally identifying the kinds of symbols that may be afforded trademark status and the rights associated with that status, does not require its signatories to impose use as a prerequisite to registration or maintenance and does not address non-use cancellation actions in-depth. *See* Agreement on Trade-Related Aspects of Intellectual Property Rights, arts. 15-21, April 15, 1994, 33 I.L.M. 81 (1994), available at [http://www.wto.org/english/tratop\\_e/trips\\_e/t\\_agm0\\_e.htm](http://www.wto.org/english/tratop_e/trips_e/t_agm0_e.htm); *see also id.* at art. 1 (“Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice.”). The Agreement makes the unhelpful statement that “[p]rocedures concerning the enforcement of intellectual property rights shall be fair and equitable.” *Id.* at art. 41(2).

aware of alternatives to the heavy burdens currently imposed on non-use cancellation petitioners. Short of requiring all countries to impose a use prerequisite to registration or maintenance, which this Note does not endorse as necessary, attractive, or even possible, it seems that the best defense against unduly burdensome legal standards can be built at the ground level, by brand owners and their representatives.

For example, petitioners who are unsuccessful in canceling an unused registration might take their cue from Intel;<sup>135</sup> perhaps, by working with lawyers in the country at issue and/or by joining together with other trademark owners or even intellectual property rights groups,<sup>136</sup> petitioners can demand balance and fairness in the laws of the countries in which they wish to make their goods available. At the same time, their representatives should be prepared to tackle the non-use cancellation provisions at hand by arguing that the plain meaning of the statute should prevail over court-created conflation,<sup>137</sup> and/or by emphasizing the public policy concerns that this Note contemplates. Granted, this is all easier said than done, as more familiarity with the extent to which arguments of this sort are permitted in the legal professions of Thailand, Indonesia, and India is required in order to assess their likelihood of success.

What is evident, however, is that non-use cancellation actions should proceed as one's instincts would suggest: The petitioner should indeed bear the initial burden to prove<sup>138</sup> that the mark has not been used in the country at issue in association with the covered goods within the vulnerability period—but nothing more. The burden should not be made more onerous by assigning presumptions in favor of the registrant who may not even put forth the effort to answer the petition;<sup>139</sup> it should not be made more onerous by requiring the petitioner to show the exact date of last use, so long as non-use for the duration of the vulnerability period has been established;<sup>140</sup> and it should not be made more onerous by requiring the petitioner to delve into his adversary's intentions.<sup>141</sup> Put simply, the petitioner should only be required to prove the matter at hand, which is lack of use of the trademark by

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<sup>135</sup> See *supra* note 77.

<sup>136</sup> The International Trademark Association ([www.inta.org](http://www.inta.org)) is an example of such a group.

<sup>137</sup> See *supra* note 125.

<sup>138</sup> Courts and tribunals should consider any evidence that is relevant to non-use, such as market surveys, inventory and sales records, and testimony from the parties or anyone with knowledge bearing on the issue.

<sup>139</sup> See *supra* Part IV.A.

<sup>140</sup> See *supra* Part IV.B.

<sup>141</sup> See *supra* Part IV.C.



the registrant within the applicable vulnerability period. Then, the burden should (truly) shift to the registrant to show that he has used the mark<sup>142</sup> or that special circumstances excuse his non-use.<sup>143</sup> Finally, the petitioner should be given the opportunity to challenge the registrant's assertion of use or special circumstances. This burden-of-proof scheme provides fairness and clarity in what would amount to a straightforward and economical non-use cancellation regime, the ultimate result of which is a higher level of international market participation by trademark owners and the countries that foster them.

*Robin N. Brenner\**

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<sup>142</sup> Isolated or token use should not constitute "use" that is sufficient to rebut the petitioner's prima facie case of non-use. However, the author feels strongly that courts and tribunals are correct in considering how their respective statutes define trademark use; thus, the author approves of the *Hardie* court's analysis discussed *supra* in notes 109-13 and the accompanying text.

<sup>143</sup> Special circumstances should be narrowly defined and should encompass only *force majeure*-type events, plus trade embargos, which the author would place in the *force majeure* category for this purpose because of their direct and powerful effect on trademark use. That being said, it is tempting to empathize with the difficulties that *Hardie* faced in making use of its mark through its authorized sales agent, as discussed *supra* in note 122 and the accompanying text. Indeed, the author knows first-hand that something as seemingly routine as remitting renewal fees to a foreign (read: Cuban) entity can be wrought with setbacks that threaten the legitimacy of intellectual property assets held abroad. It is for this reason that trademark owners must understand the legal landscape in which they have entered or will enter—although it is rather easy to apply for and acquire worldwide trademark protection, it is a privilege and an obligation not to be taken lightly.

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