

**“AWARENESS” OF THE USE OF A SUBSEQUENT TRADEMARK
AS A CONDITION OF LOSS CLAIMS FOR VIOLATION
OF THE LAW TO THE EARLIER TRADEMARK DUE TO TOLERATE
– POLISH LAW ON THE BACKGROUND OF THE COMPARATIVE**

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ABSTRACT

For some time in the practice of trademark more and more often there are cases of so-called. tolerances (i.e. acquiescence) of by the proprietor of the trademark the use of similar trademark registered with the later priority. As a result of maintaining a state of tolerance for a long time there is a loss on the side of the proprietor of the earlier of the right to claim to invalidity of the later trademark, as well to prohibit its use. The main condition of such an effect is an awareness of the proprietor of the former trademark about use of the conflicting subsequent trademark. There are two basic questions relating to the above issue: 1) if such awareness is not only positive knowledge, but also the duty of knowledge, and 2) if this awareness may be the result of presumption, i.e. if it can be demonstrated by facts, for which, however, you can not deny the existence of knowledge of the proprietor of prior trademark about the presence of the later mark in a given market. The answer to both these questions should be positive, what convince the guidelines for harmonization effect in view of the international legal practice in this matter which are adopted among the members of such organization as AIPPI, including Poland.

Key words: trademark, loss of right, acquiescence (tolerance), use, knowledge, awareness, AIPPI.

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A PROBLEM

An immaterial nature of the intellectual property rights can generate situations in which several identical or similar signs, models or inventions actually coexist and is used on the market by different persons. In most cases such situations are not authorized and constitute an act of infringement of the prior intellectual property rights. However, in some instances is this practice lawful. Apart from typical legal exceptions to the intellectual property rights (such as: private use, tests and experiments, formal requirements, state needs, etc.), there are specific exceptions too. One of that kind of exceptions concerns an acquiescence of exploitation of the earlier right for his proprietor.

What here important when “consumption” of the prior intellectual property rights by third persons continue during a certain period of time without any reaction from the holders of those prior rights, this fact can lead to situations that are difficult to resolve. It raises the question of juridical and economic certainty: when a person has been exploiting a prior intellectual property right belonging to a third party for a long time, without there being any reaction from the holder of this right, shouldn't he have the possibility of continuing his exploitation, even when this exploitation is unlawful (e.g. only formally, i.e. from a priority-reason) ? Indeed, because of the private nature of intellectual property rights, their holder may decide not to oppose third parties who infringe these rights for various motives: cost and risk involved in the legal procedures, but also the fact that the use of these rights, even when unauthorized, can reinforce the knowledge which the public might have of its creation. These situations are even more difficult to resolve, since intellectual property rights are based on the exclusive character of their exploitation. And this exclusiveness opposes the mere idea of the coexistence of rights relating to the same object.

This above mentioned rule of IP-law regarding an acquiescence is applied appropriate on different rights from that collection. Legal effects of acquiescence are to be understood as exceptions i.a. to the right on trademark. But, first, another rule of such exceptions conferred by a trademark is that they have to take account of the legitimate interests of the owner

of the trademark and of third parties¹. Second, trademarks and other distinctive signs differ from other intellectual property rights in that they are granted for an unlimited period of time and in that their validity, significance and value depend on the way they are used by the trademark owner or his licensees. For these both reasons a special treatment of trademarks and other distinctive signs with regard to legal effects of acquiescence is especially justified.

To the extent that legal effects of acquiescence are in various legislations acknowledged, there is a wide consensus that the activity which is susceptible of constituting a “consumption” of an intellectual property right must be committed by the person benefiting from acquiescence with the knowledge of the prior right-holder of the use of the later right. It is a generally established criterion for the application of the acquiescence mechanism, however, that minimum requirements for establishing such knowledge vary among the countries. Additionally, establishing knowledge of the proprietor as respective other party raises subjective issues and therefore causes practical difficulties.

The problem is here generally a meaning of a term of awareness of the earlier trademark-owner of use of a later trademark, i.e. his knowingly toleration of such use. Because the tolerance supposes that the holder of the prior right is aware of the existence of the exploitation of his right and accepts it in an intentional way, in particularly two questions arise then to determine: 1) how high degree of knowledge of the acts of conflictive exploitation must be shown in order for the holder of the former right to be considered to have accepted the exploitation? 2) can this knowledge be supposed or must it be proven in a positive way? These are questions about specific requirements which such knowledge must satisfy for the application of the acquiescence mechanism.

¹ Article 17 of the TRIPS Agreement (Agreement on Trade-Related Aspects of Intellectual Property Rights, as Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization, signed in Marrakesh, Morocco on 15 April 1994).

LEGAL BASIS

From the point of view of Polish law the most important is an analysis of above problem on the level of EU-law as a standard regulation for the Member States. It should be noted with reference to this that the Common Law system's recognition of the acquisition of rights under the terms of the tolerance, was extended within the European Union, by means of the Directive² of 1988 on trademarks, which established the rule of limitation by acquiescence in this field.

According to Article 9 para. 1 of the Directive, where the proprietor of an earlier registered trademark has acquiesced, for a period of five successive years, in the use of a later trademark registered (if it was only made in good faith) while “*being aware of*” such use, he shall longer be entitled on the basis of the earlier trademark neither to apply for a declaration that the later trademark is invalid nor to oppose the use of the later trademark in respect of the goods or services for which the later trademark has been used. In the context of recognition of term “awareness” it is worth pointing the recital 11 of the preamble to the Directive, where that losing by the proprietor of an earlier trademark the right for longer requesting a declaration of invalidity or opposing the use of a trademark subsequent to his own trademark is due to the fact that such use was “*knowingly tolerated*” by him. Exactly the same provisions are provided for in the current directive on trademarks³.

² First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trademarks (OJ L 040, 11/02/1989 p. 1-7), hereinafter referred as “Directive”, see on: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31989L0104:ENG:HTML>.

³ Article 9 para. 1 and recital 20 of the Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trademarks (OJ L 336, 23.12.2015, p. 1-26), hereinafter referred as “Directive”, see on: <http://eur-lex.europa.eu/eli/dir/2015/2436/oj>. Analogical text contents Article 54 para. 1-2 of the Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trademark (OJ L 78, 24.3.2009, p. 1–42 with am.).

Provision quoted above is reflected on the ground of Polish legal system in Article 165 para. 1 pt. 1 and para. 2 of Act on Industrial Property Law⁴. According to that Article:

”1. A request for invalidation of the right of protection shall not be admissible:

(i) on the ground that it conflicts with an earlier trademark or the personal or economic rights of the requesting party have been infringed, where the requesting party has acquiesced, for a period of five successive years, in the use of the registered trademark while being aware of such use, [...]

2. Paragraph (1) shall not apply, where the holder of the right has acquired the right in bad faith”⁵.

THE SOLUTION OF THE SUBJECT MATTER

Foreign law (around Europe)

General overview

First of all, certain European countries settle for proof of an awareness of the prior right–holder of the right to trademark that he could not be unaware of the existence of acts likely to infringe his right in order to have the acquiescence period begin. In particular, this is the position of the Netherlands, of Belgium or Finland, which consider that such knowledge is presumed from the time that the later right is made the object of a registration. This is also the position of Italy and Switzerland, which emphasize that companies have an obligation to know their market. Close this is also the position of Germany, especially from the perspective of competition law

Other countries have adopted stricter rules and require proof that the prior right–holder have actual knowledge of the use of the later right. This

⁴ The Act of 30 June 2000 - Industrial Property Law (consolidated text: Dz. U. of 2013 Pos. In 1410 with am.), hereinafter referred as “IPL”.

⁵ See in English on: <http://www.uprp.pl/akty-prawne/Lead03,13,1315,1b,index,pl,text/podstawowe-obowiazujace-akty-prawne/Lead03,50,262,1b,index,pl,text/>.

is i.a. the position of Norway and Hungary. Lastly, the Common Law countries point out that such knowledge is a question of fact and can be proved by any means, but that it must actually be proved that the prior right-holder had actual knowledge of the use of the later trademark.

The United Kingdom considers but eventually that such knowledge may not be established by presumptions. Therefore, it seems that a compromise solution could be extricated by referring to the Belgian proposal, which suggests only admitting proof by presumption in the hypothesis of precise and corroborating presumptions of the knowledge of the use of the later right.⁶ A proposal for a real harmonization in future is, however, a further-reaching (which is discussed below in conclusion).

The various views on the ground of some national legal systems

In all countries present problem is considered under the assumption that the tolerance supposes that the holder of the prior right is aware of the existence of the infringement to his right and accepts it in an intentional way. The analysis of that problem is carried out on the basis of provision closely follow above mentioned Article 9 of the Directive. The equivalent national provision deriving from this Article determining the effect of acquiescence declares in principle that, where the proprietor of an earlier trademark has acquiesced for a continuous period of five years in the use of a registered trademark, being aware of that use, there shall cease to be any entitlement on the basis of that earlier trademark to apply for a declaration that the registration of the later trademark is invalid, or to oppose the use of the later trademark in relation to the goods or services in relation to which it has been so used (unless the registration of the later trademark was applied for in bad faith). Possible deviations or modifications to such provision regarding to the premise of awareness are practically rare and insignificant.

⁶ Cf. Summary Report of AIPPI Groups in discussion about these questions; see on: <http://aippi.org/wp-content/uploads/committees/192/SR192English.pdf>.

A) Law of countries from Western Europe

German law

According to § 21 para. 1, 2 German Trademark Act to the forfeiture by the proprietor of earlier trademark his right to the claim directed of pleading the unlawful use of this trademark is necessary generally a positive knowledge of the proprietor about the party using the trademark. However, this condition is alleviated under § 242 German Civil Code, where negligent ignorance alone is sufficient.

But, what is here relevant is the point of view of competition law in the conferred question. From this perspective the holder of the right must always have knowledge of the violation of his right. Consequently, the holder of the right has an obligation to observe the market. That obligation – within the limits of what can be reasonably expected – extends as far as the holder of the right wants to extend the protection conferred by his right, i.e. also including neighboring or even more remote industries, provided that the protection is supposed to extend to these industries. The obligation may also include measures such as checking trade directories or entries into the commercial register⁷. Important here is yet knowledge of or the necessity to know about the interference into the sphere of its exclusivity with regard to the trademark. The yardstick for the necessity to know is the obligation to observe the market⁸.

British law

Under section 48 of the British Trademarks Act 1994 the general principles that is applied, is, namely that the rights-holder must be aware of the infringing activity. In practice, considering this question against the background of legal relations in companies,⁹ it was decided, that one at senior management level must have the requisite knowledge. When there

⁷ See some judgements of the German Federal Supreme Court in published in: GRUR (Gewerblicher Rechtsschutz und Urheber Recht) 1985, p. 72, 73 – Consilia; GRUR 1988, p. 776, 778 – PPC; GRUR 1989, p. 449, 452 – Maritim; GRUR 1993, p. 151, 153 – Universitätseblem; GRUR 1993, p. 913, 914 f. – KOWOG.

⁸ Cf. in this question in Germany on: http://aippi.org/wp-content/uploads/committees/192/GR192germany_english.pdf.

⁹ The case of *Dyson v Qualtex* from 2004 (see in the source below).

was some knowledge only at the more junior level of account manager, that was held not to be sufficient to constitute knowledge of the company. Important is also that knowledge has to be proven, it can not be presumed¹⁰.

French law

Under Article L. 716-5 para. 4 codified in the French Code of Intellectual Property remains controversial whether the foreclosure by tolerance implies that the holder of the later mark proves that the holder of the earlier right has acquiesced necessarily in a positive way, operation of the second mark. Finally, the courts held that the tolerance of the second trademark does not imply that the holder of the first trademark has accepted its use, even tacitly, but only where he has failed, knowingly, to oppose it. In other words, the foreclosure by tolerance does not require proof that the holder of the earlier right has acquiesced, positively, the use of the second trademark. The proprietor of the later trademark who relies on foreclosure by tolerance must be able to prove that, given the factual circumstances (freely appreciated by the lower courts), the earlier right holder could not ignore the use of the second trademark and that he then failed to object.

In French law is the issue of the foundation and degree of knowledge of the holder of the earlier right also disputed. Two currents are being constantly considered. The first current, minority and very severe for the holder of the earlier right, pose a presumption of knowledge of the second trademark based only on its publication. The second current, majority and more favorable to the holder of the earlier right, requires proof of actual knowledge of the use of the second trademark. Thus there is a judicial uncertainty about the degree of knowledge required to establish the foreclosure by tolerance. However, it seems that tolerance can be opposed to the holder of the earlier right only if it has been a real knowledge of the use of the later trademark. Thus, a geographically limited operations, the only local advertising and even participation in a trade fair may not in one case considered sufficient to demonstrate that the earlier right holder became aware of the later trademark. A presumption of knowledge from

¹⁰ Cf. in this question in the United Kingdom on <http://aippi.org/wp-content/uploads/committees/192/GR192uk.pdf>.

the publication of the later trademark is also criticized by the doctrine and contradicted by a majority of cases holding that research if the earlier right holder had actual knowledge of the use of the later trademark.

In the light of standard decisions it appears that the assessment of the knowledge of the second trademark is anyway made specifically by the courts. These do not require formal proof that the earlier right holder became aware of the second trademark, but deduce that knowledge of the circumstances. Hence, the plaintiff in process regarding of the foreclosure by tolerance must prove that the earlier right's holder became aware of the second trademark or that from the circumstances (geographic locations, intensity of use, size of companies involved, etc.) he should be necessarily aware of the later mark¹¹.

Belgian and Dutch law

The rule of foreclosure by tolerance contained in the Directive was transposed in the Uniform Benelux Trademark Act (hereinafter "UBTA") to Article 14bis. According to this Article the only required mental element is knowledge by the proprietor of the earlier mark about the existence of the use of the later trademark by its owner.

In Belgian law there is no degree of knowledge to achieve. Moreover, this knowledge of the prior right's holder can not be presumed from the simple registration of the mark. Indeed, the publication of the later trademark in Benelux is not sufficient in itself to establish such knowledge. It must be established in a positive way by the holder of the later trademark by any legal means. But nothing prevents to prove knowledge by a set of precise and concordant presumptions. It could be invoked, in particular when the holder of the earlier right was direct competitor of the holder of the second right in the same industry or that such parties maintained direct relations¹².

In Dutch law the principle of forfeiture of rights through tolerance also requires that the acts which should have constituted the knowledge of the

¹¹ Cf. in this question in France on: <http://aippi.org/wp-content/uploads/committees/192/GR192france.pdf>.

¹² Cf. in this question in Belgium on: <http://aippi.org/wp-content/uploads/committees/192/GR192belgium.pdf>.

right holder as well as the moment when the knowledge occurred must be proven by the third party. When a third party claims that the holder of right to the trademark has forfeited his right by “tolerance” it is indeed necessary to establish that the right holder has acquired knowledge of the acts of use such trademark by that person. Based on the Article 14bis UBTA is the statutory term of “being aware of” (in Dutch: “bewust gedogen”) the use of the trademark it, according to jurisprudence, applicable when the right holder ‘knows, or should know’, that a third party exploits his right¹³. The third party acts on the basis of lack of act from the former right holder, i.e. of his “stand still”, and must state and prove the acts which should have constituted the knowledge of the right holder as well as the moment when the knowledge occurred. In trademark case law¹⁴ the dispute concerns, e.g., the use of the trademark (here: “JAGUAR”) for shoes for men, where a defendant (i.e. Van Hilst) produced evidence to the court upon which the court ruled that defendant used the trademark “JAGUAR” for above products from 1979 on. According to the court it leads to the conclusion that defendant Jaguar must have acquired knowledge of the use by Van Hilst of the trademark at issue in 1996, due to the passage of a long time. Next, between 1996 and 2002 Jaguar has not taken any action against Van Hilst. Consequently, the court ruled that in the light of Article 14bis UBTA Jaguar has forfeited its rights against defendant¹⁵.

Danish law

The Danish Courts creates a “tolerance–principle” taking into account both objective and subjective circumstances, which was codified in Section 8 of the Trademarks Act. They understand this question to be a question of whether the holder of an earlier right must have positive knowledge of an exploiting of his right to the trademark by the third party in order to accept (tolerate) it or if it is sufficient that he has a supposed knowledge. The answer: the knowledge of the exploiting the trademark by someone

¹³ See the judgement of the District Court Amsterdam of 13 September 2000, BIE 2002/77.

¹⁴ See the judgement of the District Court Breda of 4 May 2005, IER 2005/78.

¹⁵ Cf. in this question in the Netherlands on: <http://aippi.org/wp-content/uploads/committees/192/GR192netherlands.pdf>.

else may be positive or supposed. However, in the event of very long lasting tolerance Danish case law has accepted that neither knowledge nor supposed knowledge is required. Supposed knowledge depends entirely on the circumstances of the matter including in particular the duration and the extent of the exploiting. Nothing general can be said about the degree of knowledge required. It should be mentioned that based on the wording of Section 8 Danish Trademarks Act implementing Article 9 of Directive, which is silent on the subject¹⁶.

Swedish and Finnish law

Section 8 of Swedish Trademarks Act says on this issue directly about awareness and also acceptance of the use of the registered trademark. It means that the holder of the earlier right must be conscious about the use of the later mark. The text of that article was amended following the Directive. Previously it was enough for the Section 8 to be applicable when the later mark had been considerably used. The legal doctrine states that as the holder of the earlier right must be conscious of the use of the later mark, the knowledge can not merely be supposed. If that would be the case the text of the above cited Article should have been “must be considered to be conscious”¹⁷.

However, based on the Sections 8 of the Finnish Trademarks Act addressed the discussed question the knowledge can be supposed. It is the case, when the later right is registered. The basic assumption is that the traders are aware of the contents of the public registers, such as of the Trademark Register. On the other hand, the later trademark may by definition become established only by use that has lasted for a reasonably long period of time, and when the extent of such use is excessive. Therefore, it may be assumed that other traders operating in the same field of business should be aware of the existence of that trademark. It is whenever necessary an overall evaluation of the case at hand. Concerning the rules on the proprietor’s knowledge of the earlier right, it is noted, that trad-

¹⁶ Cf. in this question in Denmark on: <http://aippi.org/wp-Swcontent/uploads/committees/192/GR192denmark.pdf>.

¹⁷ Cf. in this question in Sweden on: <http://aippi.org/wp-content/uploads/committees/192/GR192sweden.pdf>.

ers are assumed to be aware of the contents of the public registers, such as of the Trademark Register. Therefore, the doctrine concludes that the harmonized rules should include standards for determining “awareness” of the existence and use of later trademark, even if the standard determining awareness can be determined rather high¹⁸.

Norwegian law

The section 8 of the Norwegian Trademarks Act expresses in the discussed question using the term of “knowingly tolerance”. This implies that there is a requirement of knowledge, and that this has to be proven to the court. Lack of knowledge due to negligent behavior does not seem to be sufficient. These provisions have, on the contrary, no specific requirements regarding the degree of knowledge of the prior right holder. The consideration thereof must be based on a balancing of the interest of the parties. In this regard the degree of knowledge of the right holder will be of relevance. If the prior right holder was not aware of the acts of exploiting of his trademark by third person, the reasons for this will presumably be taken into account. It is generally assumed that the right holder must pay a “normal” degree of attention to the marked in which he is doing business¹⁹.

Italian law

The Italian law governs the effects of tolerance with reference to the case of when the holder of the prior right to the trademark has been aware of use of the later trademark. In the light of Article 28 of the Code of Industrial Property Rights the awareness must be effective. But, Awareness may be also presumed, namely in relation to the notoriety achieved by the later trademark on the market. Awareness is presumed that tolerance of the holder of prior right to the trademark of use of the later trademark consists in failure of dispute against the using of the later trademark by the

¹⁸ Cf. in this question in Finland on: <http://aippi.org/wp-content/uploads/committees/192/GR192finland.pdf>.

¹⁹ Cf. in this question in Norway on: <http://aippi.org/wp-content/uploads/committees/192/GR192norway.pdf>.

methods referred to in the article above. However, as also already said, this knowledge may be presumed²⁰.

Swiss law

Swiss law provides for the rules of tolerance by the prior right's owner for the confusingly similar later trademark, which were developed by the Swiss Federal Supreme Court. The Court introduced under these rules a concept of "should have known" as opposed to actual knowledge. According to this concept the effects of acquiescence shall take place when the holder of subsequent trademark, for some time, in good faith assume that the prior right's owner is aware of the infringement, and knowingly tolerates it (*bona fides superveniens*). And the Court decided²¹, as general principle, that the effects of tolerance could take place not only where the rights owner knows of the exploitation of his mark, but also where he should know, i.e. where he could have known if he had reasonably monitored the market. In other words, the court stated that a rights owner acts carelessly if he just lets things happen, and consequently is misusing his rights when he starts to enforce them only at a late point in time. And then the Court confirmed²² that a right's owner must reasonably monitor the market. Because an acquiescence has the effect that the owner of the former trademark cannot enforce his rights any more against the infringer (plea of acquiescence). This will only happen under condition that the rights owner knows about the infringement or should, upon reasonable market monitoring, know about it. Thus the Court sealed his first above mentioned judgement.

In fact, Swiss Courts practice requires the rights owner to reasonably monitor the market. The exact level of such monitoring is not defined. Scrupulous canvassing is not required, but passive waiting until an infringement is brought to one's attention is not enough. If, by reasonably watching the market, the right's owner would become aware of

²⁰ Cf. in this question in Italy on: <http://aippi.org/wp-content/uploads/committees/192/GR192italy.pdf>.

²¹ See the judgement in: BGE (*Entscheidungen des Schweizerischen Bundesgerichts - Decisions of the Swiss Federal Supreme Court*) 117 II p. 575 of 1991.

²² See the judgement 4C.247/1996 of 1998, in: sic! 1999 p. 132-135.

the infringement, he risks forfeiture of his rights just like he would upon actual knowledge. Swiss law stipulates that the burden of proof lies with the one who claims a right (Article 8 of the Swiss Civil Code). In a case of tolerance, it may be said that the rights owner claims his rights, while the infringer claims a “right” to continue the infringement, i.e. to carry on with a per se illegal situation because the rights owner has forfeited his rights against him. Former decisions of the Federal Supreme Court have stated that in such a situation the burden of proof is upon only the infringer, but recent decisions²³ have confirmed that the rights owner must prove his right, and the infringer the forfeiture of such right. The court practice shows, however, that the rule that the infringement is regularly evidenced without a doubt, is not strictly followed in court. Because the first known judgement, cited above, established that the rights owner must reasonably monitor the market, the courts seem to assume that he should have noticed the infringement anyway. It follows that then the rights owner must show that he could not notice the infringement despite appropriate monitoring, which results in a de facto reversal of the burden of proof. It will however still be upon the infringer to show that he built a valuable market position, wherein he does not need to bring direct evidence for the right owner’s knowledge of negligent ignorance. It suffices to bring forward circumstantial evidence convincing the court that knowledge did or should exist²⁴.

Spanish law

In Spanish law the concept of tolerance was introduced in the Article 52.2 of the Trademarks Act. Of ground of this provision arises in practice the question how is the degree of knowledge of the acts of infringement which the holder of the former right must have to be considered as having accepted the litigious exploitation.

There is no doubt that it is enough for the holder of the prior trademark to know of the use of the subsequent trademark. However, not just any knowledge is enough. In this context rather it must be sufficient for

²³ See the judgement in: BGE 128 III 271 of 2002, BGE 130 III 321 of 2004.

²⁴ Cf. in this question in Switzerland on: <http://aippi.org/wp-content/uploads/committees/192/GR192switzerland.pdf>.

the prior holder to be able to determine that there is an infringement and, hence, to be able to “take the decision” to tolerate the infringement. This requirement does not specifically appear in the text of above provision, nor does it derive directly from any decided case, but generally from the Spanish trademark system. On the other hand some legal literature – although there is no clear case law in this respect at the moment – considers that the requirement of “knowledge” may be considered complied with where it is possible to prove the presence of certain circumstances from which it must or may be inferred that the holder of the prior right “should have known” of the use of his mark by unauthorized person. This could be equivalent to “ignorant tolerance” or – what is the same thing – tolerance “without effective knowledge”. This part of legal literature takes the view that the need for certainty in trade makes it necessary on this point to opt for an objective conception of good faith, which leads to silence in view of public use – of which one could not or should not have been ignorant – being interpreted as knowledge and as tolerance. It could, hence, be answered that knowledge must be “sufficient” in the sense of giving the holder of the prior right enough information to be able to conclude that there is an infringement of his rights. And, at the same time, that not knowing may not be “negligent” in the sense that, in certain circumstances, it may be considered that the holder “should have known” that his rights were being infringed.

Furthermore, knowledge may be express or presumed. This is a question of fact which may be proved by any legally valid means, including, therefore, any presumptions which may be appropriate in any case. In any event the answer given above would also be applicable *mutatis mutandis* to the “supposed knowledge” referred to in this question²⁵.

Portuguese law

The legal concept of acquiescence starts – according to the Portuguese trademark law – from the moment when the senior mark owner learns about the use of the seriously confusingly junior mark. Normally, the burden of proof relies upon the party who accuses. The owner of the junior

²⁵ Cf. in this question in Spain on: <http://aippi.org/wp-content/uploads/committees/192/GR192spain.pdf>.

mark should thus produce evidence that the owner of the senior trademark really knew about the use of his junior mark. Said knowledge should be proven in a positive way (preferably documentarily) rather than being a supposition – unless (probably) the case where the junior mark became well-known or famous²⁶.

B) Law of countries from Eastern Europe

Slovenian law

Law on industrial property in force in Slovenia contains a provision conferring an effect of the limitation of the right because of the tolerance expressed by an holder of right to the trademark, namely, in case when a holder tolerates an allegedly infringing activity after he got knowledge about infringement and alleged infringer. It is accepted on ground of this law that the knowledge must be proven in a positive way. Thus, just a presumption would not be enough. It means that opposing party must submit sufficient evidence which proves that it is evident from the circumstances that holder of prior right has got knowledge of litigious activity²⁷.

Latvian Law

Latvian Trademark Act contains the provision providing for an effect of tolerance with regard to the infringer, according to which the knowledge of owner of an earlier trademark is defined as awareness of use of a later trademark registered and also no contesting, in administrative or court proceedings, of such use. The issue of establishment of knowledge of an infringement in the context of tolerance is not governed specifically under the applicable law. But, in accordance with the general Latvian civil law principles each party has the burden of proof as to its own allegations. The court's task in its turn is evaluation of the evidence provided. As case law shows the court evaluates whether under the specific circumstances the

²⁶ Cf. in this question in Portugal on: <http://aippi.org/wp-content/uploads/committees/192/GR192portugal.pdf>.

²⁷ Cf. in this question in Slovenia on: <http://aippi.org/wp-content/uploads/committees/192/GR192slovenia.pdf>.

person (here: the owner of earlier trademark) could or should have had the particular knowledge (here: of the use of later trademark)²⁸.

Estonian law

Estonian Trademarks Act sets explicit forth in Article 16 para. 2 that the effect of losing of the right to prohibition the use of a later trademark by tolerance occurs if the proprietor of the earlier trademark was aware or should have been aware of the later trademark and has acquiesced its use. It means that in case the holder of the former right was aware of the act of infringement or was supposed to be aware of the act of infringement and has not reacted in any way, but has been in silence, then it is considered that the holder of the former right has accepted the conflictive exploitation. However, no clear case law on this subject is available in Estonia²⁹.

Czech law

Section 12 of the Czech Trademark Act expressly mentions in this matter about a fact when the prior trademark's owner learned about the use of the later trademark. This is interpreted to mean that the earlier trademark's owner could actually encounter the goods on the market and that the goods or services marked by the earlier mark and the later marked actually met on the market. This means actual knowledge of the trademark owner and that the burden of proof in this case as to the trademark owner's knowledge would lie with the "infringing" later trademark owner. Although, the knowledge could not be presumed e.g. due to publication of a later trademark's application³⁰.

Hungarian law

In the Hungarian Trademark Act that comprises an explicit provision of the consequences of acquiescence, i.e. Sections 17 para. 1, cause such

²⁸ Cf. in this question in Latvia on: <http://aippi.org/wp-content/uploads/committees/192/GR192latvia.pdf>.

²⁹ Cf. in this question in Estonia on: <http://aippi.org/wp-content/uploads/committees/192/GR192estonia.pdf>.

³⁰ Cf. in this question in Czech Rep. on: <http://aippi.org/wp-content/uploads/committees/192/GR192czech.pdf>.

consequence is awareness of use of the too late contested trademark. There is no required degree of knowledge of the acts of litigious exploitation either in the law or in the judicial practice. On the other hand, the knowledge must cover the fact of using the later registered mark. However, it is not a requirement that the owner of the earlier mark shall be conscious of the legal perspective, i.e. that the use is infringing. The knowledge must always be proven in a positive way by the defendant. But, it may cause some difficulty that it is a subjective element to be proven, for which mostly only indirect proof exists and is possibly³¹.

Bulgarian law

In the Bulgarian legislation the effect of tolerance applied to trademarks comes in case the holder of an earlier trademark registration has allowed the use of an identical or similar trademark without any action against it. The knowledge of the infringing trademark can be supposed only in the case of a registration of the infringing trademark which has been published in the Official Bulletin of the Patent Office. Because this fact established a legal presumption that the third parties are informed about the existence of such registration and nobody can excuse himself or herself saying that he has not read this particular issue of the Bulletin or like. Otherwise the knowledge of the holder of the prior right should be proven and how it will be done depends on the particular case³².

Polish law

Prevailing opinion

The Polish legal doctrine, especially in the case law, it is assumed that the condition of “awareness” of the use of a subsequent trademark, resulting from Article 165 para. 1 pt. 1 of IPL is distinct from the mere premise “use” of a trademark. It derived from this that it can not therefore

³¹ Cf. in this question in Hungary on: <http://aippi.org/wp-content/uploads/committees/192/GR192hungary.pdf>.

³² Cf. in this question in Bulgaria on: <http://aippi.org/wp-content/uploads/committees/192/GR192bulgaria.pdf>.

accept the existence of general legal obligation of every entrepreneur to “track competition” for awareness of the use of the different individual trademarks on the market. Thus, “being aware of” use of a mark means the availability of knowledge by the proprietor of the earlier trademark of the use of a subsequent trademark similar by its owner. So it can not be extended the scope of the aforementioned conditions on the ability or duty to find out by the proprietor of the earlier trademark about exploitation of the conflicting trademark³³.

The adoption of this position was the result of the approval of the arguments presented in the case at issue by the proprietor of the earlier trademark. He complained, in particular, that in the Polish legal system there is a clear distinction between „knowledge” and „possibility to obtain knowledge”. As examples pointed to the content of regulation of several provisions of the Civil Code³⁴. Based on this said that if a rational legislator wanted to make the legal consequence of the inadmissibility of the application for cancellation of the registration of both knowledge (i.e. awareness) of use of the contested trademark and the theoretical possibility of obtaining such knowledge – is the intention of the legislature undoubtedly would find reflected in the corresponding wording of Article 165 para. 1 pt. 1 of IPL. In contrast, use of the term “awareness about of” use unambiguously determines that for the recognition of the inadmissibility of registration is canceled, it is necessary to take evidence for the existence of to the applicant positive knowledge on the use of the disputed mark, and not only cite the circumstances that might argue in favor of a possible obtaining such knowledge. Inadmissible must therefore be assumed that awareness of the use of a subsequent similar mark is the result of “natural process of tracking competition” and, therefore, an ordinary result of the use of the mark on the market. If the intention of the rational legislator

³³ Cf. the judgment of the (polish) Supreme Administrative Court of 05.07.2007, in case II GSK 98/07, “*JOOP! v. JUUPI!*”, see on: <http://orzeczenia.nsa.gov.pl/doc/0B00087ABE>, and recently the judgment of Voivodship Administrative Court in Warsaw of 06.02.2015, in case VIII SA/Wa 830/14, “*WARKA Warwin*”, see on: <http://orzeczenia.nsa.gov.pl/doc/DE5D7B3D9D>, which reproduces *in extenso* the statements in discussed question expressed in the first of these judgments.

³⁴ The Act of 23 April 1964 – Civil Code (consolidated text: Dz. U. 2014 Pos. In 121 with am.), hereinafter referred as “CC”.

was just this kind of effect, it would be superfluous since the introduction in Article 165 para. 1 pt. 1 of IPL, next to the premise of “use”, a separate premise of “awareness about such use” – when “awareness” would be a simple consequence of “use.”

Different opinion

The above opinion of jurisprudence, however, is contested. The more so that in a case in which had such position been taken by the Supreme Administrative Court, in the lower instances have been issued opposite rulings³⁵. Besides, these decisions were supported by further judgment of general court who ruled almost parallel i.a. in the relevant question³⁶.

These authorities have recognized as legitimate arguments of proprietor of the subsequent trademark. In his opinion, it is unlikely that many years of work carried out by his company was not noticed by the applicant in the market for the goods in question, to which the applicant operates, if only because of the participation of that company in the Poznan International Fair three times in the period of 7-9 years before the request for invalidation of the later mark, and advertising by that company regarding the goods with the disputed mark in the journal “Polish Business Magazine” and the sale by it of such goods in the major store chains. The applicant’s awareness of the use of the later trademark due to the more from the fact that against the owner to this trademark a claim for infringement the rights of the applicant in Poland, occurred at this time, albeit unsuccessfully, distributor of products bearing the applicant’s trademark, which is the

³⁵ The first of above judgements reversed the different judgement of the Voivodship Administrative Court in Warsaw of 13.10.2006, in case VI SA/Wa 1339/06, and also the decision, maintained by it, of the Polish Patent Office of 26.02.2006, in case Sp. 323/06, see both, following, on: <http://orzeczenia.nsa.gov.pl/doc/5DD39EE502> and <http://www.rzeczniapatentowy.org.pl/baza/main.php?id=5&type=2#Szukaj>.

³⁶ Namely, in this case was just before passed the judgment of the general court, i.e. the Regional Court in Warsaw-Court for Community Trademarks and Industrial Designs, who – regarding to the claim for temporary security – also didn’t believe the claim of the earlier mark, that his proprietor learned about the use of the subsequent trademark no longer based on facts taking place in the market, but until on the official letters informed about litigation before Polish courts initiated by its licensors.

sole Polish representative of the entity³⁷, which was the licensee in relation to the applicant. These authorities have taken into account that although the party above-mentioned distribution agreement was not directly same applicant, but other party authorized by him, it is difficult to believe that the applicant has not obtained the relevant knowledge on pending litigation. On the basis of the license agreement, the licensee in relation to the applicant had since an obligation to inform him as the licensor of any litigation and any infringement of the rights to the licensed trademark.

CONCLUSION

From the analysis above conducted shows that in most legal systems of the countries being members of the EEA is a premise awareness of the use of the later mark conflict resulting in the occurrence of the effect of tolerating such use also understood as a case of duties or even a reasonable possibility of knowledge of the fact of such use. This case is usually associated with the obligation of proprietor of an earlier trademark to monitor the market for certain goods or services or related industries. This statement leads to the conclusion about the need to revise the different, incorrect view that has been expressed and confirmed in the actual Polish jurisprudence.

That conclusion is supported by the fact regarding the resolution, which was adopted a few years ago (i.e. in 2006) by a group of countries gathered in the AIPPI. This resolution was the consequence of the positions to the Question Q192: *Acquiescence (tolerance) to infringement of Intellectual Property Rights*, expressed in this matter by the representations of these countries, including with the participation of the Polish national team³⁸. It proposes that in these Member States would be respected the

³⁷ Namely, famous company Coty (here: Coty Poland).

³⁸ AIPPI (in French: *Association Internationale pour la Protection de la Propriété Intellectuelle*) – International Association for the Protection of Intellectual Property (formerly: International Association for the Protection of Industrial Property), established in 1897 and based in Zurich, is a non-profit international organization (NGO) whose members are

principle of losing the right to oppose the use of the later trade mark by its tolerance expressed as follows:

*“The legal effect of acquiescence in respect of unauthorised use shall require that for a period of time (not less than the duration of the period provided by national laws for barring civil infringement actions) the prior right holder did not take any action against such unauthorised use of the prior right holder’s registered trademark and/or distinctive sign, while being aware of, or while he had the reasonable possibility to be aware of, such unauthorised use”*³⁹.

This rule shall be applied as a common from the point of view of the international harmonization of intellectual property rights, including the right concerned the trademark. The direction of codification of forfeiture by tolerance like that would put better the interrelation between the intentional elements and circumstances at risk. Because the behavior of the holder of the former right should be appropriately considered in an assessment of forfeiture. His behavior may in fact make it considerable easier to show that he contributed himself – by failing to redress of his knowingly duties (and *vice versa*, i.e. of his compulsory awareness as well as readiness) to counteract – to the consolidation of the market situation, of which the third person for a long time is using a similar mark for trading of similar goods or services. Such codification of forfeiture by tolerance might make this legal institution more flexible that a just balance of interests at issue is possible.

intellectual property professionals, academics, owners of intellectual property and others interested in the subject. It plays a major role in harmonizing IP laws around the world. operates by conducting studies of existing national laws and proposing measures to achieve harmonization of these laws on an international basis after consultation and input from its members Groups around the world (it works jointly i.a. with WIPO – World Intellectual Property Organization).

³⁹ Cf. AIPPI Resolution – *Question Q192: Acquiescence (tolerance) to infringement of Intellectual Property Rights*, Congress Gothenburg, October 8-12, 2006, Yearbook 2006/III, p. 455-457; see on: <http://aippi.org/wp-content/uploads/committees/192/RS192English.pdf> (p. 2).