

PROTECTION AND ACQUISITION OF TRADEMARKS: IMPORTANCE FOR SPORT PRODUCTS

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Abstract:

Several issues are analysed in the work: the importance of trademarks in general with a view on the procedure and conditions for registration; the main national and international sources on trademarks, and the characteristics of the sports trademarks and certain issues on the value of the sport products trademarks. Following issues from the aspect of the Macedonian legislation are elaborated in details: the definition of a trademark (a sign which may be shown graphically and which is adequate for distinguishing the goods and services of one participant on the market from another); a general view of the absolute and relative impediments for registration). The concept of “well known” trademarks is also presented. Furthermore, the relation of the Macedonian Industrial Property Law with the TRIPs agreement, the Paris Convention and other international sources. Conclusions are made concerning the need for interdisciplinary approach in analysing sports trademarks.

Key words: sports trademarks, industrial property law, TRIPS, Paris Convention

INTRODUCTION

Understanding the concept and legal regime of trademarks is of extreme importance for the sports industry. Having in mind the legal and economic dimensions of sport, sport managers and sport lawyers need to be more involved in affirmation of the trademark functions, especially in the cases where trademark owners are manufacturers of sport products or sport entities. This work is an attempt to provide a general view on the trademark regulation, as well as to point out certain aspects of the sports trademarks.

METHODS

An analysis of the relevant provisions of the legislation in the Republic of Macedonia is conducted, for the purpose of determination of the concept of trademarks and their significance in sports. The links of the Macedonian legislation with the Paris Convention for the Protection of Industrial Property and the Agreement on Trade Related

Aspects of Intellectual Property Rights (TRIPS) are also examined.

Trademarks in Macedonian legislation

According to the Industrial Property Law (hereinafter IPL), the trademark represents a sign which may be shown graphically and which is adequate for distinguishing the goods and services of one participant on the market from another (Industrial Property Law) (Закон за индустриска спопственост Сл. Весник бр.21/2009, 24/2011). Those are the important elements of the definition of a trademark. Depending upon the purpose it serves, it can be a product or a service mark. The Paris Convention for the Protection of Industrial Property (the Lisbon text from 1958) only protected the product mark. The protection of the service marks has a newer date. However, there are a large number of services that the consumers need to distinguish, both nationally and internationally, which is why the Macedonian legislation has standardized

the product and service marks (Paris Convention for the Protection of Industrial Property of March 20, 1883, as revised at Brussels on December 14, 1900, at Washington on June 2, 1911, at The Hague on November 6, 1925, at London on June 2, 1934, at Lisbon on October 31, 1958, and at Stockholm on July 14, 1967, and as amended on September 28, 1979).

The IPL has standardized the signs that may be protected as marks (words, letters, numbers, pictures, drawings, combinations of colours, three dimensional forms ...). Following the comparative practice and legislation, the Macedonian law also protects the three dimensional marks. An example of the three dimensional mark is the form of the *Coca Cola* bottle.

The recent laws on industrial property allow for protection of not only the three dimensional marks, but also of the acoustic mark, like in the Bulgarian law, as well as the acoustic and illuminate mark in the Hungarian law. The most recent legislation allows also for protection of the aromatic marks.

The exemplificative intonation of IPL provides a possibility for each sign that is not contrary to the legal norms to be protected with a mark, whereas it has been specifically prescribed that the three-dimensional forms may be protected as marks, but also the packaging. The signs listed in IPL are not final, as the term "sign" is comprehended in its broadest sense. In many legal systems, one of which is ours as well, there is a limitation of the possibility to protect signs, whereas only the signs that can be represented graphically may be protected, mostly due to practical reasons – publication of the trademark in the official journal of the administration competent for the protection of industrial property. In the Republic of Macedonia, that is the State Office of Industrial Property (SOIP).

The TRIPS Agreement defines the minimum standards each World Trade Organization (WTO) member should provide, whereas the protectable subject matter of trademarks has been defined in Article 15, item 1, according to which: "Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements, and combinations of colours, as well as any combination of such signs shall be eligible for registration as trademarks. Where signs are not inherently capable of distin-

guishing the relevant goods or services.

The IPL provides that words and letters may be written in any language and in any alphabet. Their transcriptions and transliterations are protected. The protection concerning translations of trademarks has been regulated in Article 6 bis 1 of the Paris Convention for the Protection of Industrial Property, and this provision is applied directly, as part of our legal system.

Words are the most common types of marks. Words from the live or classical languages, imaginary words and words from their combination may be protected. Words are individualized in a way they were written, visually and phonetically. The mark in words and letters has the broadest type of protection. The words may represent personal names, nicknames, made up names, real or imaginary signatures, combination of words, one word, as well as a slogan. The names of the trading companies and undertakings, provided that they fulfil the other protection and registration conditions, are considered as trademarks, and they are useful as source indicators, i.e. they indicate the origin of the goods or services. It has been accepted in comparative law that every day words may also be protected as trademarks, provided that they do not directly describe the goods they mark. Figurative marks (*marque figurative*) are all those signs that are not verbal.

IPL makes a clear distinction between the individual mark on one hand, but also the collective mark (which protects a sign intended for joint marking of products and services by an association or another group of legal or natural persons) and the certification mark (which protects a sign used by several trading companies under the supervision of the certification mark owner, and serves to protect the quality, origin, production method and other joint characteristics of the goods and services of the said companies).

Protection Conditions

There are two groups of conditions for protection of a sign with a trademark. The first group is consisted of the distinction of the sign and the possibility for its graphical representation.

IPL (and comparative law) separately defines the distinctiveness of the signs as a condition for protection of a mark. This is contained in Article 6 quinquies b2 of the Paris Convention for the Protection of Industrial Property. The distinctiveness of the signs is the basic issue on which the pro-

tection of a trademark depends. A distinctive sign is the one which is convenient for making a difference among goods or services on the market, whereas special attention is paid for the sign to be new. The assessment of whether the sign is new or not is done in relation to the already protected marks of other entities for same or similar types of goods or services, i.e. an estimation is made whether the sign seeking protection is the same with a previously protected sign or with a sign of a previously filed trademark application. A sign may not be protected as a mark if it is similar to a previously protected sign of another entity for the same or similar type of goods or services. It should be noted that by using, the sign becomes familiar or well known and may even become generic and the said sign may become distinctive or "diluted". If a mark is not in use, it may make it non-distinctive and even lead to termination of the right to a mark. IPL, contains provisions for "acquired distinctiveness of the mark", which has been taken from the Paris Convention for the Protection of Industrial Property (Article 6 quinquies C 1).

The determination of the distinctiveness of a sign is a difficult question and represents a problem during the assessment of whether the sign is adequate for distinguishing, since there are no exact measures for determining the degree of distinctiveness. The usage is always linked to certain goods and services and it is why the distinctiveness is assessed in relation to the goods and services indicated by the sign. A sign may be non-distinctive for marking certain goods, but on the other hand highly distinctive for marking other goods (Apple – for marking apple juice in the first case and computers in the second case). The degree of distinctiveness of the sign does not have a unique character; the made up signs, words or figurative elements have a high distinctive character, while the words used in the everyday speech have a low degree of distinctiveness. The generic signs only indicate the type of product or service and every subject producing or releasing such goods or services is interested in marking the said products with a generic sign, which is why these products should not be monopolized on the market (for ex. "*furniture*" or "*liquor*").

Also, the sign should not be descriptive, as it can not be distinctive. An example for a descriptive sign would be the one indicating the attributes of the product or its quality, or any other characteristic of the goods.

The second group of conditions involves the conditions referring to the potential harmful effects of the trademark, provided that it has a deceitful or confusing character or is contrary to the public order or morale. There are two types of impediments, **absolute** and **relative**, the existence of which leads to rejection to protect the sign with a trademark.

It should be noted that IPL provides for three conditions for a sign to be protected as a mark: distinctiveness of the sign, connection of the sign to certain types of goods or services and the usage of the sign on the market.

The absolute reasons for rejecting the registration of a sign are in function of the protection of the public interest and refer to all signs, regardless of the goods and services they indicate. The institution in charge of the absolute reasons for rejections is the State Office of Industrial Property, by official duty. These reasons are absolute because they do not depend on the comparison of the concrete sign to any other previously filed or registered trademark or with any other right. The absolute reasons for rejection are contained in IPL and are equal by meaning, but it seems that the graphical representation of the sign needs to be set aside. The practice of the countries who have the same formulation regarding the graphical representation shows that both sound and smell signs are protected, whereas the first are graphically represented by formulas and the second by tones. It has not been strictly indicated in IPL that the sound sign may be protected as a mark, but it is not a matter of an argument that if it can be represented graphically and if it is distinctive, it may be protected as a mark. Commonly, it is represented graphically and then descriptively. An example much quoted from comparative law is that a sound mark consisting of the roar of a lion would be represented graphically by writing down "the roar of a lion". It may, however, be a discussion issue whether the roar of a lion differs from the roar of a tiger. Graphical representation of smell marks is even more problematic.

IPL provides that the following signs may not be protected as a trademark: which publication or use is contrary to the law or morale; which can not be graphically represented; which is not distinctive; which only indicated the type of goods or services, their purpose, geographical origin, quality, price, quantity and weight that is common for marking goods or services (generic mark); which is consisted exclusively of a form originating from the type

of goods or a form of goods necessary for achieving a particular technical result or a form that gives an essential value to the goods; which may lead to confusion on the market with its appearance, and especially lead the average customer to delusion in terms of the geographical origin, type, quality or other features of the goods or services; which contains a state or other public coat of arms, flag or emblem, name or abbreviation of a state or international organization, as well as their imitation (except with a permission); which contains or imitates a face or name of a person (except with a permission); which contains a seal or a stamp, official marks; which contains religious symbols or their imitations.

IPL also stipulates the relative reasons for disapproving the protection of a sign with a trademark. These reasons essentially differ from the absolute reasons for rejection, since the case here are not the reasons which may be removed in accordance with some authorized person, but reasons which may or may not lead to registration of such sign (Cornish, 1996). If we compare the absolute and relative reasons for rejecting a registration, it may be concluded that the relative rejection reasons are in function of protecting the private interests, they only refer to some trademarks and the competent administration does not handle them by official duty, but based on intervention by persons who have legal interest in it. This means that the sign, by itself, is not unsuitable for registration, but it is only examined and compared to previously filed or protected signs.

IPL provides that a sign may not be registered as a trademark if it is identical (the same) as a previously filed or registered trademark of another person for the same type of goods and services. This is the case when the sign represents exact reproduction and refers to the same type of goods and services covered by a previously filed or registered trademark.

There is a theory that one business undertaking may not have two identical registered signs. The only exception is when one of them is protected as a domestic trademark and the other as an international one. In this regard, a comparison should be done with Article 4 bis of the Madrid Agreement.

During the assessment of the distinctiveness, special account should be taken of whether the sign is new and the relative novelty of the design is estimated, but not in its absolute sense as is the case with the innovations. The novelty of the filed sign is estimated in reference to the already protected

trademarks of other entities for the same or similar type of goods or service on the territory of the Republic of Macedonia.

IPL operates with an identical sign, but also with the determination of a similar type of goods or services, whereas it should be noted that the determination of similarity is a factual issue. In this regard, a starting point should be the consumers' interests and disloyal competition. This is why IPL introduces the standard "deluding the average customer when making an estimation of which sign is identical or similar to a previously filed or registered trademark of another person for the same or similar type of goods or service".

Pursuant to IPL from 1993, the above mentioned reason for rejection was absolute, i.e. the competent administration took care of it by official duty. A novelty in IPL from 2002 is that the above mentioned rejection reasons are contained within the relative reasons for rejecting a registration. By that, the competencies have been transferred from the previous right holders. It should be pointed out that this novelty is very important. The intention of our legislator is to get closer to the other trademark systems in Europe, according to which the competent administration has a more reduced role and where the conflict of interests regarding the trademark has been left to the owners of the previous trademark.

Under the influence of comparative law, and in regard to the estimation of the similarity, apart from the criteria of deluding the average consumer, our IPL also accepts the sub-criteria of the possibility of associating with a previously filed or registered trademark. The norm of the First EU Council Directive has been adopted, Article 4 paragraph 1 (b), according to which a trade mark shall not be registered or, if registered, shall be liable to be declared invalid because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.

According to IPL, the sign seeking protection is compared to a previously filed or registered trademark, as follows:

- with trademarks that have right to priority according to the law
- previously internationally registered trademarks acting in our country
- Well-known trademarks.

The well-known (renowned) trademarks represent novelty in our right to a trademark. They are exception to the principle of specialty of the trademark. In accordance with the principle of specialty, a mark may be registered for another type of products of another business undertaking. This should not be the case with the well-known trademarks, as it would lead to confusion on the market. Well-known trademarks have such a reputation on the market, that they are given bigger protection than the other marks. This is the case with the right of the large companies who are owners of well-known trademarks and who do not allow their trademark to get "diluted".

According to IPL, a well-known mark is the one that is famous for the public in the relevant sector, as well as trademarks that are well-known as a result of presentations, advertising and marketing to the broad public.

The well-known marks have the broadest protection within the framework of the trademark legislation, which prohibits using other people's marks for marking products of the same kind. Dispute arises when a well-known mark is used for products of a different kind, because a commonly adopted standpoint of the international court practice is that a well-known mark may be recognized also based upon its advertising function, as standardized in IPL. Historically speaking, the protection of the well-known marks originates from the so called 'Kodak doctrine' from 1898. In our legislation, the well-known marks were protected with the latest legislation for the first time, while before that protection was enabled based on the regulations regarding the disloyal competition.

Apart from the trademarks that are well-known to the public in one or more countries, there are famous or renowned trademarks. These are marks that are famous throughout the world or on a larger territory (for example, MERCEDES, SONY, COCA COLA).

RESULTS AND DISCUSSION

Importance of Trademarks for Sports Products

Trademarks of sport products or entities are considered among the most valuable. For instance, the National Football League in the United States incomes from their trademarks are millions of dollars, due to sale of sportswear and sports items (Wong, 1986).

The Lanham Act of 1946 (The Federal Trademark Act), being the primary source of trade-

mark law in the United States of America is of importance for management of trademarks owned by sports organizations. Similar to international standards, according to the Lanham Act (15 U.S.C. § 1127 (1996)), a trademark is "... any word, name, symbol or device, or any combination thereof used to by a person, or which a person has bona fide intention to use in commerce... to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of goods, even if that source is unknown.."

Clement argues that the following issues are of particular interest to trademarks and sport relations: 1. Identity of plaintiffs and defendants in sport trademark/service mark cases; 2. Elements of trademark having the greatest influence on sport court decisions; 3. Facts of the cases; and 4. Status of the sport enterprises in litigation.(Clement, 2002). Based on the analysis of the American jurisprudence, his views are that trademarks are valuable personal property to a wide range of sport businesses. Therefore, sport business managers need to acquire knowledge for the importance of protection of the marks and creative ventures of the sport profession (Clement, 2002).

Franchise agreements might also be a good way of getting income for the sports clubs and associations. As stated by A. Wall, franchise agreements should be used, for the following services (not only trademarks but intellectual property and other rights)that sports property owners could offer to franchisees: 1) Transfer the right to use the franchisor's trademarks, service marks, copyrights and patents to franchisees with limitations on use within a specified geography and product or service category; 2) Furnish a Standard & Style manual governing the use of trademarks, service marks and copyright material; 3) Furnish trade secrets and know-how in the form of operating manuals, research methodology, execution plans for event management, marketing communications strategy, forms and standardized contracts; 4) Negotiate licensed merchandise deals, and produce and distribute licensed merchandise catalog etc. The Franchisee's Duties and Responsibilities (local activities) would in this case consist on maintain and enhance franchiser's trademarks and service marks, obtain written approval prior to using all trademarks, service marks and copyrights, and maintain the confidentiality of trade secrets and know-how in perpetuity etc. (Wall, 1996).

CONCLUSION.

Both in the twentieth century and today, publicity plays a big role in bringing the marks closer to the consumers, for example through the media and especially on the packaging or in promotional material. However, the development of the global market, accompanied by the transformation of trading methods of doing business, as well as the marketing where the marks plays an exceptionally important role, also reinforce the legal and economic meaning of the trademark in the Republic of Macedonia and all over the world.

The legal regime of the trademark has been determined in accordance with domestic and international regulations. This legal framework of trademarks is easily applied to sports trademarks, i.e. trademarks for sport products and sports activities. Having in mind the emerging importance of the sports industry, analysis of the significance of sports trademarks requires an interdisciplinary scientific approach of intellectual property law, sports law and sport management.

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ЗАШТИТА И СТЕКНУВАЊЕ НА ТРГОВСКИТЕ МАРКИ: ЗНАЧЕЊЕ ЗА СПОРТСКИТЕ ПРОИЗВОДИ

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(Оригинален научен труд)

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Апстракт:

Во трудот се анализираат: значењето на трговските марки со осврт на постојатите и основните домашни и меѓународни извори на правото на трговски марки; како и обележјата и определени аспекти на вредноста на спортистките трговски марки. Од аспекти на македонското законодавство детално се разработени: дефиницијата на трговската марка, како знак што може графички да се прикаже со цел соодветно разликување на стоките и услугите на учесниците на пазарот; условите за заштита и апсолутивните и релативните пречки за заштита. Презентиран е и концептот на добротознатите трговски марки. Дадени се неколку заклучоци за употребата од интердисциплинарен приод во анализата на спортистките трговски марки.

Клучни зборови: спортистките трговски марки, Закон за индустриската сопственост, ТРИПС, Париска конвенција