

Study Question – 2025 – Explanatory Note

Exhaustion of trade mark rights

Many jurisdictions have in their trade mark laws a concept of trade mark exhaustion or first-sale doctrine. In essence, according to this concept or doctrine, once the trade mark proprietor sells a good to which a trade mark is affixed, that trade mark proprietor can no longer exercise the trade mark rights in respect of that sold good: those rights are then considered exhausted. This concept or doctrine intends to strike a balance between the interests of trade mark proprietors and those of purchasers of trade marked goods. The rationale of trade mark exhaustion is to prevent trade mark proprietors from unduly restraining the free alienability of goods.

AIPPI has studied certain aspects of exhaustion of trade mark rights in the past. Most notably, AIPPI has resolved that "*there should be no international exhaustion of industrial property rights*" and "*regional exhaustion does not, in itself, justify international exhaustion*" (Question Q156 on International Exhaustion of Industrial Property Rights). Also, in the context of recycling or repair of trade marked goods, AIPPI has resolved that "*the trade mark proprietor may oppose further commercialisation of the goods under the trade mark for legitimate reasons only, such as where the condition of the goods is changed or impaired after they have first been put on the market*" (Question Q205 on Exhaustion of IPRs in cases of recycling or repair of goods).

Considering the previous work of AIPPI on exhaustion of trade marks rights, there are still many more aspects of exhaustion of trade marks rights on which AIPPI has not yet adopted a Resolution. And while AIPPI has rejected international exhaustion – meaning that exhaustion in one jurisdiction does not imply exhaustion in other and all jurisdictions – this does not alter the fact that international harmonization of the criteria for trade mark exhaustion may be beneficial for those that partake in the international trade of trade marked goods, i.e. for trade mark proprietors and purchasers of trade marked goods alike.

Aspects of exhaustion of trade marks rights on which AIPPI has not yet adopted a Resolution, and which merit further study in this Study Question, include the following:

- Causes of/criteria for exhaustion of trade marks rights. Does exhaustion of trade marks rights require (i) a sale, and/or (ii) a simple making available on a market, and/or (iii) a transfer of possession of the good? Does a retention of title prevent exhaustion? Can long-term rental of trade marked goods under certain circumstances cause exhaustion?
- Legitimate reasons to oppose further commercialisation of the trade marked goods. Which types of reasons may or may not be considered such legitimate reasons?



Trade marks - Option 2

Can a trade mark proprietor oppose or not oppose the repair, recycling, refurbishment, disassembling and/or refilling and subsequent resale of trade marked goods in respect of which the trade mark rights have exhausted? If so, under what circumstances?

- Burden of proof. Which party bears the burden of proof that the trade marked goods concerned were sold by or with consent of the trade mark proprietor? What proof is required to satisfy this burden? Can this burden shift on the other party and if so under which circumstances?