

# **Trademark Protection in the Legal System of Afghanistan**

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## **Acronyms**

|         |  |
|---------|--|
| ABCLLCL | Afghanistan Business Corporations and Limited Liability Company Law, |
| ABCLLCL | Afghanistan Business Corporations and Limited Liability Company Law, |
| ACAR    | Afghanistan Commercial Arbitration Law                               |
| ACC     | Afghanistan Civil Code   |
| ACCI    | Afghanistan Chamber of Commerce and Industries                       |
| ACDR    | Afghanistan Center for Dispute Resolution                            |
| ACML    | Afghanistan Commercial Mediation Law                                 |
| ACOMC   | Afghanistan Commercial Code  |
| ACPC    | Afghanistan Commercial Procedure Code                                |
| ADR     | Alternative Dispute Resolution                                       |
| AGIL    | Afghanistan Geographical Indications Law                             |
| AIBA    | Afghanistan Independent Bar Association                              |
| AO      | Appellation of Origin  |
| APIL    | Afghanistan Private Investment Law                                   |
| ARATML  | Amendment, Addition and Revocation of Trademark Law                  |
| ATML    | Afghanistan Trademark Law  |
| ATMRL   | Afghanistan Trademark Registration Law                               |
| BA      | Board of Arbitration   |
| BA      | Board of Arbitration   |
| BPL     | Business Partnership Law   |
| BRS     | Business Registration Section  |
| CBR     | Central Business Registration Office                                 |
| CC      | Commercial Court   |
| ECJ     | European Court of Justice  |
| GA      | Geneva Act   |
| GCL     | Government Cases Law   |
| GIL     | Geographical Indication Law  |
| GIs     | Geographical Indications   |
| GBD     | Global Brand Database  |
| ICSID   | International Center for Settlement of Investment Disputes           |

|          |  |
|----------|--|
| KPCC     | Kabul Primary Commercial Court                           |
| LCD      | Least Developed Country                                  |
| LOITC    | Law on International Treaties and Conventions            |
| LOJB     | Law on Organization and Jurisdiction of Judiciary Branch |
| LPC      | Law of Protection of Competition                         |
| LPOR     | Law on Procedure of Obtaining Rights                     |
| MoCI     | Ministry of Commerce and Industry                        |
| MoFA     | Ministry of Foreign Affairs                              |
| MoJ      | Ministry of Justice                                      |
| Nice     | International Classification of Goods and Services       |
| OG       | Official Gazette   |
| TMRG     | Trademark Registration Guideline                         |
| TRC      | Trademark Registration Certificate                       |
| TRIPS    | Trade Related-Aspects of Intellectual Property Rights    |
| UNCITRAL | United National Commission for International Trade Law   |
| WIPO     | World Intellectual Property Organization                 |
| WTO      | World Trade Organization                                 |

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## **Introduction**

In any developing country, economic development correlates to the existence of a sound and efficient legal system as well as laws and regulations for the protection of intellectual property rights. A sound and well-functioning legal system will encourage growth in investment and create opportunities for investors. Trademarks fall within what is termed intellectual property and thus enjoy the corresponding protective rights. Trademarks are among the most important and valuable assets of a business, but also play an important role in the future development of a country. A mark or symbol is needed in order to give products and services identity and to distinguish them and their qualities from identical or similar products and services of a competitor.

This research examines the degree, nature and function of trademark protection within the legal system of Afghanistan. It addresses the question: Do the forms of protection provided for trademarks under the current legal system of Afghanistan actually provide the necessary basis for protecting trademarks? The legal protection of trademarks is not very well developed in Afghanistan. In the legal system of Afghanistan, trademark protection has not been institutionalized or concretized as it has in international documents relating to the protection of intellectual property (IP) and trademarks in particular, such as the Paris, Madrid and TRIPS conventions. The research at hand has been designed to study, analyse and critically assess the current Afghan legal system (laws, regulations and any other legislative documents) as well as any literature directly related to the legal protection of trademarks. It also focuses on the compatibility of Afghan law with the Paris, Madrid and TRIPS agreements.

This thesis mostly draws on legal sources, such as national laws, regulations and some jurisprudence from Afghanistan, but also consults international resources such as conventions and scholarly articles and books from different academics and commentators from a development perspective. Additionally, at times reference is made to certain legal sources from other developing countries.

The legal system of Afghanistan, as an Islamic country, has been shaped by a variety of factors stemming from Islamic, social and cultural values. From a justice perspective, from 1880 to 1964, Afghanistan had a dual judicial system comprising religious or *Sharia* courts on the one hand, and state or government courts on the other. One of the most important legal issues in this period was the promulgation of the country's first constitution in 1923, in which the regulatory role of the state and positive laws was articulated for the first time.

Traditionally, the legal protection of trademarks in Afghanistan began in 1955 with the enactment of the Afghan Commercial Code. Subsequently, in 1960 a specific Trademark Registration Law (TMRL) was approved by the government. Finally, the latest Afghan Trademark Law (ATML) was enacted in 2009.

International efforts for adopting a number of treaties with regards to intellectual property right protection are most tangible in this arena. In recent years, the legal protection of trademarks has largely changed and has drawn the attention of the international community. These changes have been the result of the adoption of certain treaties relating to trademarks. The World Intellectual Property Organization (WIPO), as a central body for administration of those agreements, plays a critical role in the enhancement and development of intellectual property rights, particularly trademarks.

The legal protection of trademarks is basically constrained within certain geographical areas. However, due to recent economic globalization, it has also been affected by various international agreements. In Afghanistan, the role and strength of the international developments in this field are limited to the WTO, WIPO and TRIPS Agreements. In 2005, Afghanistan signed the WIPO Establishing Convention of 1967, the WTO Agreement Establishing the World Trade Organization in 2004 and the Agreement on Trade Related-Aspects of Intellectual Property Rights (TRIPS), which is an annex to the WTO Establishing Agreement.

Currently, in a globalized world, intellectual property is an important facet of economic development. The legal protection of intellectual property rights, particularly trademark protection, has been institutionalized, developed and well protected in the industrial countries. Therefore, the purpose and functionality of trademarks in the legal systems of developing countries are crucial, because the legal protection, dominion and subjects matters will be determined based on the purpose of trademark, and will provide motivation for investors to invest in their trademarks as part of intellectual property in these developing countries, thus bolstering further development. In the current economy, trademarks serve the purpose of drawing the attention of the public to products and services, and thus impact on consumers' decision-making when selecting goods and products.

Generally, the purposes that trademarks serve are manifold, ranging from the protection of consumers and providers to indicating sources and preventing dilution and confusion (deception). Moreover, a trademark stands for the consistent quality of a product and goods.

Knowing the purpose of trademark law helps lawyers to understand the subject matter and the area of a trademark legal protection. It also assists legal actors in providing better legal protection of the

rights of trademark owners as well as consumers. Moreover, it clarifies who is protected, how it should be protected, and why.

Beyond a sound and efficient legal system, in Afghanistan, protecting trademarks also requires an appropriate and functioning administrative office responsible for implementing the provisions and purposes of trademark law. Therefore, one key actor in the legal protection of trademarks in Afghanistan is the Central Business Registration (CBR) office and its duties.

Ownership of a trademark can be acquired in three different ways. First, ownership results from official registration. The ownership rights thus granted are referred to as “registration-based”. Second, trademark rights can be acquired on the basis of “actual use”, thus also referred to as “use-based” rights. The third system, also termed the “mixed model”, incorporates both “registration-based” and “use-based” models. It must be noted that, according to the legal system of Afghanistan, the acquisition of trademark rights is based on both (registration and use-based) systems.

When a company or a person legally acquires ownership of a trademark, the owner obtains an exclusive right to the trademark. Therefore, the proprietor may use the trademark by him/herself or may transfer the right to use it to another person, for instance via sale, donation or licensing. Licensed transfers are very common and widely used in the current market economy. It should be noted that rights to use a trademark need not be indefinite, and can in fact be terminated under certain circumstances, like “opposition”, “cancellation” and “revocation”. Finally, if a trademark is not used for three successive years, it will be removed from the CBR office and returned to the public domain.

To protect a trademark from infringement, and to protect the right of the owner from misuse, every country has provided some administrative and legal authority to provide trademark owners with the necessary legal and administrative protection. In Afghanistan, the CBR office is the core administrative authority for registering and protecting trademarks.

However, the CBR office still functions in a more traditional fashion and lacks the capacity to provide applicants with up-to-date administrative and technical facilities. Applications cannot be filed via the internet, and the CBR office is unable to process electronic copies of the documents necessary for registering a trademark.

Furthermore, the compatibility of the ATML with international treaties such as the Paris, Madrid and TRIPS agreements is another issue that is vital for the legal protection of trademarks in Afghanistan. The provisions of the ATML are still insufficient in some regards. The ATML still needs amendments pertaining to the international registration of a trademark, the protection of collective trademarks,

defining the likelihood of confusion, visual perceptibility of a trademark, colour, sound and taste, criteria defining a well-known mark, termination of a trademark, licensing, and compulsory licensing.

This research is divided into four chapters. Chapter one provides general information and an overview of the current legal system of Afghanistan, the legal protection of trademarks and the sources of trademark law in Afghanistan, as well as the functions and functioning of the CBR office and commercial dispute resolution mechanisms.

Chapter two studies and analyses international agreements pertaining to the legal protection of intellectual property with a particular focus on trademark legal protection from a worldwide perspective. This chapter critically assesses the ATML against the backdrop of international agreements, such as the Paris Convention, the Madrid Agreement, the TRIPS and the Lisbon Agreement and Geneva Act provisions concerning the legal protection of trademarks, in order to discover to what extent the ATML provisions are compatible with them. It also answers the research question concerning the compatibility of the ATML with regards to the international agreements that provide minimum standards for the protection of trademarks.

Chapter three focusses on the purpose of trademarks. The chapter provides information on the different purposes of trademarks from a development perspective and compares the purposes provided by the ATML with those that have been articulated in some developed country.

Finally, chapter four assesses and examines the consequences of trademark legal protection for the future of Afghan trademark law with particular focus on the acquisition, assignment and termination of trademarks in the legal system of Afghanistan. The conclusions and findings of the thesis are then consolidated in the final section of this research.

## CHAPTER ONE

# STATUS QUO OF TRADEMARK PROTECTION IN THE LEGAL SYSTEM OF AFGHANISTAN

### 1.1. Introduction

The legal system of a country will make a critical contribution to providing legal protection for commercial issues in general, and trademark issues in particular. The legal system of Afghanistan, as an Islamic country, has been shaped by a variety of factors stemming from Islamic, social and cultural values. From a justice perspective, from 1880 to 1964, Afghanistan had a dual judicial system comprising religious or *Sharia* courts on the one hand, and state or government courts on the other. One of the most important legal issues in this period was the promulgation of the country's first constitution in 1923. One key issue is that this constitution accepted the regulatory role of the state or positive laws on the condition that the positive laws are not contrary to *Sharia* values.

Generally, among the Islamic jurists there are two schools of thought regarding the protection and non-protection of intellectual property rights, with some scholars supporting the notion of protection of IP and others adopting a contrary stance. However, current Islamic jurists encourage modern governments to regulate intellectual property affairs by enacting laws and regulations.

Likewise, Afghanistan's legal system has been affected by the civil law legal system. Commercial law in Afghanistan mainly stems from positive law and, to a lesser degree, from customary law. Historically, the legal protection of trademarks in Afghanistan began in 1955 with the enactment of

the Afghan Commercial Code (ACOMC). Subsequently, in 1960, a special Trademark Registration Law (TMRL) was approved by the government. Finally, the latest Afghan Trademark Law (ATML) was enacted in 2009. This law defines a trademark as follows: “Trade Marks include (one or more) names, words, signatures, letters, figures, drawings, symbols, titles, seals, pictures, inscriptions, packs or any other mark or a combination thereof”.<sup>1</sup>

To protect a trademark from infringement, and to protect the right of the owner from misuse, virtually all countries provide some administrative and legal authority to provide trademark owners with the necessary legal and administrative protection. In Afghanistan, the Central Business Registration (CBR) office is the core administrative authority for registering and protecting trademarks.

Disputes in commercial issues pertaining to trademarks are resolved in two different ways. On the one hand, there are the formal approaches via interventions by the Commercial Court and other governmental institutions for settling commercial disputes. On the other hand, non-governmental legal entities can handle disputes using an Alternative Dispute Resolution (ADR) approach.

This chapter provides general information pertaining to the function and structure of the Afghan legal system. Hence, it provides the reader with comprehensive knowledge on the legal system, the administrative function for the legal protection of trademarks in Afghanistan, and the function and functioning of dispute resolution in trademark issues. Therefore, this chapter first briefly sheds some light on the current Afghan legal system, its historical development as well as its legal sources. The next sections respectively examine intellectual property rights from the Islamic point of view, as well as the historical development and the legal sources of trademark law in Afghanistan. The CBR office and its role in the registration and protection of trademarks as well as the current mechanisms for trademark dispute resolution, respectively, constitute the last sections of this chapter.

## **1.2. Overview of the Afghan legal system**

Afghanistan, a civil law legal system<sup>2</sup>, has a mixed legal system. The formation of this legal system dates back to the 19<sup>th</sup> century. In 1885, Afghanistan’s first Code of State Procedure and Ethics, called *Asas al-quzat* (Fundamental Manual for Judges), was adopted. The purpose of this Code was to provide

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<sup>1</sup> -Ministry of Justice, Afghanistan Trademark Law, Official Gazette, (OG) Issue No 995, (2009). [Hereinafter ATML] Art. 4.

<sup>2</sup> -Almost more than 137 years ago from now (2017), in 1880, the civil law legal system was integrated into the legal system of Afghanistan. To centralize the country and establish a unified government in Afghanistan, it was necessary to enact laws and regulations to achieve these objectives. Unfortunately, there are no clear documents to prove the process of how civil law came to be integrated into the legal system of Afghanistan. However, it is known that the centralization and codification process started under Amir Abdur Rahman Khan (1880-1901) and then continued during the leadership of King Amanullah (1919-1929), King Zahir Shah (1930-1973) and President Daud Khan (1973-1978) up until today. See: Nafay Choudhury, Pluralism in Legal Education at the American University of Afghanistan, Suffolk Transnational Law Review, Vol. 37:2, (2014) p. 252.

Available at: [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2507855](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2507855) (last accessed on January 3, 2017).

a guideline and instruction for judges based on the *Hanafi* School of Islamic jurisprudence.<sup>3</sup> However, the modernization of Afghanistan's legal system started with the adoption of the 1930 constitution. The constitution was based on Islamic values; however, it also recommended some specific laws and regulations that should be codified. Following the adoption of the 1930 constitution, new laws dealing with "administrative issues of government, as well as criminal, commercial and civil" issues were enacted. During the codification of these laws, Afghanistan drew inspiration from the laws of Turkey, Germany, Switzerland, Egypt and France.<sup>4</sup> Religious values and national traditions "co-exist with positive law".<sup>5</sup> Therefore, Afghanistan's legal system is referred to as "legal pluralism".<sup>6</sup> In addition to the formal written or positive laws and Islamic law (*Sharia*), customary law is another component of the legal system of Afghanistan.

The term "legal system" implies "an operating set of legal institutions, procedures and rules".<sup>7</sup> Legal system can also be termed "legal tradition", which refers to the historical nature of law, the rule of law, the function of the legal system and its related organizations.<sup>8</sup> In the following, the historical development and sources of the Afghan legal system are examined.

### **1.2.1. Historical development of the legal system of Afghanistan**

The legal history of Afghanistan basically started in 1880 during the reign of King Adur Rahman Khan and has continued until now. He started to centralize the government and to enhance his power and authority over the whole country. Therefore, he initiated the codification of laws and the establishment of a justice system. One of the fundamental achievements in the context of the latter was the creation of *Asas al-quzat*<sup>9</sup>, a judge's manual for harmonizing legal procedures in the justice system. Moreover, the

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<sup>3</sup> -Carol Wang, Rule of Law in Afghanistan: Enabling a Constitutional Framework for Local Accountability Harvard International Journal, Vol. 55, (2014), p. 217. [hereinafter Carol Wang, Rule of Law in Afghanistan].

<sup>4</sup> -For instance, the family and inheritance issues were inspired by Egypt, and commercial issues drew inspiration from Turkey and France. Abdul Satar Sirat, The Modern Legal System of Afghanistan An Introduction to the Study of Comparative Law (1968), American Journal of Comparative Law, 563, (1968), p. 106. [hereinafter Abdul Satar Sirat. Modern Legal System of Afghanistan].

<sup>5</sup> - Abdul Satar Sirat, The Modern Legal System of Afghanistan An Introduction to the Study of Comparative Law (1968), American Journal of Comparative Law, 563, (1968), p. 106. [hereinafter Abdul Satar Sirat. Modern Legal System of Afghanistan].

<sup>6</sup> - In the context of Afghanistan, "legal pluralism" means that the legal system is composed of three main elements or pillars: customary law, statutory law and Islamic law. Esther Meininghaus, Legal Pluralism in Afghanistan, Center for Development Research, University of Bonn, serious 33 (2007), p. 2. [hereinafter Esther Meininghaus, Legal Pluralism in Afghanistan].

<sup>7</sup> - USA, State Department, The Rule of Law in Afghanistan: Legal Traditions and the Afghan Model, The United States Department of State Bureau of International and Law Enforcement Affairs Office of Afghanistan and Pakistan, (2014), p. 1. [hereinafter The Rule of Law in Afghanistan: Legal Tradition] Available at: [http://touchpointidg.com/wp-content/uploads/2015/01/2.5-Legal-Traditions-and-the-Afghan-Model\\_FEB\\_2014.pdf](http://touchpointidg.com/wp-content/uploads/2015/01/2.5-Legal-Traditions-and-the-Afghan-Model_FEB_2014.pdf). (last visited: July 4,2016).

<sup>8</sup> - The Rule of Law in Afghanistan: Legal Traditions . p. 1.

<sup>9</sup> -It had 136 provisions for court procedures and decision-making. *Asas al-quzat* was composed of three sections. The first section was about the code of conduct for judges and their behavior towards the parties. The second section concerned the preparation of legal documents, and the final section addressed the duties and authorities of the "market inspector", or



King put Justice Boxes (*sandug-e- adalat*) in each district for local residents to deposit their complaints in, which were then transferred to the King's office.<sup>10</sup>

From a justice perspective, from 1880 to 1964, Afghanistan had a dual judicial system comprising both religious (or *Sharia*) and state (or government) courts. *Sharia* courts heard criminal, family and personal issues such as inheritance, divorce, endowment and property cases, while the state courts handled commerce, taxation, civil service and other government-related matters.<sup>11</sup>

In 1920, Amir Amanullah Khan intensified the legal reforms and enacted codified laws that were implemented by a centralized government. One of the most important legal issues was the promulgation of the first constitution in 1923 which accepted the regulatory role of the state and positive laws on the condition that the positive laws are not contrary to *Sharia* values.<sup>12</sup> One of those reforms was the establishment of a court hierarchy. King Amanullah established four kinds of courts: a pre-judgment court called the Reconciliation Court (*mahkama-e- islaheya*); the Court of First Instance (*mahkama-e- ibtedaya*); the Provincial Court (*mahkam-e- murefia*); the Court of Cassation (*mahkama-e- tamiz*). In 1925, as a result of religious and local group demands, the constitution was amended so as to incorporate provisions concerning the role of religion.<sup>13</sup> Therefore, the 1923 constitution recognized two sources of law: *Sharia* or Islamic law, and state or statutory/positive law. In 1924-25, the codification of a Criminal Code based on *Hanafi* jurisprudence was one significant reform in the legal system of Afghanistan.<sup>14</sup>

In 1930, Nader Shah took power and enacted a new constitution which was mostly based on *Hanafi jurisprudence*. According to this constitution, the courts were required to make a decision or resolve the case in accordance with the *Hanafi* School of thought. The establishment of a legislative body, or National Assembly, was a significant step in the development of the Afghan legal system. The legislative body was composed of two houses, the upper house (*majlis-e- aiyar*) and the lower house

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*muhtasi*. See. Alexander K. Benard, Jason T. Berg, Benjmin G. Joseloff, Anne Stephens and Eli Surgraman, An Introduction to the Law of Afghanistan, Stanford Law School, third edition, (2009), p. 6-7. [hereinafter Alexander K. Benard et al, An Introduction to the Law of Afghanistan].

<sup>10</sup> - Alexander K. Benard and others, An Introduction to the Law of Afghanistan, p. 6-7.

<sup>11</sup> - P.G. Jangamlung Richard, Women in Post-Taliban Afghanistan: The Socio-Legal Perspective, PhD thesis, Jawaharlal Nehru University (2009), p. 66. [hereinafter P. G. Jangamlung Richard, Women in Post-Taliban].

<sup>12</sup> - Naafy Choudhary, Reconceptualizing Legal Pluralism in Afghanistan, Selected Proceedings of the 3<sup>rd</sup> Annual Canadian Law Student Conference, Windsor Review of Legal and Social Issues in Association with the Windsor Faculty of Law (2010), p. 33. [hereinafter Naafy Choudhary, Reconceptualizing Legal Pluralism in Afghanistan]. Available at: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1627693](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1627693)

<sup>13</sup> - Alexander K. Benard. et al, An Introduction to the Law of Afghanistan, p. 101.

<sup>14</sup> - The United State Department of State Bureau of International and Law Enforcement Affairs Office of Afghanistan and Pakistan, The Rule of Law in Afghanistan: Chapter 2.5, Legal Traditions and the Afghan Model, 2014, p. 11. Available at: [http://touchpointidg.com/wp-content/uploads/2015/01/2.5-Legal-Traditions-and-the-Afghan-Model\\_FEB\\_2014.pdf](http://touchpointidg.com/wp-content/uploads/2015/01/2.5-Legal-Traditions-and-the-Afghan-Model_FEB_2014.pdf) [hereinafter USA State Department, the Rule of Law in Afghanistan].

(*majlis-e- awam*). Members of the upper house were appointed by the King, while the members of the lower house were elected by the people for three year terms. However, it should be noted that the National Assembly had no officially binding legislative power. They could propose law to the King through their endorsement.<sup>15</sup>

In 1933, Zahir Shah (son of Nader Shah) became King of Afghanistan and reigned until 1973. During this period, reform of the legal system continued.<sup>16</sup> For instance, in 1955, in the field of commerce and business law, a first comprehensive Commercial Code was enacted. In 1963 the Law of Commercial Procedure was also enacted. Both of these codes were based on a “European model” with particularly close adherence to the Swiss approach.<sup>17</sup>

In 1964, the new constitution was adopted, establishing a unified and independent judicial system alongside the legislative and executive branches. In 1967, a new law on the Jurisdiction and Organization of the Courts was enacted. This law recognized the four-tier court system comprising Primary Courts, Provincial Courts, Appellate Courts and the Supreme Court. Within these courts there were specialized departments dealing with criminal, civil, personal, commercial and public law.<sup>18</sup> One main attribute of the 1964 constitution was the acceptance of the supremacy of statutory law over the *Sharia* law (Article 99). According to this supremacy, the courts are required to first define and resolve a case based on the statutory laws. If the statutory law is silent or lacks clear provisions, the court shall refer to *Sharia* law. Moreover, in this period of time, the court system was united and the previously divided state and *Sharia* courts merged together to form so-called State Courts.<sup>19</sup>

The successor of Zahir Shah, Mohammad Daoud, took power in 1973. He proclaimed Afghanistan as a republic and abolished the monarchy. Mohammad Daoud continued the legal reforms and adopted a new constitution in 1977. At the same time, 1976 saw the enactment of the first and rather comprehensive Penal Code, still in force today, which followed European principles of criminal law.<sup>20</sup> In 1977, the first Civil Code was enacted and was derived from *Sharia* law. It is worth mentioning that the Civil Code has remained valid and enforceable up until the present.<sup>21</sup>

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<sup>15</sup> - Alexander K. Benard and others, *An Introduction to the Law of Afghanistan*, p 11.

<sup>16</sup> - USA, State Department, *The Rule of Law in Afghanistan*, p. 11.

<sup>17</sup>- Eli Sugarman, Ann Stephens, Raaja Narayan, Max Rettig, *An Introduction to Commercial Law of Afghanistan*, 2<sup>nd</sup> ed, ALEP, Stanford University (2011), p. 40. [hereinafter Eli Sugarman and others, *An Introduction to Commercial Law of Afghanistan*].

<sup>18</sup> - USA, State Department, *The Rule of Law in Afghanistan*, p. 12.

<sup>19</sup> - Alexander K. Benard et al, *An Introduction to the Law of Afghanistan*, p. 14.

<sup>20</sup> - USA. State Department, *The Rule of Law in Afghanistan*, p. 13.

<sup>21</sup> -Esther Meininghaus, *Legal Pluralism in Afghanistan*, Center for Development Research, University of Bonn, series 33 (2007), p. 13. [hereinafter Esther Meininghaus, *Legal Pluralism in Afghanistan*].

In 1978, a new pro-communist regime took power and, in 1980, declared a new provisional constitution. In this era, the role of religion was weakened, and the provisional constitution was the only constitution in the history of Afghanistan that did not recognize Islam as the official religion in the country. The unified court system was maintained and there was no change in the structure of the court system, and the courts continue to apply *Sharia* law in cases where there were gaps in the law (Article 56). Later on, in 1987 and 1990, the constitution was amended and Islam was again recognized as the official religion of the country.<sup>22</sup> In this period, the “Soviet-backed” regime undertook some unsuccessful efforts to introduce and implement a Soviet Union style legal system.<sup>23</sup>

From 1992 up to 2001, the Mujahedin and Taliban regimes came to power, respectively. During the Mujahedin period, a draft constitution was prepared but not implemented as the country was in a state of civil war. In this period, the laws that had been enacted during the Communist regime and which were supposed of being contrary to Islamic values were abolished. The legal system was composed of state and *Sharia* laws, but the *Sharia* laws were stronger than statutory law. In 1996, the Taliban took control of the government and established an Islamic Emirate or state under “radical interpretation of *Sharia* law”.<sup>24</sup> In the Taliban era, “all courts became *Sharia* courts and applied *Sharia* laws.” They also repealed most statutory laws and replaced them with *Sharia* law. Customary law also was banned by the Taliban regime.<sup>25</sup> According to Thomas Barfield, the Taliban used government authority to “impose a rigid legal system with foreign roots that ignored the country’s traditions and values. Taliban imposed strict Salafist interpretation of Islamic law after seizing power”.<sup>26</sup> Therefore, the legal situation from 1992 to 2001 was not stable.

Following the establishment of a new government in 2001, the new constitution of 2004 was adopted. The role of Islam is reflected in Article 1, which states that Afghanistan is an Islamic republic and that Islam is the official religion of Afghanistan. It also guarantees freedom of religion for non-Muslim people. Article 3 of the constitution stipulates that no single law is permitted to contradict Islamic provisions.<sup>27</sup> The 2004 Afghan constitution stipulates three equal branches of government – executive, legislative and the judiciary.<sup>28</sup> In addition, the constitution recognizes the supremacy of

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<sup>22</sup> - Alexander K. Benard and others, *An Introduction to the Law of Afghanistan*, p. 20.

<sup>23</sup> - P.G. Jangamlung Richard, *Women in Post-Taliban Afghanistan*, p. 66.

<sup>24</sup> - Alexander K. Benard et al, *An Introduction to the Law of Afghanistan*, p. 22.

<sup>25</sup> - USA, State Department, *The Rule of Law in Afghanistan*, p. 13.

<sup>26</sup> - Esther Meininghaus, *Legal Pluralism in Afghanistan*, p. 14.

<sup>27</sup> - Thomas Barfield, *Culture and Custom in Nation-Building: Law in Afghanistan*, *Maine Law Review*, Vol. 60: 2, (2008), p. 349. [hereinafter Thomas Barfield, *Culture and Custom in Nation-Building*]. Available at: <http://heinonline.org>

<sup>28</sup> - Ministry of Justice, *Afghanistan 2004 Constitution*, Official Gazette, Issue No. 818 (2004), Art. 1, 2 and 3. [hereinafter *Afghanistan 2004 Constitution*].

<sup>28</sup> - Alexander K. Benard and others, *An Introduction to the Law of Afghanistan*, p. 25.

Islam.<sup>29</sup> However, Article 130 of the constitution states that the court shall first seek to apply the provisions of the constitution and other related positive laws. If the laws are silent on an issue, the case will be resolved in accordance with *Hanafi School* jurisprudence.<sup>30</sup> Therefore, *Sharia* legal doctrine plays a “complementary” and secondary role in relation to the statutory laws, and is applicable in cases in which the statutory law is silent or lacks provisions for defining and resolving the issue at hand.<sup>31</sup>

### **1.2.2. The structure and sources of the legal system of Afghanistan**

As already alluded to in the previous section, the Afghan legal system is known as an example for “legal pluralism.” In the context of Afghanistan, legal pluralism implies the “equivalent existence and application of state law, Islamic law and customary law”.<sup>32</sup> Therefore, historically speaking, the legal system of Afghanistan is composed of three main components: 1) state legal codes or statutory laws, 2) Islamic laws or *Sharia*, and 3) local customary laws. The influence and power of each component depends on the specific subject and the circumstances. As presented in the previous section, in some periods religion predominated, while in others state laws were prioritized. Likewise, in some places and with regard to some issues, the customary branch has more influence and power than the other sources, as is discussed in the following sections.<sup>33</sup>

#### **1.2.2.1. State or statutory law**

State laws are sets of rules that are passed by the National Assembly, signed by the President and subsequently published in the Official Gazette (OG).<sup>34</sup> The development of statutory law in Afghanistan can be divided into four stages. The first stage is referred to as the “pre-*Nizamnama* period”, which was before 1919. In this period, there was no difference between statutory regulations and *Sharia* provisions. One example for this type of statutory law was *Asas al-quzat*, which was enacted by Amir Abdur Rahman Khan in late 1880.<sup>35</sup> The second phase is termed the “*Nizamnama* period”, spanning the years from 1919 to 1929 during the reign of King Amanullah. It began with the enactment of the first Afghan constitution in 1923, called *Nizamnama-e asasi*. In terms of hierarchy and authority, the 1923

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<sup>29</sup> - Article 3 states that: “In Afghanistan, no law can be contrary to the beliefs and provisions of the sacred religion of Islam”.

<sup>30</sup> - Article 130 of the Constitution states: “(1) While processing the cases, the courts apply the provisions of this Constitution and other laws. (2) When there is no provision in the Constitution or other laws regarding ruling on an issue, the courts' decisions shall be within the limits of this Constitution in accord with the *Hanafi jurisprudence* and in a way to serve justice in the best possible manner.”

<sup>31</sup> - Said Mahmoudi, *The Sharia in the New Constitution of Afghanistan: Contradiction or Compliment*, Max-Planck-Institute für ausländisches öffentliches Recht und Völkerrecht, *ZaöRV*, 64, (2004), p. 871. [hereinafter Said Mahmoudi, *The Sharia in the New Constitution of Afghanistan*]. Available at: [http://www.zaoerv.de/64\\_2004/64\\_2004\\_4\\_a\\_867\\_880.pdf](http://www.zaoerv.de/64_2004/64_2004_4_a_867_880.pdf)

<sup>32</sup> - Esther Meininghaus, *Legal Pluralism in Afghanistan*, p. 3.

<sup>33</sup> - Thomas Barfield, *Culture and Custom in Nation-Building*, p. 351.

<sup>34</sup> - Alexander K. Benard et al, *An Introduction to the Law of Afghanistan*, p. 42. *Afghanistan 2004 Constitution*, Art 94.

<sup>35</sup> - Mohammad Hashim Kamali, *Law in Afghanistan*, Leiden E. J. Brill (1985), p. 35. [hereinafter Mohammad Hashim Kamali, *Law in Afghanistan*].

constitution was inferior to *Sharia* law. In this phase, there were differences between the statutory laws and *Sharia* provisions. The third phase is called the “*Usulnama* period”, which started with the enactment of the 1931 Afghan constitution, termed *Usulnama-e asasi*. This period saw the establishment of a legislative body that was authorized to enact laws and regulations in conformity with the *Sharia* provisions. Finally, the fourth stage is the “*Canun* period”, or “law period”, which began with the enactment of the 1964 constitution. This Constitution was called *Canun-e asasi*. This period has continued up until today, and all statutory laws are called *Canun*.<sup>36</sup> The *Canun*, or law, is defined in the 2004 Afghan constitution as “what both Houses of the National Assembly approve and the President endorses unless this constitution states otherwise”.<sup>37</sup> These attributes were not foreseen in the *Nizamnama* and *Usulnama* periods, in which laws were drafted by a pre-assigned council and endorsed by the King.<sup>38</sup>

State laws and regulations draw their power from the legal authority of government and are applicable throughout the whole country to all people and all cases. The process for enacting statutory law was enhanced after 1978, and at that time the government (albeit unsuccessfully) attempted to remove or at least reduce religious influence in the codification system.<sup>39</sup> In the meantime, various laws and regulations have been enacted in different fields, such as commercial, criminal, family, labour, inheritance, public affairs and civil law, among others.

#### **1.2.2.2. Islamic or *Sharia* law**

Besides statutory law, Islamic law constitutes another significant pillar of the Afghan legal system. Since the establishment of Afghanistan in 1747, the state has been ruled under Islamic law. Therefore, Afghanistan’s legal system has been directly affected by Islamic law, which still plays a significant role in the formation and development of the Afghan legal system today. Islamic laws have been integrated as part of the statutory law of the country. Almost all Afghan constitutions have acknowledged and accepted the role of Islamic law.<sup>40</sup> For example, the new 2004 constitution accepts the supremacy of Islamic law in the context of legal codification in Afghanistan, stating: “in Afghanistan, no law can be contrary to the sacred religion of Islam and the values of this constitution”.<sup>41</sup>

Islamic law, or *Sharia*, has two kinds of sources – primary and secondary. The primary source of *Sharia* is the *Quran* and the *Sunnah*. They are “everlasting principle, and no derogation from them is

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<sup>36</sup> - Mohammad Hashim Kamali, *Law in Afghanistan*, p. 36.

<sup>37</sup> - Afghanistan 2004 Constitution, Art. 94 (1).

<sup>38</sup> - Mohammad Hashim Kamali, *Law in Afghanistan*, p. 37.

<sup>39</sup> - Thomas Barfield, *Culture and Custom in National Building*, p. 353.

<sup>40</sup> - P.G. Jangamlung Richard, *Women in Post-Taliban Afghanistan*, p. 72.

<sup>41</sup> - Afghan 2004 Constitution, Art. 3.

permitted.” The *Quran* is the basic “source of the rules followed by the *Sunnah* of the Prophet”.<sup>42</sup> *Sunnah* is a “normative practice or an established course of conduct of the Prophet.” From the scholars’ (*ulama*) points of view, “*Sunnah* refers to a source of the *Sharia* and a legal proof next to the *Quran*”.<sup>43</sup> In other words, *Sunnah* is the “statement and deed of Prophet Mohammad”.<sup>44</sup> *Sunnah* is the second primary source of *Sharia* and derives its authority from the *Quran*. It has a complementary role for issues on which the *Quran* is silent. As the *Quran* is the primary source of legislation, *Sunnah* “should not conflict with or change the rules contained in the *Quran*”.<sup>45</sup>

Islamic law also has secondary sources. Under certain circumstances, if the *Quran* and *Sunnah* do not define and/or provide an explicit solution for an issue, it will be resolved or defined by referring to the secondary sources, which are: consensus or *Ijma*, “unanimous agreement” of Islamic scholars or jurists; *Qiyas*, “analogical reasoning”<sup>46</sup> *Urf*, the Islamic customs or traditions; and *Maslaha Mursalah*, “the public interest”. All of these secondary sources are considered as supplementary sources of rules in *Sharia*. The rationale behind having these various sources of law is to find the solution to a case in one of them that is in accordance with Islamic rules and provisions.<sup>47</sup> The different sources of *Sharia* are construed by the Islamic scholars (*ulama*), who may also act as judges in the state courts.<sup>48</sup> Consequently, *Sharia*, with different sources of rules, has played a significant role in the formation of the Afghan legal system. More specific information about the above mentioned sources of Islamic law, or *Sharia*, are provided in section 1.3 of this chapter which covers intellectual property rights from an Islamic perspective.

### 1.2.2.3. Customary law, *Urf*

The third source of the Afghan legal system, in addition to positive law and Islamic *Sharia*, is customary law. Since 1880, efforts have been made to centralise the legal system of Afghanistan, but state laws still provide no response to the current needs in Afghan society. In reality, Afghanistan has never had a comprehensive and powerful state justice system.<sup>49</sup> Therefore, there is enough space for customary law in Afghanistan. There will be instances where the courts find no solution, neither in state nor in *Sharia*

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<sup>42</sup>- Heba A. Raslan, *Shari'a* and the Protection of Intellectual Property- the Example of Egypt, IDEA- The Intellectual Property Law Review, Vol.47 (2007), p. 505. [hereinafter Heba A. Raslan, *Sharia* and the Protection of Intellectual Property]. Available at: <http://www.albalagh.net/qa/copyright.shtml>. Last visited November 2017

<sup>43</sup> - Mohammad Hashim Kamali, *Principles of Islamic Jurisprudence*, 3<sup>rd</sup> ed, Islamic Text Society (2003), p. 58- 61. [hereinafter Mohammad Hashim Kamali, *Principles of Islamic Jurisprudence*].

<sup>44</sup> - P.G. Jangamlung, *Women in Post-Taliban Afghanistan*, p. 73.

<sup>45</sup> - Heba A. Raslan, *Shari'a* and the Protection of Intellectual Property, p. 506.

<sup>46</sup> - P.G. Jangamlung, *Women in Post-Taliban Afghanistan*, p. 73.

<sup>47</sup>- Heba A. Raslan, *Shari'a* and the Protection of Intellectual Property, p. 510.

<sup>48</sup> - P.G. Jangamlung, *Women in Post-Taliban Afghanistan*, p. 73.

<sup>49</sup> - Naafy Choudhary, *Reconceptualizing Legal Pluralism in Afghanistan*, p. 35.

law. In such cases, the court may refer to and rely on customary law, provided the custom and tradition is not in conflict with Islamic values and state law provisions.<sup>50</sup> Particularly, this issue is more applicable for commercial issues. Thus, *Sharia* recognizes that people have customs and usual habits in their daily lives. Therefore, from an Islamic point of view, customs that do not conflict with the principles of *Sharia* are “valid and authoritative” and shall be examined and “upheld by a court of law”.<sup>51</sup>

Customary law became widespread and more comprehensive in Afghan society as a result of the non- functioning of government institutions and a lack of rule of law over the past three decades of war in the country. Therefore, almost 80 percent of legal disputes in rural areas are resolved through customary law or informal justice. Since customary law is less expensive, and “faster and more accessible” to the public, the people frequently resort to it.<sup>52</sup> People in rural areas mostly prefer customary law over statutory law. There are three main rationales for resorting to customary law in Afghanistan: first, its concentration is on the substantive aspects of a dispute rather than on procedure. Second, the objective of customary law is “compensation and reconciliation rather than reprimand.” Finally, customary law is based on the unanimous agreement between the parties.<sup>53</sup> Customary law has its base in a “common culture and ethical code.” It is an oral tradition that refers to community membership.<sup>54</sup> Customary law, which is based on *Jirga* or *Shura* practices, mostly relies on “reconciliation and making peace among disputants.” Therefore, unlike the “state justice system, which creates losers and winners, customary law is based on the community and community elders’ decisions and their objective is to enhance ‘restorative justice’.” Therefore, customary law will return peace and “dignity among” the members of a community.<sup>55</sup>

Though the Afghan constitution of 2004 does not state that customary law is an official source of the Afghan legal system, in practice it is in fact one of its main pillars. For instance, the Afghan Commercial Code (ACOMC) and the Afghan Civil Code (ACC) recognize custom as a viable source for the Afghan legal system.<sup>56</sup> Article 2 of the ACOMC states that commercial disputes will be resolved by

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<sup>50</sup> - P.G. Jangamlung, *Women in Post-Taliban Afghanistan*, p. 75.

<sup>51</sup> - Mohammad Hashim Kamali, *Principles of Islamic Jurisprudence*, p. 370.

<sup>52</sup> - P.G. Jangamlung Richard, *Women in Post-Taliban Afghanistan*, p. 75.

<sup>53</sup> - Naafy Choudhary, *Reconceptualizing Legal Pluralism in Afghanistan*, p. 35.

<sup>54</sup> - Thomas Barfield, *Culture and Custom in Nation-Building*, p. 352.

<sup>55</sup> -Ali Wardak, *State and Non-State Justice Systems in Afghanistan: the Need for Synergy*, Vol. 32, Issue 5, *Journal of International Law* ( 2011), p. 1315. [hereinafter Ali Wardak, *State and Non- State Justice in Afghanistan*]. Available at: <http://scholarship.law.upenn.edu/jil/vol32/iss5/5>

<sup>56</sup> - Article 1 and 2 of the Afghan Civil Code addressed the issues as follows: Article 1 states:

“(2) In case the law has no provision, the court shall issue a verdict in accordance with the fundamental principles of *Hanafi* jurisprudence of Islamic *Sharia* to secure justice in the best possible way.”



referring to a valid and mutual contract. If there is no valid contract, the dispute will be resolved by reference to Afghan commercial laws. According to the ACOMC, commercial customs shall be the next source for resolving commercial disputes. “In the absence of a law, local and special customs (those that are commonly recognized, consented to, and used) are applied”.<sup>57</sup> Hence, according to the ACOMC, custom, or *Urf*, is one of the main sources for commercial dispute resolution. Similarly, Article 2 of the ACC stipulates the hierarchy of sources for a civil dispute as follows: “Where neither provisions of law exist, nor any ruling is found among principles of *Hanafi jurisprudence* of Islamic *Sharia*, courts shall decide according to common custom, provided that the custom does not contradict provisions of law or principles of justice”.<sup>58</sup> As a consequence, the *Urf* is considered as a source for commercial and civil issues and the Commercial and Civil Codes have recognized the *Urf* as a source for commercial dispute resolution.

As mentioned at the outset of this section, the legal system of Afghanistan is a set of laws and regulations that has been and remains affected by Islamic law. Therefore, it is pertinent to have a brief glance at the protection of intellectual property rights from an Islamic perspective.

### **1.3. Intellectual property rights from an Islamic point of view**

Since intellectual property rights are a new concept within modern positive law, Islamic law makes no clear or particularly precise provision for them. Accordingly, almost all Islamic countries, including Afghanistan, have adopted and applied secular laws to regulate commerce, administration and tax issues.<sup>59</sup> This section briefly examines intellectual property rights from an Islamic perspective. While the Islamic legal system does not expressly provide legal protection for intellectual property rights, one can nonetheless conclude from the main principles and sources of Islamic law that *Sharia*, in general, does indeed provide support for the protection of intellectual property rights.<sup>60</sup>

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At the same time Article 2 recognizes the value and role of customs for resolving civil disputes. It states: “Where neither provisions of law exist, nor any ruling is found among principles of *Hanafi* Jurisprudence of Islamic *Sharia*, courts shall decide according to common custom, provided that the custom does not contradict provisions of law or principles of justice.” Likewise, Article 2 of the Commercial Code describes the hierarchy of sources of law regarding a commercial dispute: “Commercial disputes shall be settled in accordance with legally binding agreements and, in their absence, by reference to explicit or implicit meaning of commercial laws. If the dispute may not be settled in the said way, commercial customs and practices shall apply. Local and special customs and practices shall be preferred to general customs and practices. In the absence of customs and practices, provisions of other laws to which attribution is made shall apply.” According to this Article, the commercial custom is the third option for resolving commercial disputes.

<sup>57</sup> - Ministry of Justice, Afghanistan Civil Code, Official Gazette, Issue No 353, 1975, Article 2. (hereinafter ACC).

<sup>58</sup> - ACC, Art. 2.

<sup>59</sup> -Heba A. Raslan, *Sharia* and The Protection of Intellectual Property, p. 498.

<sup>60</sup> - Amir H. Khoury, Ancient and Islamic Sources of Intellectual Property Protection in the Middle East: A Focus on Trademark. IDEA, The Journal of Law and Technology, Vol. 43 (2003), p. 202. [hereinafter Amir H. Khoury, Ancient and Islamic Sources of Intellectual Property Protection in the Middle East].



At the beginning of this discussion, in order to examine the extent to which Islamic law makes provision for intellectual property rights, it would be useful to shed some light on the sources of Islamic law and their hierarchy. As stated in the previous section, Islamic law has primary sources (*Quran* and *Sunnah*) and secondary sources (consensus (*Ijma*), analogy (*Qiyas*), custom (*Urf*) and public interest (*Masalaha Mursalah*)).

These sources are not examined in detail here, since they are not the primary subject matter of this research. Notwithstanding, understanding the sources of Islamic law overall will help the reader to understand the position of Islamic law on the legal protection of intellectual property rights in particular. In the following, the sources of Islamic law are examined briefly.

### **1.3.1. Primary sources**

The primary or basic sources of Islamic law or *Sharia* are the *Quran* and *Sunnah*.

#### **1.3.1.1. Quran**

The *Quran* is the main source of Islamic law or *Sharia*.<sup>61</sup> The “*Quran* is the most authoritative source of Islamic Law”.<sup>62</sup> Indeed, the *Quran* “is the highest source of Islamic law.” Therefore, “any rule that is traced back to the *Quran* cannot be contradicted or even modified by rules derived from any other source of *Sharia*”.<sup>63</sup> Of the 6666<sup>64</sup> verses, 500 relate to legal issues. As a consequence, the *Quran* is the first and most important source for an Islamic legal system.<sup>65</sup>

#### **1.3.1.2. Sunnah**

*Sunnah* is the second primary source of Islamic Law. *Sunnah* is a collection of Prophet Mohammad’s sayings, his behaviour or deeds. *Sunnah* takes its authority directly from the holy *Quran*. The *Sunnah*, as a complementary source, sets the rules and principles for those issues on which the *Quran* is silent.<sup>66</sup> As

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<sup>61</sup> -“*Sharia* represents the body of rules derived from the *Quran* and the *Sunnah* and the *Ijma*, the *Qiyas* and other supplementary sources”. Heba A. Raslan. *Shari’a* and the Protection of Intellectual Property, p. 501. See also Amir H. Khoury. Ancient and Islamic Sources of Intellectual Property Protection in the Middle East, p. 202. The terms Islamic law and *Sharia* are used interchangeably.

<sup>62</sup> -Javaid Iqbal Kahn, Naveed Ahmad Lone and Fayaz A Sheikh, Intellectual Property Rights in Islam: A Perspective, International Journal of Research in Social Sciences, IJRSS, Vol. 3, Issue 1,(2013), p. 159. [hereinafter Javaid Iqbal et al, Intellectual Property Right in Islam]. Available at: [https://www.academia.edu/4535433/Intellectual\\_Property\\_Rights\\_in\\_Islam\\_A\\_Perspective?auto=download](https://www.academia.edu/4535433/Intellectual_Property_Rights_in_Islam_A_Perspective?auto=download) . Last accessed in November 2017.

<sup>63</sup> -Heba A. Raslan, *Shari’a* and the Protection of Intellectual Property, p. 506.

<sup>64</sup> - Among the scholars there is no consensus about the number of verses or *ayat* in the *Quran*.

<sup>65</sup> - Heba A. Raslan, *Shari’a* and the Protection of Intellectual Property, p. 506.

<sup>66</sup> - Amir H. Khoury, Ancient and Islamic Sources of Intellectual Property Protection in the Middle East, p. 160.

*Sunnah* is the second source in the *Sharia* legislation, it should not be contrary to the *Quranic* verses, and it has no authority to change the values and rules that have been legislated therein.<sup>67</sup>

### **1.3.2. Secondary sources**

In addition to these primary sources, there are secondary or supplementary sources of Islamic law. The purpose of these supplementary sources is to fill the gaps whenever the two primary sources are silent on an issue. The secondary sources of Islamic law are: consensus (*Ijma*), analogy (*Qiyas*), public interest (*Maslaha Mursalah*) and custom (*Urf*).

#### **1.3.2.1. Consensus (*Ijma*)**

*Ijma* has been defined as “the unanimous agreement of the mujtahidun [Islamic scholars] of the Muslim community of any period following the demise of the Prophet Mohammad on any matter”. *Ijma* has two meanings: the first is “to determine and to agree upon something.” The second meaning is “unanimous agreement on something. *Ijma* is applicable to all judicial, intellectual, agriculture, commercial, political and administrative issues.<sup>68</sup> *Ijma* can be traced back to the *Quran* and *Sunnah*. In the *Ijma*, qualified Islamic scholars are allowed to articulate rules for regulating the daily affairs for which the *Quran* and *Sunnah* provide no solution.<sup>69</sup>

#### **1.3.2.2. Analogy (*Qiyas*)**

Linguistically speaking, *Qiyas* means “measuring or ascertaining the length, weight or quality of something”. It also means “comparison, with a view to suggesting equality or similarity between two things”.<sup>70</sup> The authority and power of *Qiyas* is traced back to the *Quran* and *Sunnah* sources. The rationale behind accepting a *Qiyas* is to find a solution for an issue. When a judge is faced with a situation that has not been defined or resolved by the *Quran*, *Sunnah* and *Ijma* – for example the protection of intellectual property rights – analogy or reason is used to resolve the case. In *Qiyas*, the

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<sup>67</sup>- Heba A. Raslan, *Shari'a* and the Protection of Intellectual Property, p. 506.

<sup>68</sup> - Mohammad Hashim Kamali, *Principles of Islamic Jurisprudence*, p. 230.

<sup>69</sup> - There are three main stipulations for *Ijma*: 1- the Islamic scholars or *Mujtahidun* who participate in *Ijma* must be qualified. 2-“The constituents of *Ijma* are clear of pernicious innovation and heresy”. 3-“The constituents of *Ijma* are qualified to carry out *ijtehad* when the issue requires specialized knowledge in particular areas of Shari’ah”. For more information see: Mohammad Hashim Kamali, *Principles of Islamic Jurisprudence*, p. 234.

<sup>70</sup> - Hashim Kamali, *Principles of Islamic Jurisprudence*, p. 264.

current and existing rules will be applied to a new situation or case, provided that the new situation is similar to a previous situation.<sup>71</sup>

### **1.3.2.3 . Public interest (*Masalaha Mursalah*)**

*Masalaha* literally means “benefit” or “interest”. It relates to unlimited public interest and secures an interest or prevents harm to the public. The main objective of Islamic legislation is “to secure the welfare of the people by promoting their benefit or by protecting them against harm”.<sup>72</sup> The rationale for *Masalaha* is that, when there is a new case or situation that has not previously been addressed in the mentioned sources, such as *Quran*, *Sunnah*, *Ijma* and *Qiyas*, it is permitted to refer to *Masalaha*, or public interest, as a “supplementary source of rules in *Sharia*” to define and settle the issue.

According to Islamic scholars, there are five basic purposes of Islamic law or *Sharia*, which are: “safeguarding and promoting the individual’s faith, life, intellect, posterity and wealth”. Therefore, when a question relates to one of these issues and there is no clear and decisive provision to define them in such circumstances, these purposes need to be articulated based on the public interest, unless there is an existing rule.<sup>73</sup>

### **1.3.2.4. Customs (*Urf*)**

Islamic law recognizes custom, or *Urf*, as a source of law. *Urf* refers to “recurring practices that are acceptable to people of sound nature”. Therefore, a custom must be “sound and reasonable” in order to be valid. An *Urf* shall be valid and authoritative when it is not in opposition to the basic principles of *Sharia*.<sup>74</sup> A description of *Urf* as a source of the legal system of Afghanistan was provided in the previous section.

It should be noted that all secondary articulated sources must be in conformity with the *Quran* and *Sunnah* values.<sup>75</sup> The purpose of this part of the thesis is not to explain all of the sources of Islamic law in great detail. Rather, the aim is to examine current and applicable rules within sources of Islamic law with a particular view to finding such that pertain to the legal protection of intellectual property rights.

It should be noted that Islamic law has yet to directly address the legal protection of intellectual property rights in its jurisprudence. Like with other issues, such as criminal, commercial and

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<sup>71</sup> - Heba A. Raslan, *Shari’a and the Protection of Intellectual Property*, p. 509

<sup>72</sup> - Hashim Kamali, *Principles of Islamic Jurisprudence*, p. 351-2.

<sup>73</sup> - Heba A. Raslan, *Shari’a and the Protection of Intellectual Property*, p. 511.

<sup>74</sup> - Mohammad Hashim Kamali, *Principles of Islamic Jurisprudence*, p. 369-70.

<sup>75</sup> -Heba A. Raslan, *Shari’a and the Protection of Intellectual Property*, p. 509.

administrative law, regulating intellectual property rights is the responsibility of the government. This governmental authority is bestowed by the secondary sources of Islamic law.<sup>76</sup>

However, concerning the legal protection of intellectual property rights, Islamic scholars are divided into those who oppose such protection and those who are in favour of it. The former hold the perception that, in the *Sharia*, ownership of property is limited to “tangible objects not [...] intangible” objects. They also claim that there is no precedent in the *Quran*, *Sunnah*, and Islamic jurist’s points of view that intangible property, such as intellectual property, be regarded as a form of private property and be eligible for selling and purchasing. In addition, according to this notion, knowledge in *Sharia* does not belong to one person, and no one can prevent others from acquiring it as that would lead to a monopolization of knowledge that Islam does not recognize or approve.<sup>77</sup> Furthermore, there is another perception, namely that “*Sharia* does not accept IP as it is a tool imposed by the West, which would be no benefit to the Muslim community”. Furthermore, the opponents of intellectual property claim that the primary sources of *Sharia* (*Quran* and *Sunnah*) do not provide for the legal protection of intangible things.<sup>78</sup> They also claim that intellectual property rights are “against *Sharia* as long as the laws permit the owner to impose restriction on the end user after selling the item containing the intellectual creation”.<sup>79</sup> Likewise, other scholars argue that protecting intellectual property impedes other people from benefiting from knowledge. According to them, this impediment stands in opposition to the *Sunnah*.<sup>80</sup> Prophet Mohammad said that “the one who conceals knowledge would appear on the day of resurrection as reined in a bridle of fire”. This *Hadith* is directly related to a rejection of copyright protection.<sup>81</sup>

The proponents of protecting intellectual property rights argue that “there is nothing in *Sharia* that enjoins or contravenes protecting and enforcing intellectual property rights and the Muslims should abide by their contracts and laws applied in their countries”.<sup>82</sup> In addition, there are certain arguments in the Islamic jurisprudence which justify the protection of intellectual property rights. Islamic scholars, by

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<sup>76</sup> -Steven D. Jamar, The Protection of Intellectual Property Under Islamic Law, 21 Capital University Law Review, 1079 (1992), p. 1094. [hereinafter Steven D. Jamar, The Protection of Intellectual Property Under Islamic Law].

<sup>77</sup> - Heba A. Raslan, *Shari’a* and the Protection of Intellectual Property, p. 502.

<sup>78</sup> -Ezieddin Mustafa Elmahjub, Protection of Intellectual Property in Islamic *Shari’a* and the Development of the Libyan Intellectual Property System. PhD thesis. Queensland University of Technology (2014), p. 65. [hereinafter Ezieddin Mustafa, Protection of Intellectual Property in Islamic *Sahria*]. Available at: [https://www.google.com.af/?gws\\_rd=cr.ssl&ei=hkuSVuj7A4f8swG\\_lbnQAw#q=protection+of+intellectual+property:+Its+reality+and+Its+Shari%27a+Rule](https://www.google.com.af/?gws_rd=cr.ssl&ei=hkuSVuj7A4f8swG_lbnQAw#q=protection+of+intellectual+property:+Its+reality+and+Its+Shari%27a+Rule)

<sup>79</sup> - Heba A. Raslan, *Shari’a* and the Protection of Intellectual Property, p. 502.

<sup>80</sup> - Ezieddin Mustafa Elmahjub, Protection of Intellectual Property in Islamic *Shari’a*, p. 65

<sup>81</sup> - Ezieddin Mustafa Elmahjub, Protection of Intellectual Property in Islamic *Shari’a*, p. 65.

<sup>82</sup> -Heba A. Raslan, *Shari’a* and the Protection of Intellectual Property, p. 502.

referring to the Islamic sources, recognize intellectual property rights as a concept involving personal rights, money/wealth rights and property rights.

By and large, *Sharia* acknowledges the right of a person to “accumulate and generate wealth and the right of ownership and possession”. It has been recognized that a person has the right “to reap the fruit of his labour and effort”. Therefore, intellectual property is considered as a legal personal right.<sup>83</sup> Property is sacred under Islamic law. Moreover, Islamic law recognizes private property and ownership. Accordingly, a person who owns intellectual property deserves to collect and receive the benefits from that property.

Likewise, Islam has adopted the right of a person to have money and wealth as parts of his property or assets, and people have the right to collect such money and wealth by legal means. Therefore, intellectual property, as a form of wealth, is eligible for protection. Resorting to illegal means for collecting wealth is strongly prohibited in Islam.<sup>84</sup>

Most importantly, intellectual property is considered a type of property. According to Islamic law, all kinds of property originally belonged to God, but have been granted to people. Therefore, the *Quran* recognizes the rights of private ownership, and trespassing against another’s property is thus considered a violation of *Sharia*.<sup>85</sup>

It is noteworthy that two main religious opinions, or *Fatwa*, concerning the protection of intellectual property rights have recently come from the Council of the Islamic *Fiqh* Academy<sup>86</sup> and the *Fatwa* Committee of Al-Azhar University.<sup>87</sup> The Council of the Islamic *Fiqh* Academy, regarding the protection of intellectual property, issued the following opinion (*Fatwa*), which is an important source for the modern governments to issue statutory laws and regulations for protection of intellectual property rights and trademarks. The *Fatwa* states: “Business name, corporate name, trade mark, literary production, invention or discovery, are rights belonging to their holders and have, in contemporary times, financial value which can be traded. These rights are recognized by *Sharia* and should not be infringed”. The *Fatwa* also recognizes intellectual property rights as financial rights: “It is permitted to sell a business name, trade mark for a price in the absence of any fraud, swindling or forgery, since it has become a financial right”. Regarding copyrights and patents and their owners, the Council of Islamic *Fiqh* states the following: “Copyrights and patent rights are protected by *Sharia*. Their holders

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<sup>83</sup> - Amir H. Khoury, *Ancient and Islamic Sources of Intellectual Property Protection in the Middle East*, p. 164.

<sup>84</sup> -Javaid Iqbal and others, *Intellectual Property Rights in Islam*, p. 160.

<sup>85</sup> - Amir H. Khoury. *Ancient and Islamic Sources of Intellectual Property Protection in the Middle East*, p. 166.

<sup>86</sup> - Arabic link: <http://www.iifa-aifi.org/>

<sup>87</sup> - <http://www.islamopediaonline.org/websites-institutions/al-azhar-university-fatwa-committee-cairo-egypt>

are entitled to freely dispose of them. These rights should not be violated”.<sup>88</sup> This *Fatwa* shows that Islamic law indeed recognizes and seeks to protect all forms of rights pertaining to intellectual property.

At the same time, the *Fatwa* Committee of Al-Azhar University issued an opinion in 2000 and 2001, which states that “Islam gives the owner the freedom to dispense of the property owned thereby as he wishes; no other person may dispose of, copy, enjoy, use or attribute such property thereto without the prior consent of the owner, whether for compensation or not”.<sup>89</sup> This *Fatwa* shows that intellectual property is considered property, and that its owner has sole authority and rights to benefit from it.

One important issue should be noted. According to Islamic principles, intellectual property rights, as part of property, do not relate to or depend on “the entity of the owner or his religious beliefs”. Consequently, the property rights equally apply to Muslim and non-Muslim owners of property.<sup>90</sup>

In fact, while *Sharia* does not explicitly and clearly recognize and protect intellectual property rights, referring to different sources of Islamic law reveals that the notion of protecting intellectual property has been acknowledged by Islamic scholars. In reality, there are no explicit provisions in the main sources of *Sharia* that limit the ownership of property to tangible assets. Therefore, in *Sharia*, the word “property” has a broader meaning encompassing both tangible and intangible objects. Moreover, different sources of *Sharia* law (*Sunnah*, *Ijma*, *Qiyas*, *Maslahah*, and *Urf*) authorise the state to enact laws and regulations for the protection of property in general, and intellectual property in particular.<sup>91</sup>

#### **1.4. Historical development of trademark law in Afghanistan**

As discussed earlier in this chapter, codification in Afghanistan began in 1880. However, the evolution of the legal protection of trademarks<sup>92</sup> started with the adoption of the first Trademark Law in 1960 comprising 31 Articles.<sup>93</sup> It is noteworthy that, prior to this law, the ACOMC had been enacted in 1955 and remains valid today.<sup>94</sup> Articles 119 and 120 of the ACOMC, for the first time, named and

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<sup>88</sup> - Islamic Fiqh Academy. Resolutions and Recommendations of the Council of the Islamic Fiqh Academy 1985-2000, First edition, 2000, p. 89. Available at: <https://uaelaws.files.wordpress.com/2012/05/resolutions-and-recommendations-of-the-council-of-the-islamic-fiqh-academy.pdf>

<sup>89</sup>- Heba A. Raslan. *Shari'a* and the Protection of Intellectual Property, p. 503.

<sup>90</sup>- Amir H. Houry, Ancient and Islamic Sources of Intellectual Property Protection in the Middle East, p. 166.

<sup>91</sup>-Bashar H Malkwai, Intellectual Property Protection from a Shari'a Perspective, Southern Cross University Law Review, Vol. 16 (2013), p. 94. [hereinafter Bashar H Malkwai, Intellectual Property Protection from *Sharia* Prospective].

<sup>92</sup> -The terms “mark” and “trademark” are used synonymously. For more details, see: Traci L. Jones. Remedy Holes and Bottomless Right, Law and Contemporary Problems, Vol. 59: No. 2, (1996), p. 159. [hereinafter Traci L. Jones, Remedy Holes].

<sup>93</sup> - Ministry of Justice, Trademark Registration Law, Official Gazette, Issue No. 100 (1960). [hereinafter ATMRL].

<sup>94</sup> - It has 945 Articles regarding all commercial issues. Official Dari version is available at: <http://www.moj.gov.af/content/files/egov/osolnama.htm>.

recognized trademark rights<sup>95</sup> as part of a commercial firm's or company's capital. Article 119 states: "Items taken as capital in commercial firms are as follows:

- a. Movable material goods, as such, articles, and animals.
- b. Non-material movable goods, such as royalties, patents and trademarks".<sup>96</sup>

This Article proves that the ACOMC, for the first time, used the term 'trademark' in defining capital or property, and that it required legal protection. Furthermore, Article 120 of the ACOMC defines the components of a business firm. It states that "the right of establishment, of rent, of name, of title, of patent, of trademark, of models and drawing which are used in commercial and industrial services, are considered as elements of the business firm".<sup>97</sup> Therefore, according to this Article, the term "trademark" had been used within the legal literature of Afghanistan, and the legal system of Afghanistan acknowledges trademarks as a component of a firm or company's assets.

Prior to the 1960 Trademark Law, these two Articles had been the only legal sources pertaining to the legal protection of trademarks in Afghanistan. However, the ACOMC did not define the function of a trademark, nor did it provide more details about its legal protection. Therefore, the new law was necessary for protecting the rights of traders, and for encouraging and providing national and international investors with an incentive to invest, thus opening the door for economic development in this regard.<sup>98</sup> According to the ACOMC, trademarks constitute assets and capital, and provision should thus be made in a specific statutory code to protect their owners from misuse by competitors.

Furthermore, the commercial law reform process in Afghanistan gained significant momentum under the Afghan government of 2002. Between 2002 and 2009, the government of Afghanistan, in close cooperation with international organizations,<sup>99</sup> started working to review and adapt the commercial laws of Afghanistan in different fields.<sup>100</sup>

One of the main reasons behind said legal reform was the application for accession to the WTO by the Afghan government in 2004. One of the requirements for accession to the WTO was to revise and adopt the commercial laws of the country so that they are consistent with the WTO's requirements.

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<sup>95</sup> - "Trademark right is the privilege to use a mark upon or in connection with a certain class of goods and service together with multital rights that others do not use this mark and service." (see W. L. P. A. Molengraaff, The Nature of The Trademark. The Yale Journal, Vol. 29. No.3, 1920, p. 305. [hereinafter Molengraaff, The Nature of The Trademark]. Available at: <http://www.jstor.org/stable787165>.

<sup>96</sup>-Ministry of Justice, Afghanistan Commercial Code, Official Gazette, Issue No. 89, (1955), Art. 119.[hereinafter ACOMC].

<sup>97</sup> - ACOMC, Art. 120.

<sup>98</sup> -Jacqueline Klosek and John Merce, Revising the 1960 Trademark Law for future economic growth, Rebuilding Afghanistan, Trademark World, #161, 2003, p. 27. Available at: <http://www.goodwinlaw.com/~media/C5DEE3F8422549C19600C20E3AAAF50E.ashx>. last visited on December 16, 2016.

<sup>99</sup> -Adam Smith-ASI, USAID-EGGI, USAID-TAFA, GIZ-NAWI and the World Bank, etc.

<sup>100</sup> - Hervé Nicolle, Commercial Law Needs Assessment, (2011) p 51. Available at: <http://samuelhall.org/wp-content/uploads/2011/05/Commercial-Law-Needs-Assessment.pdf>

Accordingly, in 2009, the new Afghanistan Trademark Registration Law (ATML) was enacted. The ATML has 36 Articles and replaced the 1960 Trademark Law. After its enactment, the WTO required that the ATML be revised so as to be consistent with the TRIPS and other international agreements concerning intellectual property rights. Subsequently, Articles 3, 6, 8, 11, 13, 21, 22, 25, 26, 30 and 31 of the ATML were amended in 2015.<sup>101</sup> Details concerning these Articles are provided in Chapter Two of this thesis.

### **1.5. Legal foundations/sources of trademark law in Afghanistan**

According to the legal system of Afghanistan, there are different sources of trademark law. At the outset, these sources can be divided into two main categories: national sources and international sources.

#### **1.5.1. National sources**

National sources for trademark law in Afghanistan are: Afghan constitution of 2004, statutory laws, court decisions or precedence, and commercial customs.

##### **1.5.1.1. Afghan constitution of 2004**

The constitution provides an explicit and direct legal foundation for copyrights and patents, but does not explicitly stipulate trademarks. With regard to patents and copyrights, Article 46 (2) provides legal foundations for their clear and direct legal protection: “The state guarantees the rights of authors, inventors, and discoverers, and encourages and supports scientific researches in all areas, and publicizes the effective use of their results in accordance with the law”.<sup>102</sup> According to this Article, trademark law does not enjoy such recognition. Therefore, for the judicial and legislative branches, Article 46 does not provide legal protection for trademarks.

However, Article 11 of the constitution is a general trade and commerce clause. Since trademarks are considered a commercial issue, the regulation of trademark affairs falls within the scope of Article 11, as it states that: “Affairs related to domestic and external trade shall be regulated by law in accordance with the needs of the national economy and public interests”.<sup>103</sup> Therefore, Article 11 of the constitution of 2004 is deemed the first and primary source for trademark law. Accordingly, the ATML

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<sup>101</sup>- The amendments were issued in the Official Gazette, issue No. 1168, 2015. These amendments occurred in the following Articles: Subparagraph (2) of Article 3, Paragraph (1) of Article 11, Paragraph (1) of Article 13, Subparagraph (7) of Paragraph (2) of Article 18, Article 21, Sub-paragraph (4) of Article 22, Article 25, Paragraph (1,2) Article 26, Article 31 and Paragraph (1) Article 31. These amendments are discussed in the next chapters.

<sup>102</sup> - Afghan 2004 Constitution, Art. 46.

<sup>103</sup> - Afghan 2004 Constitution, Art. 11.



takes its authority from Article 11 of the constitution, as Article 1 of the ATML states: “This law is enacted in the light of Article 11 set forth in the Afghan constitution”.<sup>104</sup>

### **1.5.1.2. Statutory laws**

As has already been noted, the codification of specific trademark laws dates back to the early 1960s. Since that time, fundamental and significant legal provisions have been created that pertain to the establishment of trademark rights, their enforcement and effectiveness. In 2009, the ATML was enacted as a response to the current and recent economic and legal developments in Afghanistan. The ATML focuses on substantive issues as well as procedural and formal aspects of trademark rights.

In addition, there are further laws that are connected or related to the legal protection of trademarks. For instance, Article 491 of the ACC generally provides that intellectual property shall be legally protected and that the affairs of intellectual property rights will be managed by a special law.<sup>105</sup>

The ACOMC is another source for trademark rights. As previously stated, Articles 119 and 120 explicitly consider trademarks as property or commercial capital. Moreover, there are further Articles related to the legal protection of trademarks, such as: Article 55 concerning illegal competition, Article 637 concerning commercial sale, Article 641 concerning the transfer of loss to the seller, Article 679 concerning the provision of necessary information, including marks used on the goods, to the buyer, and Article 811 about the non-authority of a “commission agent for altering the marks on property of his employer”. In addition to these articles, Article 2 of the ACOMC is also used as a basic source for determining the hierarchy of sources of law for resolving commercial disputes. The Article lists the sources that are used for commercial dispute resolution, as is discussed in the following sections of this chapter.<sup>106</sup>

As trademark disputes are considered commercial disputes, they should be settled based on the hierarchy provided in Article 2 of the ACOMC: mutual consent or contract, then trademark law, and then commercial customs that are accepted among trademark holders or traders.<sup>107</sup> More discussion on this is provided in the next section of this chapter.

Other statutory laws that relate to the legal protection of trademarks are the Geographical Indication Law (GIL)<sup>108</sup> and, from a procedural points of view, the Afghan Commercial Procedure Code (ACPC). Commercial courts can apply these laws in trademark disputes.

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<sup>104</sup> - ATML, Art. 1.

<sup>105</sup> - ACC, Art. 491 states: “Intellectual right which becomes incumbent on non-material objects is subject to provisions of the special law”.

<sup>106</sup> - ACOMC, Art. 2.

<sup>107</sup> - Wali Mohammad Naseh, Commercial Law Text Book, Kabul University, 3<sup>rd</sup> ed, Saeed Publication ( 2015), p. 37.

<sup>108</sup> - Ministry of Justice, Geographical Indication Law. Official Gazette, issue No 1178 (2015).

### 1.5.1.3. Court decisions/precedent

Precedent, “*Rawea-e- Qazayee*” in Dari, is also a foundation for defining and resolving trademark disputes. A precedent is a “clear-cut dictate” or a rule which is established by the Afghan Supreme Court. Lower Courts should abide by the established precedent unless it has been overruled by another one or via the enactment of a new law or regulation.<sup>109</sup> Therefore, the purpose of precedent is to create rules to address particular issues. In different legal systems, “the law in action and the law in the books” will be different. In this case, an authoritative court will interpret the law according to the “national traditions”. Therefore, the role of precedent to fill the gaps and construe the law is important in the Afghan legal system.<sup>110</sup>

According to Article 121 of the constitution, the Supreme Court has the authority to establish a precedent in different areas. Article 121 states: “The Supreme Court upon request of the government or the Courts can review compliance with the constitution of laws, legislative decrees, international treaties, and international conventions, and interpret them, in accordance with the law”.<sup>111</sup> While this Article does not explicitly talk about the creation and function of precedents, from the Article’s context it can be inferred that the Supreme Court has the authority to ascertain the consistency of laws, international agreements and other legislative documents with the Afghan constitution. In the meantime, if there is a gap or no clear provision in the law, the Lower Court or Appeal Court may request the Supreme Court to find and set out the rule to address the issue at hand. The instruction and decision made by the Supreme Court should be followed and adhered to by the primary and secondary courts.<sup>112</sup> Therefore, it can be generally inferred that precedent is a source for commercial law, and at the same time for trademark law. Furthermore, this issue is also stipulated in Article 28 (1) of the Law on the Organization and Jurisdiction of the Judicial Branch of Afghanistan (LOJB), as follows: “The Supreme Court shall have the following jurisdictions and duties within the scope of interpretation of laws and judicial issues: Assessment on conformity of laws, decrees, legal documents, international contracts and conventions with the constitution and their interpretation based on the government or court’s demand in accordance with the law”. In addition, Article 31 (6) of the LOJB illustrates the judicial authorities of

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<sup>109</sup> -Daniel A. Farber. The Rule of Law and the Law of Precedents, *Minnesota Law Review*, Vol.90:1173(2006), p.1200. [hereinafter Daniel A. Farber, The Rule of Law and the Law of Precedents]. Available at: <http://scholarship.law.berkeley.edu/facpubs/1693>

<sup>110</sup> -Ewoud Hondius, Precedent and the Law, *Netherlands Comparative Law Association, Electronic Journal of Comparative Law*, Vol. 11,3 (2007), p. 2. [hereinafter Ewoud Hondius, Precedent and the Law]. Available at: <http://www.ejcl.org/113/abs113-3.html>

<sup>111</sup> - Afghan 2004 Constitution, Art. 121.

<sup>112</sup> -Ramin Moschtaghi, Organization and Jurisdiction of the Newly Established Afghan Courts- the Compliance of the Formal System of Justice with the Bonn Agreement, *Max Plank UNYB*, 10, 2006, p. 549 and 575. [hereinafter Ramin Moschtaghi, Organization and Jurisdiction of the Newly Established Afghan Courts].

the Supreme Court as follows: “Ensuring uniformity in judicial treatment and evaluating the courts’ inquiries on judicial issues and providing responses accordingly”.<sup>113</sup> These provisions indicate that a commercial court can resolve a trademark dispute by drawing on the decision rendered in the previous case if the law makes no provision for the issue at hand or if there is a gap in the law.

#### **1.5.1.4. Commercial customs (*Urf*)**

As mentioned in the previous section, the legal system in Afghanistan is a combination of statutory laws, religious *Sharia* and customary law<sup>114</sup>, or *Urf*. *Urf* is more applicable in commercial and civil issues. Afghanistan has trusted in customary law for a long time.<sup>115</sup> Therefore, customary law – or the informal legal system – has, alongside statutory law and *Sharia* laws, played a significant role in resolving legal disputes in Afghanistan and assisted the justice system in commercial issues.<sup>116</sup>

While the 2004 constitution is silent in this regard, the *Sharia* and other statutory laws permit customary practices, particularly in civil and commercial issues.<sup>117</sup> According to Islamic scholars, customs that are not in contradiction of the principles of *Sharia* are applicable and “authoritative”, and can be applied or drawn on by the court.<sup>118</sup>

Articles 36, 37, 43 and 44 of *Al-Majalla Al Ahkam Al Adaliyyah*, which is a valid *Hanafi* source of law,<sup>119</sup> explicitly recognize customs or *Urf* as an eligible foundation for judicial decisions.<sup>120</sup>

The Afghan Commercial Code and Civil Code also accept *Urf* as a foundation for dispute resolution. Article 2 of the ACOMC states that “commercial disputes are to be settled in accordance with legally binding agreements, and in their absence disputes are to be determined and settled by

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<sup>113</sup>- Ministry of Justice, Law on the Organization and Jurisdiction of the Judicial Branch of Afghanistan, Official Gazette, Issue No. 1109, 1392/2013, Art 31. [hereinafter LOJB]. The purpose and scope of this law is to regulate the organization, structure, duties and responsibilities of the judiciary branch of Afghanistan. It has 110 Articles. Dari text available at: [http://moj.gov.af/content/files/Pages/OfficialGazetteIndex\\_D-header.htm](http://moj.gov.af/content/files/Pages/OfficialGazetteIndex_D-header.htm)

<sup>114</sup> - Customary law is an informal legal system with which “local communities resolve disputes outside the bounds of state authority” and which is “based on a common cultural and ethical code that holds its members to binding rules. Communities use this.” See Thomas Barfield, Neamat Nojomi, and Alexander Thier, *The Clash of Two Goods- State and Non State Dispute Resolution in Afghanistan*, United States Institute of Peace (2011), p. 6. [hereinafter Thomas Barfield and others, *The Clash of Two Goods-State and Non State Dispute Resolution in Afghanistan*].

<sup>115</sup> -Amy Senier, *Rebuilding the Judicial Sector in Afghanistan: The Role of Customary Law*, the Fletcher School-Alnakhlah, Tufts University(2006), p. 1. [hereinafter Amy Senier, *Rebuilding the Judicial Sector in Afghanistan*].

<sup>116</sup> -Thomas Barfield and others, *The Clash of Two Goods- State and Non State Dispute Resolution in Afghanistan*, 2011, p. 3.

<sup>117</sup> - Amy Senier, *Rebuilding the Judicial Sector in Afghanistan*, p. 1.

<sup>118</sup> -Mohammad Hashim Kamali, *Principles of Islamic Jurisprudence*, p. 370.

<sup>119</sup> - *Al-Majallah al-Ahkam al-Adaliyyah* was codified during the Ottoman Empire in the late 19th century. It was the first Islamic Civil Code and Commercial Code to be extracted from the Islamic sources. It was prepared by a commission composed of Islamic scholars and has 1851 Articles. This Islamic code is mostly based on the *Hanafi* school of thought. In Afghanistan, courts use this code as a supplementary source for dispute resolution. <https://www.createspace.com/6331335>

<sup>120</sup> - Article 36: “Custom is a proof”. Article 37: “The usage of people is a proof that must be acted upon”. Article 43 “What is accepted by *Urf* is like a stipulated condition”. Article 44: “*Urf* among the merchants is like a stipulated condition between them”. See: Mohammad Hashim Kamali, *Principles of Islamic Jurisprudence*, p. 370-71.

reference to the meaning and implication of existing commercial laws. In the absence of a law, local and special customs (those that are commonly recognized, consented to, and used) are applied”.<sup>121</sup> It provides that commercial customs form a foundation for judicial decision-making. In the Afghan legal system, if there is a dispute about a trademark that cannot be resolved via contract or statutory trademark laws, it will be settled based on commercial customs.<sup>122</sup> Likewise, Article 2 of the ACC also permits the court to settle a case by referring to the public *Urf*. It states that: “Where there is no provision in the law or in the fundamental principles of the *Hanafi* jurisprudence of Islamic *Sharia*, the court issues a verdict in accordance with the public *Urf*, provided that the custom does not contradict the provisions of the law or principles of justice”.<sup>123</sup> It can be concluded that trademark law in Afghanistan has a variety of sources: statutory laws, *Sharia*, court decisions or precedents, and commercial customs (*Urf*). All these sources constitute the foundation for defining and resolving a trademark dispute in Afghanistan.

### **1.5.2. International sources**

As already mentioned above, in Afghanistan, trademark rights are protected by statutory laws (including the constitution), court decisions and commercial customs. In fact, trademark legal protection is basically confined within the state’s territory. However, due to economic globalization, the legal protection of trademarks has also been affected by various international agreements which are discussed in Chapter Two of this dissertation. Therefore, trademark law also has international sources. These sources are divided into various categories, such as bilateral, regional and international agreements. In Afghanistan, the role and strength of these international sources is limited only to a few agreements, such as the WTO, WIPO and TRIPS Agreements. In 2004, Afghanistan signed the WTO Agreement Establishing the World Trade Organization and the Agreement on Trade Related-Aspects of Intellectual Property Rights (TRIPS), an annex to the WTO Establishment Agreement<sup>124</sup>. The WIPO Establishing Convention of 1967 was signed in 2005.<sup>125</sup> These agreements are enforceable in Afghanistan, and according to Article 7 of the constitution, the government of Afghanistan should abide by them.<sup>126</sup> Furthermore, Articles 12 and 14 of the Law on International Treaties and Conventions (LOITC) obliges the government of Afghanistan to observe the international treaties and conventions that have been

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<sup>121</sup> - Afghan Commercial Code, Art. 2.

<sup>122</sup> - Wali M. Naseh, Commercial Law Text Book. Third edition, Saeed Publication, 2015, p 31. *Dari* version.

<sup>123</sup> - ACC, Art. 2.

<sup>124</sup> - Refer to: [https://www.wto.org/english/thewto\\_e/acc\\_e/a1\\_afghanistan\\_e.htm](https://www.wto.org/english/thewto_e/acc_e/a1_afghanistan_e.htm)

<sup>125</sup> - See the link: [http://www.wipo.int/treaties/en/ShowResults.jsp?country\\_id=3C](http://www.wipo.int/treaties/en/ShowResults.jsp?country_id=3C)

<sup>126</sup> - Afghan Constitution of 2004, Art. 7

signed by Afghanistan governments.<sup>127</sup> More discussions about the legal status of international sources pertaining to trademark law are provided in Chapter Two of this dissertation. Afghanistan has not signed any multilateral or bilateral agreements on the legal protection of trademarks.

It is worth noting that successfully protecting trademarks needs not only a good and properly functioning legal system, but also a good and effective administrative office for the application of the purposes of trademark law. Therefore, the function of the Central Business Registration (CBR) office, which is studied in the following section, is a key component in the legal protection of trademarks in Afghanistan.

### **1.6. Functions of the CBR office in the registration and protection of trademarks**

Once a firm has taken up business and received a business license, it will think of establishing a business identity as well as an identity for its products and services. Companies draw on marks or symbols in order to identify and distinguish their products and services from identical or similar products and services from other providers. Trademarks are used for precisely this purpose. For a mark to be legally protected and for the owner to be eligible for using it, there are certain legal and administrative procedures and conditions. These administrative procedures and conditions are observed by a particular administrative office that is responsible for the legal recognition and enforcement of the acquired rights to a trademark. For a trademark to be legally protected against any kind of contingent infringement, it must be registered at the CBR office. Registration of a trademark entails a number of conditions and criteria which are generally referred to as the “registration processes”. Once these processes have been completed, the trademark will be eligible for legal protection and owners can legally use or transfer their rights to a third party. If a trademark does not meet the requirements, it will not be registered and shall not be eligible for legal protection.

Therefore, this section examines the functions of national and foreign registration process of a trademark in the CBR office. The process starts with the submission of an application which identifies the goods and services that the trademark is intended to be used for and provides the specifications and a specimen of the requested mark; the pre-examination and post-examination process which covers the publication of a trademark in the Official Gazette, and finally issuing the certificate of trademark registration.

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<sup>127</sup> -Ministry of Justice, the Law on International Treaties and Conventions, Official Gazette, Issue No. 1236, 2016, Art. 12 and 14. [hereinafter LOITC].

### 1.6.1. Historical background of trademark registration

In Afghanistan, the first business registration office was established with the enactment of the Commercial Code of 1955. According to its Article 24, the Business Registration Section (BRS) was administered under the supervision of the Commercial Court to resolve commercial problems and hear cases arising from commercial disputes.<sup>128</sup> In addition, the BRS had the responsibility to register all commercial documents and issues necessary for registration in accordance with the ACOMC.<sup>129</sup> Likewise, Article 28 of the ACOMC obliged businesses and individual merchants to register all the necessary information about their legal entities in this office. Later, after the adoption of the first Trademark Registration Law (TMRL) in 1960, the registration of trademarks also became subject to the rules and provisions that had already been articulated in the ACOMC. According to Article 4 of the 1960 TMRL, the trademarks were registered in a Commercial Court.<sup>130</sup> In 1964, the Law on the Organization and Authority of the Judiciary was approved. In its Article 2, the Primary Commercial Court was established in Kabul city. The first trademark, by the name of *Jangalak*, was registered in 1964. Since that time and up until 2007, all trademarks were registered in Kabul Primary Commercial Court (KPCC) at the BRS. During this period of time, 1964 up to 2007, a total of 12,294 trademarks, including national and foreign marks, were registered with the BRS, which is not a particularly large number of trademarks for 43 years.<sup>131</sup> This situation continued up until the enactment of the Business Partnership Law (BPL) in 2007. Article 27 of the BPL established the CBR office within the organizational chart of the Ministry of Commerce and Industry (MoCI). In 2008, all available documents that had already been filed under the supervision of the Commercial Court in the BRS office were transferred to the newly established CBR office in the MoCI. Since then, the commercial documents of companies and traders, including business licenses, trademarks, and patents, have been and continue to be registered in this office.<sup>132</sup> Within the CBR office, one particular section has been authorized to deal with trademark registration affairs. Therefore, currently, the CBR office is the main office for processing the registration and management of other trademark-related issues. As has already

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<sup>128</sup> - Article 24 states: “The Business Registration Office, supervised by the courts, deals with the solution of problems and the hearing of cases arising from commercial disputes.”

<sup>129</sup> - In this regard, Article 27 states: “All matters and transactions subject to registration by commercial or other laws are registered directly or by request made through related agencies or other concerned parties. Any changes brought about related matters must be filed and registered according to rules.”

<sup>130</sup> - Article 4 of the 1960 Trademark Law states: “Individuals have the right of exclusive use of a given trademark which has been registered in a relevant commercial court”.

<sup>131</sup> - Information acquired from the CBR office on November 15<sup>th</sup>, 2015.

<sup>132</sup>- Ministry of Justice. Business Partnerships Law. Official Gazette, issue No. 913, (2007), Art. 31. Dari version is available at: <http://www.moj.gov.af/content/files/egov/osolnama.htm>

been indicated, the registration process starts with the filing of an application, and the trademark certificate shall be issued once the application has been assessed. In the following section, the entire registration process is briefly presented.

### **1.6.2. Application process**

The application form was originally drafted by the CBR office and is accessible for applicants for a fixed price of 500 Afs, equal to 7.5 USD. The application comprises a registration request, necessary information about the applicant and the specification of the products/goods or services on which the requested mark will be used.<sup>133</sup> The specifications of the requested mark include the drawing, colour, size and a specimen of the requested mark. All of this information should be prepared in hard copy. The application can only be filed in Dari and Pashto, the official languages in Afghanistan.<sup>134</sup> The CBR office has no capacity to receive applications and the necessary documents via internet or electronically. According to Article 10 of the ATML, the application will be submitted to the CBR office by legal or natural persons, either by themselves or by a legal representative.<sup>135</sup> All of the requirements pertaining to the filing and registration of trademarks are governed by the Trademark Registration Guideline (TMRG), or *Tarzulamal*.<sup>136</sup> The application should be signed by the owner of the business or by a legal representative. In the latter case, the representative should provide all necessary supporting documents to prove the power of attorney or legal representation for the registration of the trademark.<sup>137</sup>

For foreign applicants, no particular application form is provided in other languages – not even in English – apart from Dari and Pashto. A foreign applicant should fill out the application in consultation with a trademark lawyer. The owner or legal representative of a foreign company should provide valid translations of all necessary documents. In addition, for a foreign company, approval from the country of origin and the Afghan Ministry of Foreign Affairs (MoFA) is also required.<sup>138</sup> Another issue that is important for the registration of a mark is the citizenship of the applicant, which should be stated in the application. For a natural person it would be enough to mention that he or she is a citizen of

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<sup>133</sup> - Ministry of Commerce and Industry, Trademark Registration Guideline, (2015), Art. 30. [hereinafter TMRG].

<sup>134</sup> - Afghan Constitution, Art. 16.

<sup>135</sup> - The ATML, Article 10 states: “Legal and real persons may apply for registration of a trademark either personally or through their respective legal representatives. The Central Registration Office (the Trademarks Section) shall be obliged to enter the contents of trademarks into the registration book and give or send a receipt to the applicant.”

<sup>136</sup> - In terms of hierarchy of legal sources and documents, the Guideline, or *Tarzulamal*, comes after the regulations and laws. Each central governmental institution can enact some sort of guideline or *Tarzulamal* to illustrate the procedures required to fulfill the requirements of the laws and regulations. The *Tarzulamal* was enacted in 2015 by the Ministry of Commerce and Industry to regulate the registration process as well as the obligations and authority of the CBR office.

<sup>137</sup> - TMRG, Art. 9 (2).

<sup>138</sup> - TMRG, Art. 19.

Germany or the United States of America, for example. For corporations, companies or other business entities, the country of origin should be stated.<sup>139</sup> It is noteworthy that there are different kinds of application forms, for instance: application for the registration of a trademark; application for the renewal of a trademark; application for the assignment of a trademark; application for the merger of a trademark; application for changing a trademark; application for changing the name and address of a trademark. It should be noted that, in the application, all necessary information for identifying the products and services that will fall under the trademark must be provided, as well as an illustration or drawing display of the requested mark intended for use on the stated goods and services.<sup>140</sup>

### **1.6.2.1. Identification of products/goods and services**

One of the issues that need to be clearly stated in the application form is the specifications of goods and services. In this regard, the applicant should identify the goods and services for which a mark will be used for identification. For this purpose, the International Classification of Goods and Services Nice Agreement needs to be considered.<sup>141</sup> While Afghanistan is not a member to the Nice Agreement, and the ATML does not explicitly refer to the Nice classification of goods and services, in practice the Nice Agreement has nonetheless been applied by the CBR office.

According to Article 11 of the TMRG, trademark registration applicants are required to clearly state the name of the goods and services as well as the number of classes used for these goods and services. One application may cover different goods and services which might be related to different classes. Each good and service should be named in the application. However, for each class of goods and services, an amount of 200 Afs (equal to 3 USD) will be charged in fees. With respect to determining the registration fee, Article 34 of the ATML states that “the owner shall be obliged to pay the trademark registration fee the amount of which shall be determined by the Council of Ministers”.<sup>142</sup> However, in practice, the amount of the fee is determined by the TMRG, which stands in direct conflict with what is stated in Article 34 of the ATML. The total fee for registering a trademark for one class of

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<sup>139</sup> -Deborah E. Bouchoux. The Law of Trademark, Copyrights, Patent and Trade Secrets. Fourth Edition, New York, Delmar Cengage Learning, (2013), p. 58. [hereinafter Deborah E. Bouchoux, The Law of Trademark, Copyright, Patent and Trade Secrets].

<sup>140</sup> - TMRG, Art. 19.

<sup>141</sup> - “The International Classification of Goods and Services for the Purposes of the Registration of Marks was established by an Agreement concluded at the Nice Diplomatic Conference, in 1957, was revised at Stockholm in 1967, at Geneva in 1977, and amended in 1979.” For more information see

[http://www.wipo.int/treaties/en/classification/nice/summary\\_nice.html](http://www.wipo.int/treaties/en/classification/nice/summary_nice.html)

<sup>142</sup> - ATML, Art. 34.



goods and services, considering the entire process, is 7,500 Afs, which is equivalent to 113 USD.<sup>143</sup> The fee for publication of a trademark in the OG is not included in this sum.

Only those trademarks and those classes registered with the CBR office shall be afforded legal protection. According to Article 21 of the TMRG, an applicant will receive one application. Applications that contain more than one trademark shall be rejected by the CBR office.<sup>144</sup> If an applicant wants to use one mark for more than one class of goods and services, he or she files one application and lists the names of all goods and services and classes thereof that he or she wants to use the mark for. According to Article 18 of the TMRG, the CBR office will provide one application for one mark. If a person wants to use and register different marks for the same goods and services, or different marks for one good and service, the CBR office will demand one application for each trademark. For each mark a single application is needed.<sup>145</sup> At the same time, the CBR office issues a separate trademark registration certificate for every single successful trademark application.

#### **1.6.2.2. Illustration and appearance of the requested mark**

One more issue for the application process is to display and draw/illustrate the trademark for which registration is being sought. Since the CBR office keeps the record of the drawing mark and the public will refer to the recorded template, it should be in accordance with the actual and real mark that will be used for the products and services. This drawing/illustration will also be used for the publication of a trademark in the OG, and is displayed on the original registration certificate. Consequently, it needs to be in the same design and format. According to Article 9 of the TMRG, the application for the registration of a trademark should be “composed of coloured, black and white picture of the logo, size, design and any other attributes”.<sup>146</sup> The same specifications should be reflected in other official documents, in particular the OG and the registration certificate.

Originally there are two sorts of drawing and display of a trademark: the first is a “standard character drawing”, and the second is a “special form of drawing.” A standard drawing is “a typewritten

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<sup>143</sup> - According to Article 34 of the TMRG, the costs for registering a trademark are as follows: 1- Fee for an application for newly registering, assigning, renewing a trademark or changing the address of a trademark is 500 Afs. Afs, or Afghani, is the name of the Afghan currency). Currently (January 2018), in the Kabul money exchange market, 68 Afs is equal to 1 US dollar. 2- The fee for the registration is 3,000 Afs. 3- The fee for each class of goods and services is 200 Afs. 4- The fee for renewing a trademark is 3,000 Afs. 5- The fee for changing and modifying a trademark is 3,000 Afs. 6- The fee for exclusive or monopoly rights on a foreign company’s goods and services is 3,000 Afs. 7- The fee for receiving a copy and replica of the trademark registration documents is 500 Afs. 8- The fee for certifying the documents is 500 Afs.

<sup>144</sup> -TMRG, Art. 21.

<sup>145</sup> -TMRG, Art. 18.

<sup>146</sup> - TMRG, Art. 8.

display of the mark.” For instance, the word ACKBF is deemed a standard trademark, even though what is displayed is technically not a drawing. As a matter of fact, a standard drawing is composed of “words, letters, or numbers with no pictorial elements.” In the application, the applicant should mention that the mark is as standard word or composed of characters. In such circumstances, the application should list the size, shape, font, colour and other attributes of the mark, such as uppercase and lowercase. A “special form of drawing” is a mark that has a “two or three dimensional shape, colour, word, letter, number or combination” of them in a specific style or size.<sup>147</sup>

To avoid duplications of trademarks, in most countries there are research facilities that can help applicants to select a mark that has not already been registered. In Afghanistan there are no such pre-research facilities. The CBR office registers all trademarks in hard copy and has no electronic copies. In addition, the CBR office does not upload registered trademarks to the CBR website. Another problem is that, when a trademark is published in the OG, the Gazette does not put a soft copy of the registered trademark on the Ministry of Justice (MoJ) website. The MoJ only provides a serial number and the OG date of issue. If someone wants to conduct research or inquiry before selecting a mark so as to avoid any duplication of or similarity to other trademarks, that person will not have access to the trademarks that have already been registered. In like manner, the classification of the drawings/illustration of trademarks into “standard” and “special” types has not been articulated in such fashion in the pertinent legal sources. The ATML contains no provisions on the drawing, illustration or pictorial display required for registering a mark. Articles 8 and 24 of the TMRG only require the applicant to provide a picture or drawing of the logo as well as colour, form and any other attributes of the trademark during the submission of an application.

### **1.6.3. Trademark examination process**

When the CBR office receives an application which is in conformity with the abovementioned requirements, it registers the application in a particular book dedicated specifically to this purpose. The CBR office gives a receipt to the applicant.<sup>148</sup> According to Article 11 of the ATML, the CBR (trademark registration section) should examine each individual application from a formal (procedural) and substantive point of view and assess the compatibility of the application with the provisions of the ATML. The CBR office should approve or decline the application within 30 days of receiving it.<sup>149</sup>

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<sup>147</sup> -Deborah E. Bouchoux, *The Law of Trademark, Copyrights, Patent and Trade Secrets*, p. 65.

<sup>148</sup> - ATML, Art. 10.

<sup>149</sup> - ATML, Art. 11 (1).

While the law obliges the CBR office to examine applications both procedurally and substantively, it provides no detail on what these issues imply and how to distinguish them from each other.

From a legal point of view, any technical deficiencies relating to the content of an application that are deemed amendable are considered procedural issues. Such issues might include the misspelling or misunderstanding of the applicant's or company's name, the identification of goods and services, errors in the date of application, the address of the applicant, expired business certificates, signatures of other members of an association of a collective mark. These stipulations are considered as a formal examination and if these are not consistent with the requirements of the trademark registration office, they will be corrected and amended by the applicant.<sup>150</sup>

However, some important deficiencies in an application that are not deemed minor or technical errors. These deficiencies are important and are mostly related to the consistency of the application with the provisions of the applicable laws and regulations. Some very common forms of such substantive defects, according to Article 8 of the ATML, are listed below:

- a. "The mark is immoral or against religious values or against the public order.
- b. The mark is deceptive or misleading for the consumer
- c. The mark is related to the logo or symbol of a governmental or international organization.
- d. The mark confuses the source of goods and services.
- e. The mark is a picture of a person who has not consented to his picture being used.
- f. The mark is similar to another duly registered mark or might confuse a third party".<sup>151</sup>

Generally speaking, we can conclude that all the issues mentioned in Article 8 of the ATML are substantive issues that preclude the approval of an application.

Overall, the consequences of distinguishing between formal and substantive issues in an application are significant. For instance, if the defects are related to the formal or procedural aspects of an application, it can be amended or corrected by the applicant, whereas the substantive defects are not correctable, neither by the applicant nor by the CBR office, since the substantive issues are related to the content and provisions of the law.

The CBR office, after receiving and examining an application both from a procedural and substantive perspective points of view, will render a decision whether the application should be accepted for further processing or rejected. In both cases, the CBR office must inform the applicant of the outcome of the application. When an application is rejected, the CBR office should provide all the necessary reasons underlying the decision. If the rejection was based on formal deficiencies, the

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<sup>150</sup> - Deborah E. Bouchoux, *The Law of Trademark, Copyrights, Patent and Trade Secrets*, p. 71.

<sup>151</sup> - ATML, Art. 8.

applicant will be asked to correct these deficiencies within 30 working days and to resubmit the application to the CBR office. If the rejection was based on some other mistakes, such as misnomer or the misspelling of letters or words of the name, the application will be amended to meet the stipulations of the laws and regulations, and will then be resubmitted to the CBR office. In the event that the CBR office maintains the opinion that the application still exhibits substantive deficiencies pursuant to Article 8 of the ATML, the applicant can refer to the Commercial Court (CC). The CC will examine the issue, and if it concludes that the application was correct from a substantive perspective, the court will order the CBR office to approve registration of the mark. Otherwise, the mark will not be registered.<sup>152</sup>

If the applicant fails to make the requested amendments or corrections within 30 days, or fails to file his objection with the commercial court within the same time frame, it is assumed that the applicant has given up or waived his application. In such instances, the application will not be processed.

One issue at this stage of the process that is not entirely clear is the mechanism and methodology applied in examining trademarks and their similarity or dissimilarity to other, previously registered marks. There is no national digital computer-based program for examining the similarity of trademarks, like the Global Brand Database<sup>153</sup> tools that the WIPO uses to examine the similarity of a mark as well as the goods and services. In practice, the trademark registration officer manually reviews all registered marks and compares the requested marks with previously registered marks. This process is arduous and time consuming for the trademark registration authorities. Moreover, there is the danger that trademark registration officers are unable to find and review all documents that have accumulated since the very beginning up to today. Likewise, it will be difficult for the trademark registration officer to clearly distinguish the similarity of a mark, particularly those marks which are composed of a complicated pictorial design or a combination of letters with other features. These issues notwithstanding, the primary examination is followed by the final stage – the post-examination procedures – for the issuing of a Trademark Registration Certificate (TRC).

#### **1.6.4. Post-examination procedures**

Whenever the CBR office has examined an application and the requested mark and subsequently approved the mark for registration, it approves the application and asks the applicant to publish the

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<sup>152</sup> - ATML, Art. 10. and TMRG, Art. 16.

<sup>153</sup> - <http://www.wipo.int/branddb/en/>

requested trademark in the OG within a period of 15 days according to Article 18 of the ATML.<sup>154</sup> The purpose of such publication is to inform the public, and interested commercial companies in particular, that the trademark has been registered and is in use. This provides them the opportunity to review the registered mark and to make sure that the requested mark is not similar to their own. If a company or firm realises that a registered mark is similar to their mark, the senior owner of a trademark has the right to object to or oppose the registration of the more recently registered trademark.<sup>155</sup> The opposition process is discussed in Section 4.8.1 of this dissertation. According to Section (2) of Article 18 of the ATML, “the registered trademark, which is sent for publication in the Official Gazette, shall contain the following information:

- i) Trademark registration date
- ii) Trademark display
- iii) Application date
- iv) List of goods, products or services relating to the trademark
- v) Classification of goods, products and services
- vi) Name and citizenship of the owner of the trademark and names of agents (if any)
- vii) Occupation of the owner
- viii) Country and address of the office of notary public of the owner of the trademark
- ix) Changes relating to the trademark and the rights being requested by the applicant
- x) Other cases provided for in the present law”.<sup>156</sup>

The OG charges 10 Afs per letter (68 cents USD) and 1000 Afs (equal to 15 USD) per logo for the publication of a trademark.<sup>157</sup>

After the publication of a trademark in the OG and at least 30 days after the first date of publication, the applicant will provide the CBR office with a copy of the OG. If there has been no notice of objection, the CBR office officially registers the requested trademark with all its attributes in the name of the applicant. Subsequently, the CBR issues the applicant with a TRC.<sup>158</sup> From that moment onward, the applicant shall be the owner of the trademark and subject to legal protection. Certificates are

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<sup>154</sup> - The legally prescribed time limits for the registration process are as follows: 30 days for examining a trademark, 15 days for sending the trademark to the Official Gazette for publication, and 30 days after publication in the official gazette, which is a total of 75 days for acquiring legal protection for a trademark.

<sup>155</sup>- Deborah E. Bouchoux. *The Law of Trademark, Copyrights, Patent and Trade Secrets*, p. 75. See also the ATML, Art. 26.

<sup>156</sup> - ATML, Art. 18.

<sup>157</sup> - Ministry of Justice. *The Law on processing manner of publication and enforcement of legislative documents*, Official Gazette, Issue No. 1246, (2017), Art. 48.

<sup>158</sup> - TMRG, Art. 27.

valid for ten years from the date that the mark is registered and are renewable for a further next ten years.<sup>159</sup>

The TRC contains all information relevant for the mark and its owner. Moreover, it will include a colour picture of the mark, the registration number, date of registration, date of expiration, class or classes of goods and services, the OG issuance number and the stamp and signature of the authorized person from the CBR office.<sup>160</sup> It is noteworthy that the ATML is silent with regard to the issuance of a TRC and has articulated no provision for issuing a certificate. However, the TMRG, in Article 27, stipulates the issuance of a certificate, but does not define its content. In practice, all the data and information stated above have been included in a certificate. In practice, the certificate is issued not only in two national languages (Dari and Pashto), but also in English.<sup>161</sup>

Overall, from the first registration of a trademark in 1964 up to November 2016, a total of 18,000 trademarks have been registered. The CBR office, from 2007 up to 2017, registered 5,706 trademarks for national and foreign companies or businesses. From 1964 up to 2007, a total of 12,294 trademarks were registered by the BRS under the authority of the Commercial Court.<sup>162</sup> It is not clear from these figures how many marks belong to national entities and how many of them belong to foreign companies, nor how many marks have already been registered, how many of them are related to products and how many are related to services. The CBR office has no information how many of the marks registered since 1964 are actually being used by their owners, how many have been transferred, and how many of them have been revoked. Furthermore, the CBR office has no data as regards the number of trademarks that have been registered but not used by their owners. All of these data constraints are related to the lack of a good and well-functioning administrative trademark office.<sup>163</sup>

### **1.7. Current mechanisms for trademark dispute resolution in Afghanistan**

The purpose of this section is to assess how intellectual property disputes, which fall under commercial law, are resolved in the Afghan legal system. To resolve a commercial dispute there are two main approaches that the parties can resort to – the state/official justice system for litigation, and an informal or alternative dispute resolution (ADR) system.

In fact, the ATML has not devoted a particular chapter or provision to trademark dispute resolution. However, Article 36 of the TMRG only stipulates the establishment of a “complaint

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<sup>159</sup> - ATML, Art. 20.

<sup>160</sup> - TRC, issued by the CBR office which makes decision about the content of the TRC.

<sup>161</sup> - TMRG, Art. 23 (2).

<sup>162</sup> - CBR office database and trademark registration books, October 14, 2016.

<sup>163</sup> - CBR office, Interview with Hamed Hakimi, in charge of the TM registration office, October 14, 2016.

commission” as an official primary means for resolving trademark disputes. The commission is composed of various heads of departments from within the MoCI.<sup>164</sup> Overall, there are various approaches for resolving trademark disputes in commercial law. Constituting part of commercial law, the resolution of trademark disputes is also subject to the same rules as commercial disputes. Therefore, in the legal system of Afghanistan, there are no specific mechanisms and tools for trademark dispute resolution. Accordingly, in the next paragraphs, the two main options provided under the current Afghan legal system for commercial dispute resolution that are also applicable to trademark disputes are examined.

### **1.7.1. State or formal dispute resolution**

With regard to formal dispute resolution, there are a certain number of laws that authorise the courts and other state institutions to resolve commercial litigations. These laws denote the competence of a court to resolve a commercial dispute. The main legal institutions which are authorized to resolve a commercial or intellectual property dispute are the Commercial Court, the MoCI, and the MoJ (law department). The state’s official organizations are subject to positive laws and regulations. The legal sources for adjudication of a commercial dispute by a Commercial Court and the function of each institution regarding commercial dispute resolution are assessed in the following subsections.

#### **1.7.1.1. Legal sources for formal dispute resolution**

In the Afghan legal system, there are two main legal sources that authorise the Afghan courts to hear all kinds of disputes – the Afghan constitution of 2004, and the Law on the Organization and Jurisdiction of the Judiciary Branch (LOJB).

##### **1.7.1.1.1 Afghan 2004 constitution**

At the outset of this subsection, the legal sources for the authority of a court are discussed, followed by a look at the structure of the court system. Article 120 of the constitution describes the general authority of the courts in Afghanistan: “The authority of the judicial organ is to attend to all lawsuits in which real individuals or incorporeal including the state stand before it as plaintiff or defendant and in its presence is expressed in accord with provisions of the law”.<sup>165</sup> This is a very key source with regards to the authorities of all kinds of courts to hear cases or claims regardless of their nature, be they criminal, civil,

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<sup>164</sup> - The members of the Commission are composed of: 1- Deputy Minister of Commerce, 2-General Manager of Central Business Registration Office. 3- Head of the Audit Department. 4- Head of the Legal Department and an Officer of the Trademark Registration Section. However, it is not clear who leads the commission, how often the commission meets, and what mechanisms underly the functions and functioning of the Commission. There is no guideline or approved manual that governs the work of the commission.

<sup>165</sup> - Afghan Constitution of 2004, Art. 120.

commercial or administrative cases. Likewise, Article 130 of the constitution explains the hierarchy of applicable legal sources in a case, and authorises the courts to make judicial decisions in light of this Article as follows: “(1) While processing the cases, the courts apply the provisions of this constitution and other laws. (2) When there is no provision in the constitution or other laws regarding ruling on an issue, the courts’ decisions shall be within the limits of this constitution in accord with the *Hanafi* jurisprudence and in a way to serve justice in the best possible manner”.<sup>166</sup> Accordingly, the constitution authorizes the courts to hear various cases and make their judgment first based on the positive law, and then based on the *Hanafi* School of thought.

#### **1.7.1.1.2. Law on the Organization and Jurisdiction of the Judiciary Branch**

Beyond the constitution, the Law on the Organization and Jurisdiction of the Judiciary Branch (LOJB) elucidates the authorities and responsibilities of the Afghan courts. Article 3 of the law states that: “The Judiciary may resolve disputes between and among individuals, legal entities including the state in accordance with the law”.<sup>167</sup> Moreover, Article 8 also elucidates the jurisdiction of the Afghan courts as follows: “The authority of judicial branches is composed of hearing/examining all claims that will be presented by natural or legal entities including the government as a claimant or defendant before the court”.<sup>168</sup> In brief, according to this law, the only official authority for resolving a dispute is a competent court. However, according to other laws, some non-judicial state institutions have been granted that same authority.

#### **1.7.2. Official institutions for commercial dispute resolution**

While, according to Article 122 of the constitution, “no law, under any circumstance, can transfer a case from the jurisdiction of the judicial branch to another organ as has been determined in this Constitution”,<sup>169</sup> there are some other state institutions that can resolve commercial disputes at primary stages. Therefore, the first and primary authority for hearing a commercial case is the Commercial Court. Nonetheless, the ATML and the Law on Obtaining Rights (LOR) authorise some other institutions – such as the MoCI and the MoJ – to resolve commercial cases under certain circumstances. The functions and authorities of each of these are examined below.

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<sup>166</sup> - Afghan Constitution of 2004, Art. 130.

<sup>167</sup> -LOJB, Art. 3.

<sup>168</sup> - LOJB, Art. 8.

<sup>169</sup> - Afghanistan 2004 Constitution, Art. 122.



### 1.7.2.1. Functions of the Commercial Courts

Regarding the authority of the Commercial Court, the Afghan Commercial Procedure Code (ACPC) defines the authority and duties of a Commercial Court as follows: “Resolving all those disputes that arise with commercial transactions is the duty of the courts and is subject to the provisions of this law”.<sup>170</sup> Therefore, in Afghanistan, trademark disputes, constituting part of commercial law, are litigated in the Commercial Courts. The Commercial Courts generally resolve intellectual property cases based on commercial law and the pertinent regulations. As has already been alluded to, the ATML – as the primary source for regulating trademark issues in Afghanistan – is silent in this regard. Therefore, the Commercial Court, when confronted with a trademark dispute, will definitely resort to Article 2 of the ACOMC, which explains the hierarchy of sources for commercial dispute resolution. Since trademarks fall within what is classed as commercial issues, resolving trademark disputes is also subject to this hierarchy.

According to Article 2 of the ACOMC, all commercial disputes are to be resolved in accordance with a valid agreement. Where that is not possible or fails, they should be resolved in accordance with commercial laws. Where that fails or is not possible, the dispute should be resolved according to commercial customs, or finally, by drawing on other related provisions such as the Civil Code or other related laws and regulations.<sup>171</sup> Thus, if there is a trademark dispute between two parties, the first and main source for defining the duties and right of the parties will be according to an agreement and a valid contract. If there is no written contract, the dispute will be defined based on commercial laws. In referring to “commercial laws”, the legislator is referring not only to the ACOMC and the ATML, but also other laws and regulations, the subject matters of which pertain to commercial issues, such as company law, partnership law, insurance law, commercial contract law, banking law and investment law.

The structure of the courts in Afghanistan, in accordance with Article 116 of the constitution, comprises three levels: the Supreme Court (*Stera Mahkama*), Appeal (*Esteenaf*) Courts, Primary Courts (*Ebtodaya*).<sup>172</sup> According to Article 5 of the LOJB, “the Judiciary is the independent pillar of the state

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<sup>170</sup> - Ministry of Justice, Afghan Commercial Procedure Code, Official Gazette, Issue No. 1, (1965), Art. 1. [hereinafter ACPC].

<sup>171</sup> - Article 2 of the ACOMC states that: “Commercial disputes shall be settled in accordance with legally binding agreements and, in their absence, by reference to explicit or implicit meaning of commercial laws. If the dispute may not be settled in the said way, commercial customs and practices shall apply. In the absence of customs and practices, provisions of other laws to which attribution is made shall apply”.

<sup>172</sup> - LOJB, Art. 5 (1).

and composed of the Supreme Court, Courts of Appeal and Primary Courts”.<sup>173</sup> Within each of those courts there are special Commercial Courts which only hear cases that are related to commercial transactions and disputes.<sup>174</sup> To describe the functions and structure of the Commercial Courts of Afghanistan in great detail would be beyond the scope of this research.

### **1.7.2.2 . Authority of the Ministry of Commerce and Industry for resolving trademark disputes**

As mentioned in the previous section, the MoCI is primarily authorized by the ATML and TMRG to resolve primary disputes concerning trademarks. Most of these disputes relate to the registration process of a mark, assessments of similarity of trademarks, the application for the same mark for the same goods and services, and other conflicts pertaining to the registration and use of a trademark.

According to Articles 36 and 37 of the TMRG, the established Complaint Commission for trademark dispute resolution has the following three main duties:

1. to examine the objections of an applicant, according to the law, from procedural and substantive perspectives and to render a decision about the objection;
2. to provide legal and acceptable reasons that are satisfactory for the applicant, and to acquire the consent of the applicant to close the objection.
3. the decision of the Commission is not finalised and the objector can refer to the Commercial Court.<sup>175</sup>

These two Articles are all that the TMRG has to say regarding the resolution of trademark disputes. Since its establishment in 2015, the Commission has never conducted a meeting to resolve a trademark dispute, which suggests that the applicability of the TMRG is weak in this regard.<sup>176</sup>

As has already been mentioned, the ATML has not devoted a particular section or provisions to trademark dispute resolution after the registration and publication of a trademark at the CBR office. However, the ATML does address complaints which are lodged at the time of registration of a trademark in the CBR office. An objector has the right to complain to the CBR office or CC and object to the registration of a trademark. Articles 25, 26, 27 and 28 of the ATML govern such objections.<sup>177</sup> More detail about these issues is provided in Chapter Four. Another state institution that has authority to

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<sup>173</sup> -The Supreme Court is located in Kabul, the capital of Afghanistan. The Appeal Courts are located in the centre of each province, while the Primary Courts are located in the city and also in the district level of each province. See Art. 5 (2) of the LOJB.

<sup>174</sup> - Historically, the Commercial Court was first established in 1893 to resolve commercial disputes between merchants. See Eli Sugarman and others, *An Introduction to Commercial Law of Afghanistan*, p. 31.

<sup>175</sup> - TMRG, Art. 37.

<sup>176</sup> - The information was acquired during a visit to the CBR office on October 24, 2016.

<sup>177</sup> -ATML, Art. 25, 26,27 and 28.

hear intellectual property and commercial disputes is the Law or *Hoqoq* Department of the MoJ, which is studied in the next section.

### **1.7.2.3. Role of the Ministry of Justice in dispute resolution**

The Ministry of Justice (MoJ) is part of the executive branch and is “responsible for upholding the rule of law”.<sup>178</sup> The MoJ is composed of different departments, one of which is the Law, or *Hoqoq* Department, which works as a quasi-justice institution. The key mandates of the MoJ are to prepare drafts of laws and regulations and to review the proposed amendments as well as to propose the draft and amendment of these documents for further legal processing.<sup>179</sup> Furthermore, according to the Regulation on Managing the Activities of the MoJ, the MoJ provides governmental institutions with legal advice.<sup>180</sup> Likewise, the MoJ publishes the Official Gazette and defends the rights of governmental institutions whenever there is a dispute between a governmental institution and a private legal entity. The MoJ is obliged by law to protect and defend the rights of the government in property and financial issues.<sup>181</sup> In addition, the MoJ provides legal aid services and services for dispute resolution in commercial and civil cases through its *Hoqoq* Department. This department plays a significant role in the resolution of disputes between both private and state parties. The *Hoqoq* Department functions under the Law on the Procedure of Obtaining Rights (LPOR). The *Hoqoq* Department mainly serves two functions: First, it serves as preliminary actor/early stage for resolving disputes and attempts to resolve them via formal and informal mechanisms. Second, it enforces the verdict of a civil or Commercial Court regarding a dispute.<sup>182</sup> With regard to the first function, it should be noted that the *Hoqoq* Department serves as mediator and arbitrator and provides alternative dispute resolution services and legal advice for the parties. When the *Hoqoq* Department receives a complaint pertaining to a commercial issue, it seeks to resolve the dispute peacefully via negotiation or other alternative dispute resolution mechanisms.<sup>183</sup> Even though it is not obligatory to submit all kinds of cases and disputes to the *Hoqoq* Department, in practice all complaints are submitted to it before being referred to a Commercial Court. After hearing a case, the *Hoqoq* Department reviews the complaint and then informs the defendant of it. The officials in the *Hoqoq* Department try to settle the dispute peacefully. The department requests the parties to handle the case by referring to a local community or *Shura* or, if it is a

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<sup>178</sup> -Alexander K. Benard, et al. An Introduction to the Law of Afghanistan, p. 45.

<sup>179</sup> - Reforming Afghanistan’s Broken Judiciary, Crisis Group, Asia Report, No 195, November 2010, p. 21.

<sup>180</sup> - Ministry of Justice, The Regulation on the Activities and Regulatory Affairs of MoJ, Official Gazette, Issue No. 787, Article (7) of. [hereinafter MoJRA].

<sup>181</sup>-Ministry of Justice, The Government Cases Law, Official Gazette, Issue No. 1115, (2013), Art. 6. [hereinafter GCL].

<sup>182</sup> - Ministry of Justice, Afghanistan Commercial Procedure Code, Official Gazette, Issue No. 722, (1990), Art. 16.

<sup>183</sup> - Ministry of Justice, Law on the Procedure of Obtaining Rights (LPOR), Official Gazette, No. 786, (1999), Art. 4 and 11.

commercial issue, will ask the parties to refer to a commercial union of their guild. If the parties are not ready or not willing to partake in an alternative dispute resolution mechanism recommended by the *Hoqoq* Department, the latter will send the case to the CC. From this point, the CC shall preside over the litigation process.<sup>184</sup>

The function of the *Hoqoq* Department in the context of primary dispute resolution is beneficial for disputants, because at this early stage of the procedure the parties are encouraged to resolve their dispute via flexible and amicable mechanisms. At the same time, the *Hoqoq* officials – who are also lawyers – will inform the parties of the disadvantages of litigation (consuming time, money, and corruption to follow the case) in the judicial system. Therefore, in the Afghan context, the *Hoqoq* Department serves as the gateway to an informal justice system for resolving disputes in alternative fashions, which seems to be a suitable approach for resolving commercial and civil disputes.

Litigation is usually considered “an undesirable process”<sup>185</sup> and a last resort for resolving commercial disputes. Specifically, intellectual property litigation is complicated because of the “technical nature of the dispute subject matters”. Therefore, costs of litigation will be high and the amount of time required for resolving the dispute will be long. It may take years to finalize a commercial case. Some cases will be heard in the Primary, Appeal and Supreme Courts, and sometimes at the end of a trial the final verdict may even be unsatisfactory for the winning party as the benefits may not outweigh the time and money invested in years of litigation.<sup>186</sup> Therefore, parties generally prefer to settle their commercial disputes by resorting to informal dispute resolution or alternative dispute resolution (ADR) mechanisms.

### **1.7.3. Alternative dispute resolution (ADR)**

In the legal system of Afghanistan, ADR has been officially accepted as an informal system for resolving commercial disputes. Since the formal justice system in Afghanistan suffers from a lack of qualified and professional judges, from corruption, and from a lack of clear rules pertaining to the accountability of judges, investors and companies mostly prefer to resolve their disputes informally via what is generally termed “alternative dispute resolution”.<sup>187</sup>

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<sup>184</sup>-Ministry of Justice, The Law on Obtaining Rights, Official Gazette, Issue No. 786, (1999), Art. 19. [hereinafter LOR]. Also see Eli Sugarman and others, An Introduction to Commercial Law of Afghanistan, p. 75.

<sup>185</sup> -Stephanie Chi, The Role of Mediation in Trademark Disputes, University of Houston Law Center, American Journal of Mediation, Vol. 2 (2008), p. 105. [hereinafter Stephanie Chi, The Role of Mediation in Trademark Disputes]. Available at: <http://heinonline.org/HOL/license>.

<sup>186</sup> -Stephanie Chi, The Role of Mediation in Trademark Disputes, p. 107.

<sup>187</sup> -According to the World Bank Report in 2005, three out of 338 companies were willing to refer to a commercial court for handling their disputes and it took 34 weeks for a decision to be reached when they did. Therefore, 80 percent wanted to

In Afghanistan, to resolve a commercial dispute, people mostly refer to both a traditional approach/informal justice system which is composed of local and community elders and religious leaders, and to alternative dispute resolution involving lawyers and experts. The former are called *Shura*, or local council or *Jirga*.<sup>188</sup> Informal justice mainly embraces the *Shura* or *Jirga* which involve groups of elders and leaders who come together to find a solution for a civil or commercial dispute among the community members based on “the nature of the dispute”.<sup>189</sup> The members of these *Shura* and *Jirga* are not necessarily legally educated or equipped with legal knowledge. Some members might be religious jurists, while others might be illiterate. The decisions reached in a *Shura* are mostly based on the parties’ interests and “tend to be restorative rather than retributive”.<sup>190</sup> However, the purpose of this section is not to examine the function of *Shura* and *Jirga*, as they are mostly used in criminal cases.

In commercial cases, ADR is achieved using various defined mechanisms such as arbitration, mediation and reconciliation. In ADR, members of an arbitration centre or board of arbitration are selected by the parties. This selection may either occur at the time of concluding a contract or after the implementation of a contract when a dispute occurs between the parties.<sup>191</sup> The arbitrators are usually equipped with legal knowledge and have particular expertise in the field of disputes.<sup>192</sup>

It should be noted that this section does not describe the methods and functions of ADR,<sup>193</sup> focussing instead on studying the reflection of ADR in the legal system of Afghanistan and on examining the legal sources for ADR in Afghanistan. Hence, this section answers the question which laws govern ADR in Afghanistan. Doing so will assist domestic and foreign investors and trademark

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resolve their disputes via the informal justice system or *shura*. See The Investment Climate in Afghanistan, Exploiting Opportunities in an Uncertain Environment, The World Bank (2005), p. 25.

<sup>188</sup> -Noah Coburn and John Dempsey. Informal Dispute Resolution in Afghanistan. Special Report, 247, United States Institute of Peace. 2010, p. 2. [hereinafter Noah and Johan, Informal Dispute Resolution in Afghanistan].

<sup>189</sup>-Ali Wardak, State and Non-State Justice System in Afghanistan, p. 1315.

<sup>190</sup> - Noah and John, Informal Dispute Resolution in Afghanistan, p. 3.

<sup>191</sup> - There are two kinds of arbitration – contractual and judicial. Article (14) of the Afghan Commercial Arbitration Law (ACAL) states: “Inclusion in a contract of an arbitration clause or provision constitutes an Arbitration Agreement provided that the contract is in writing”. Also, on judicial arbitration, Article 15 states: “If an action that is subject to an Arbitration Agreement is brought before a Court, the Court shall refer the matter to Arbitration if any of the parties requests, before timely filing with the Court his or her first substantive statement, and if the Court finds that the Arbitration Agreement meets the requirements of this Law”. Moreover, sometimes arbitration may occur after the dispute. In this regard, Article 16 of the ACAL states: “If there is no prior arbitration clause or Arbitration Agreement, the parties may nevertheless mutually decide to refer the dispute to the Commercial Arbitration Office”.

<sup>192</sup> - The Afghan Commercial Arbitration Law stipulates some criteria for arbitrators. Arbitrators should have graduated from a faculty of law and *Sharia*. Ministry of Justice, Afghanistan Commercial Arbitration Law, Official Gazette, Issue No 913, (2007), Art. 12. [hereinafter, ACAL].

<sup>193</sup> - Generally, ADR methods are divided into two main types: binding and consensual. The resolution and outcomes of binding arbitration are automatically enforceable. This is also referred to as arbitration or “private judging”. The enforcement of resolutions stemming from consensual arbitration is optional and the decision should be approved by the parties. The latter category embraces mediation, negotiation and advisory opinions. For more information, see: Scott H. Blackman and Rebecca M. McNeill. Alternative Dispute Resolution in Commercial Intellectual Property Disputes. The American University Law Review, Vol. 47 (1998), p. 1712.

owners in ascertaining that they could refer to ADR as provided in the Afghan legal system in case of any disputes. Furthermore, this section addresses the issue of whether the parties can mutually decide that the law of a country other than Afghanistan shall apply in their disputes.

The main legal sources for ADR in Afghanistan are: the Afghan Commercial Code, the Afghan Commercial Procedure Law, the Arbitration Law, the Mediation Law, the Private Investment Law, and the Afghan Chamber of Commerce Law.<sup>194</sup> Each of these laws is briefly studied in terms of how they concern and address ADR in commercial issues. Moreover, the functions of the recently established Afghan Centre of Dispute Resolution (ACDR) are explained.

#### **1.7.4. Legal sources for commercial dispute resolution**

In the legal system of Afghanistan, there are a number of legislative sources that define and provide ADR facilities for the legal protection of intellectual property rights as part of commercial law, including the Afghan Commercial Code, the Commercial Procedure Code, the Commercial Arbitration Law, the Mediation Law and the Afghan Private Investment Law. The relevant provisions of these laws are examined in terms of the provisions they contain on alternative dispute resolution on commercial issues, of which trademark disputes are a part.

##### **1.7.4.1 . Afghan Commercial Code**

As mentioned in the previous section, Article 2 of the ACOMC illustrates the sources of law on solving commercial disputes, and states that a commercial dispute will be resolved by a valid and legally binding contract. If there is no such contract, the dispute will be resolved by referring to the provisions of statutory commercial law. Therefore, a commercial dispute will be resolved by referring to an arbitration contract either in a separate or in an arbitration clause in the commercial contract<sup>195</sup> in which the parties may have already agreed upon the method and mechanism by which the dispute should be resolved, or which may state that the parties can agree on a mechanism later. This part of the Article is considered a principle factor in dispute resolution for all sorts of commercial conflicts, including intellectual property rights and trademark disputes.<sup>196</sup>

At the same time Article 2 of the Law on Commercial Contracts and Selling Property, which was enacted in 2014, also recognized the principle of choice of law. The Article states that the parties can

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<sup>194</sup>- Numbers of Official Gazette and the years of the publication of these laws will be provided in the following related subsections.

<sup>195</sup> - Article 209 of Afghan Commercial Procedure Code states: “Both sides, either in the original contract or in a separate agreement, can commit that in the development of differences, they will refer it to arbitration”.

<sup>196</sup> - ACOMC, Art. 2.

agree upon which law shall be applicable in their contract. The law of choice may be that of other countries or may be based on an international convention. Where there is a dispute, the Afghan courts shall abide by the selected laws and conventions unless the context of the selected law and convention is contrary to the Afghan laws and regulations.<sup>197</sup>

#### **1.7.4.2 . Afghan Commercial Procedure Code**

Articles 37 to 41 of the Afghan Commercial Procedure Code (ACPC) make provision for ADR and acknowledge the applicability of ADR mechanisms for resolving commercial disputes. The ACPC states that the parties, before submitting their complaints to a Commercial Court, can resolve their disputes through negotiation or face to face dialogue and arbitration at any stage of the trial. The parties also can agree to alternative dispute resolution after submitting their complaint to a court. Article 41 of the ACPC states that “if the parties disagree to resolve their dispute by referring to ADR, the court shall waste no time and shall, as soon as possible, record the disagreement of the parties in the registration book of the court and shall initiate the proceeding of the case within its jurisdiction”. This Article indicates that the ACPC authorizes the parties to settle their disputes via ADR. It also authorizes the Commercial Court to give the parties reasonable time to handle and resolve their disputes informally before initiating and hearing any cases in formal proceedings.<sup>198</sup>

#### **1.7.4.3 . Afghan Commercial Arbitration Law**

The Afghan Commercial Arbitration Law (ACAL) was enacted in 2007 and is one of the most specific substantive and procedural laws governing arbitration in Afghanistan. It has 60 Articles, and the purpose of the law is “to facilitate and encourage a prompt, fair and neutral resolution of commercial disputes”.<sup>199</sup> The law defines arbitration as “a binding proceeding whereby an arbitrator or arbitrators perform neutral services”.<sup>200</sup> The dispute will be referred for arbitration either by the parties or by the court. The ACAL recognizes two types of arbitration, domestic and international (Art 3). The provisions of this law are applicable in all kinds of commercial disputes unless the parties have already mutually excluded this law or agreed otherwise (Art 4 and 5). The nationality of an arbitrator is not considered as a hindrance for resolving a dispute (Art 18). Article 56 of the law foresees arbitration regardless of which country has issued the arbitration award. The ACAL also addresses the qualifications of

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<sup>197</sup> - Ministry of Justice. the Law on Commercial Contracts and Selling Property, Official Gazette, Issue No. 1150, (2014), Art. 4.

<sup>198</sup> - ACPC, Art. 37- 41.

<sup>199</sup> - ACAL, Art. 1.

<sup>200</sup> - ACAL, Art. 2.

arbitrators, the establishment of the Arbitration Tribunal or Board of Arbitration, the arbitration license, and setting aside the arbitration award by the court.<sup>201</sup>

However, the law is silent with regard to the mechanisms for establishing the Arbitration Board or Tribunal, and it contains no provisions on its functions. What also remains unclear is under whose auspices the Tribunal will be established and whether it will be a private or state entity. The arbitrator's qualifications must be registered at the CBR office, according to Article 12 (1) of the law. Another key point is that the law does not articulate any legal authority for issuing such a license. The CBR office only registers all information on the arbitrators. There are different legal entities – such as the CBR office, the MoJ, the Afghan Independent Bar Association (AIBA) or the Board of Arbitration/Arbitration Tribunal – that might be relevant actors in this regard. This will also provide better legal protection for alternative dispute resolution in Afghanistan. ADR is a wider issue in the context of commercial dispute resolution and should be addressed by further research in the future.

#### **1.7.4.4 . Afghan Commercial Mediation Law**

From a legal historical point of view, the Afghan Commercial Mediation Law (ACML) is the first positive law to make provision for mediation in Afghanistan. This law was enacted in 2007 and has 25 Articles. The purpose of this law is to “encourage and facilitate the disputant parties to start a negotiation process for the purpose of fair and neutral resolution of commercial disputes”.<sup>202</sup> The mediator will support the parties in settling their dispute and will propose ways of doing so. The scope of application of this law covers all kinds of commercial disputes. Regarding the mediators, the law imposes no restrictions or requirements in terms of qualifications, for instance being well educated or at least being educated in legal issues. The law stipulates the entire mediation mechanism and procedure, and lists the rights and duties of the arbitrator.<sup>203</sup>

#### **1.7.4.5. Afghan Private Investment Law**

A trademark, constituting a form of intellectual property, is considered a valuable asset that is worthy of protection. Providing legal mechanisms for resolving commercial (including trademark) disputes will encourage investors to invest more in their products and services. The Afghan Private Investment Law

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<sup>201</sup> - ACAL, Art. 17-25.

<sup>202</sup> - Ministry of Justice, Afghanistan Commercial Mediation Law, Official Gazette, Issue No 913, (2007), Art. 1. (hereinafter ACML).

<sup>203</sup> - ACML, Articles 7, 16, 17,19, 20, 24.



(APIL), enacted in 2005, generally provides legal protection for national and international investors in terms of dispute resolution.

According to Article 2, the purpose of this law is to increase the role of domestic and foreign private investment in the Afghan economy. It also intends “to create a legal regime and administrative structure that will encourage foreign and domestic private investment in the Afghan economy in order to promote economic development, expand the labour market, increase production and export earnings, promote technology transfer, improve national prosperity and advance the people’s standard of living”.<sup>204</sup> The APIL provides a legal basis for every foreign and domestic legal entity. They can invest in all fields of the Afghan economy except those for which restrictions for private sector investment are in place.

To achieve the abovementioned goals, Article 30 of the law provides mechanisms for dispute resolution in the field of investment.

Article 30 of the APIL is the only article that addresses dispute resolution pertaining to investment in Afghanistan. Regarding dispute resolution, the law stipulates the following issues:

- Arbitration and other kinds of alternative dispute resolution are acceptable;
- The APIL permits investors to settle their disputes outside of Afghanistan;
- The Afghan legislator permits the application of foreign law in an arbitration case in Afghanistan;
- The APIL recognizes and enforces foreign arbitration awards in Afghanistan;
- If the dispute is between a domestic private investor and the Afghan government, the dispute will be subject to the laws of Afghanistan;
- If the dispute is between a foreign private investor and the government of Afghanistan, the dispute will be resolved by referring to general rules for alternative dispute resolution;
- If the dispute is not resolved through the abovementioned mechanism, the dispute will be resolved by referring to the following international sources:<sup>205</sup>

First, reference shall be had to the International Centre for the Settlement of Investment Disputes ICSID.<sup>206</sup> Secondly, the dispute will be resolved based on United National Commission for International Trade Law (UNCITRAL) rules.<sup>207</sup>

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<sup>204</sup> - Ministry of Justice, Afghanistan Private Investment Law, Official Gazette, Issue NO. 869, (2005), Art. 2. [hereinafter APIL]. Non-official English translation is available at: <http://www.aisa.org.af/en/documents/category/investment-law>. Last accessed on June 13, 2016.

<sup>205</sup> - APIL, Art, 30.

<sup>206</sup> -The ICSID is an international body which was established under the Convention on the Settlement of Investment Disputes between States and Nationals of Other States in 1966. It resolves investment disputes between states and nationals

As a consequence, the APIL provides a wide range of options for resolving investment disputes. Concerning trademark disputes, if no clear and specific provision is made by other relevant laws regarding their resolution, the rules provided by the APIL can be applied. The rationale behind this notion is that both trademarks and investment are commercial issues.

The ATML as well as other primary sources of trademark law do not address the question of how to settle disputes between private and state entities regarding the use of state or government logos, badges or other emblems as prohibited by Article 10 of the ATML. Such disputes can only be settled via the different dispute resolution approaches stipulated in Article 30 of the APIL.<sup>208</sup>

### **1.7. 5. Private institutions for alternative dispute resolution**

According to the provisions of the Afghan Commercial Arbitration Law (ACAL), three key non-state or private actors are authorized to provide ADR services – private companies (including limited and partnership), the Afghan Chamber of Commerce and Industries (ACCI) and the Board of Arbitration (BA) or individual arbitrators.

According to Article 21 of the ACAL, “the arbitral tribunal or arbitrator may come into existence for the performance of services relevant to the settling of commercial and economic disputes as partnerships or corporations according to provisions of relevant law, and shall be registered with the central registry”.<sup>209</sup> Therefore, some law firms in Afghanistan provide not only legal services, but also arbitration and mediation services for the parties.<sup>210</sup>

The ACCI plays a significant role in the settling of commercial disputes. The ACCI provides mediation and arbitration services for both national and international parties. According to Article 8 (10) of the ACCI Law, one of the authorities and duties of the ACCI is to provide alternative dispute resolution for national and foreign firms.<sup>211</sup> It is worth mentioning that the ACCI established the Afghanistan Centre for Dispute Resolution ACDR in 2015 to address the ADR facilities for investors.

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of other states. It provides a solution for an investment dispute by reconciliation, arbitration and fact-finding methods. Afghanistan ratified the Convention in 1968. For more information please visit: <https://webapps.worldbank.org/apps/ICSIDWEB/about/Pages/Database-of-Member-States.aspx>

<sup>207</sup> -The United Nations Commission for International Trade Law (UNCITRAL) “was established in 1966 as a legal body for humanization of international commercial law”. <http://www.uncitral.org/uncitral/>

<sup>208</sup> - APIL, Art. 30.

<sup>209</sup> - ACAL, Art. 12.

<sup>210</sup> -Please visit the following link:

[http://www.aisa.org.af/Content/Media/Documents/new\\_license\\_procedures3110201415819404553325325.pdf](http://www.aisa.org.af/Content/Media/Documents/new_license_procedures3110201415819404553325325.pdf)

<sup>211</sup> - Ministry of Justice, Afghanistan Chamber of Commerce and Industries Law, Official Gazette, Issue No 1091, (2012), Art. 8. [hereinafter ACCI].

According to Article 1 of the ACDR charter, it is an independent legal body within the ACCI to provide ADR facilities.<sup>212</sup>

According to Article 2 of the ACDR charter, the purpose of ACDR is to achieve the following activities:

- “1.Regulating affairs pertaining how to do business, formation, recruitment procedures, appointments and dismissals of members and other matters related to the Centre;
2. Provision of services for resolving commercial disputes;
3. Supporting and attracting investment and business continuity services through provision of effective, equitable and accountable in relation to commercial disputes in Afghanistan;
4. Providing prompt, professional and transparent alternative dispute resolution for commercial disputes”.<sup>213</sup>

Therefore, the establishment of the ACDR, as an independent legal entity for managing and regulating alternative dispute resolution, provides a better climate for amicable dispute resolution in commercial issues in Afghanistan.

Nevertheless, according to the provisions of the ACAL, it seems that the Board of Arbitration (BA) is among the private authorities authorized to provide ADR. As discussed in the previous section, the ACAL contains no clear and precise article about the legal entity, affiliation and establishment of the BA. Notwithstanding, from the context of the ACAL, it can be inferred that it is understood as a non-state legal entity. Article 25 of the ACAL states that the BA has the following legal authority: “1- To resolve any matter within its jurisdiction. 2- To resolve objections with respect to the existence or validity of the Arbitration Agreement.”<sup>214</sup> While this Article stipulates the authorities of the BA, there is still no mention of who is responsible for establishing the BA and how its jurisdiction is defined. However, the BA might function as an independent legal entity beside the ACDR, or might be part of the ACDR. This issue merits further, more in-depth research and assessment that goes beyond the scope of this thesis.

Compared to state institutions, these non-state institutions are more easily accessible, more effective, trustworthy, less corrupt, less costly and less time consuming.<sup>215</sup> Therefore, in practice, most commercial entities prefer to resort to ADR rather than the state institutions or official justice.<sup>216</sup> In addition, the Afghan legal system for dispute resolution indicates that all of the laws mentioned above

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<sup>212</sup> -See the charter of ACDR at this link: <http://www.acdr.af/en/accdr-charter/>

<sup>213</sup>- ACDR Charter, Art. 2. Available at: <http://www.acdr.af/en/accdr-charter/>

<sup>214</sup> - ACAL, Art. 25.

<sup>215</sup> - P.G. Jangamlung Richard, Women in Post-Taliban Afghanistan, p. 75.

<sup>216</sup> - Ali Wardak, State and Non-State Justice Systems in Afghanistan, p. 1315.

recognize the alternative dispute resolution approach as a first and preliminary source for dispute resolution that is considered an advantage for the legal system of Afghanistan. In addition, it will encourage investors, trademark owners and companies to enter into alternative dispute resolution agreements in order to resolve their commercial disputes in an effective, trustworthy and less time consuming manner.

In summary, the legal system of Afghanistan has consisted of three main components: 1) state legal codes or statutory law, 2) Islamic law or *Sharia*, and 3) local customary law. The ACOMC was the first legislative document that considered trademarks as a commercial asset or a form of capital. The Trademark Law of 1960 for the first time provided legal provisions for the registration and protection of a trademark. Later, in 2009, the ATML was enacted, and in 2015 amendments were ratified by the government of Afghanistan.

The concept of intellectual property and the rights it entails emerged in the modern era. However, opinion is divided among Islamic scholars whether intellectual property should be granted protection or not. Some scholars argue that intellectual property rights are protected by Islamic law (or *Sharia*), while others believe that intellectual property is a concept that is used by western countries to monopolize knowledge. Nonetheless, most Islamic scholars support the notion of providing legal protection for intellectual property rights, and adhere to the idea that modern governments are allowed to codify the laws and regulations necessary for warranting that protection.

In addition to having laws and regulations to provide legal protection for trademarks, the establishment of a well-functioning administrative institution to manage and administer trademark affairs will serve to fulfil the abovementioned objectives of the law. Therefore, the CBR office holds the administrative responsibility for processing the registration of trademarks. It assesses registration applications, examines trademark applications from a substantive and formal perspective, and reviews their conformity with the law. However, the methods and facilities of the CBR office remain outdated, and the office does not have the capacity to provide applicants with up-to-date administrative and technical facilities. For instance, the similarity of a submitted trademark with previously registered trademarks is assessed using a paper based system, rather than by drawing on an electronically assisted method.

Providing legal instruments for resolving trademark disputes is considered the most important means for protecting trademarks that the law can provide. The legal system of Afghanistan recognizes two approaches for trademark dispute resolution. As trademark issues are considered a part of commercial law, trademark disputes should be resolved subject to the same rules as apply in commercial

disputes. Therefore, in the legal system of Afghanistan, there are state and non-state/ADR mechanisms. Non-state approaches to resolving disputes are more easily accessible for disputants, not least since state institutions lack sufficient legal knowledge, procedures are time-consuming and expensive, and more potentially marred by corruption. Therefore, in practice, most commercial disputes are resolved via ADR. Afghan legislative documents with respect to dispute resolution indicate that all these laws and regulation recognize the ADR approach as a first and preliminary source for dispute resolution that is advantageous for and beneficial to the legal system of Afghanistan.

Following this examination of legal statutes of Afghanistan that pertain to the legal development and sources of trademark protection, we now turn our attention to the international legal framework for trademark protection and the Afghan Trademark Law. Therefore, the next Chapter focuses on the legal protection of trademarks at the international level, examining the compatibility of the ATML with the pertinent international treaties and conventions that Afghanistan has ratified. Furthermore, it addresses the question to what extent the Afghan legal system has integrated these international conventions.

## **CHAPTER TWO**

### **THE INTERNATIONAL LEGAL FRAMEWORK FOR TRADEMARK PROTECTION AND AFGHAN TRADEMARK LAW**

#### **2.1. Introduction**

One of the core rationales for the growth in the protection of intellectual property rights in recent decades has been the adoption of pertinent international agreements and treaties. The Paris and Madrid Conventions, which were adopted by the World Intellectual Property Organization (WIPO), and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), which was adopted by the World Trade Organization (WTO), played a significant role in these developments.<sup>217</sup> As a result, the legal protection of intellectual property rights has been converted from a national to a global issue. The legal protection of trademarks, as part of intellectual property rights, was also the core concern of the international agreements. In 2005 and 2015 respectively, Afghanistan became a member of the WIPO and the WTO. Membership requires that Afghanistan meet these requirements and conditions for the harmonization of the legal protection of trademarks. Therefore, the compatibility of the Afghan legal system concerning the legal protection of trademarks is a core component of this chapter.

In the previous chapter, the current status quo of trademark legal protection in Afghanistan was assessed. Furthermore, the source of trademark law as well as the functions of the CBR office and the Commercial Court (CC) in the legal protection of trademarks were described. This chapter critically assesses and analyses the Afghan trademark law in light of international agreements, such as the Paris

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<sup>217</sup> - James E. Darnton, *Coming Age of The Global Trademark*, Michigan State International Law Review, Vol. 20: 1 (2011), p. 12. [hereinafter James E. Darnton, *Coming Age of The Global Trademark*].

Convention, the Madrid Agreement, the TRIPS and the Lisbon Agreement and Geneva Act provisions concerning the legal protection of trademarks, in order to discover to what extent the Afghan trademark law provisions are compatible with the relevant international agreements. The legal protection of trademarks is not limited to the trademark law – it is also related to the Geographical Indication Law. Therefore, the compatibility of Afghanistan’s Geographical Indication Law with the Lisbon Agreement and Geneva Act is briefly assessed. This chapter answers the question of the dissertation concerning the compatibility of the ATML with international instruments and agreements that provide minimum standards for the protection of trademarks.

While the ATML has followed the general standards of the international agreements, there are still some areas that it does not cover properly. It could be concluded that the legal protection provided by the ATML is still not entirely in conformity with international agreements, such as the Paris Convention, Madrid Agreements and TRIPS.

This chapter consists of eight sections. After an introduction, Section Two deals with international treaties and agreements that Afghanistan has signed, acceded to and which are enforceable. Sections Three and Four examine the economic importance of trademarks in international markets and the territoriality and non-territoriality function of a trademark, respectively. Section Five addresses the first international agreement, the Paris Convention, concerning the protection of intellectual property rights, in particular trademarks, and the ATML’s compliance with the Convention. Section Six briefly focuses on the Madrid Agreement and Protocol Concerning the International Registration of Marks. Section Seven assesses specific articles of the TRIPS agreement that are related to trademark protection. Finally, Section Eight examines, in brief, the Lisbon Agreement and Geneva Act for geographical indications and the appellation of origin. Simultaneously, the compatibility of the ATML with all of the previously mentioned international agreements also constitutes part of this chapter.

## **2.2. International intellectual property treaties in force, signed and ratified by Afghanistan**

Afghanistan, a land-locked country, has been classified by the United Nations as a Least Developed Country (LCD).<sup>218</sup> It has signed very few treaties concerning the legal protection of intellectual property rights. They have all been signed or ratified after the establishment of the new Afghan government in late 2001. The WIPO Establishing Convention of 1967,<sup>219</sup> WTO Agreement Establishing the World Trade Organization, Agreement on Trade Related-Aspects of Intellectual

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<sup>218</sup> - UNCTAD, list of Least Developed Countries, see the link:

<http://unctad.org/en/Pages/ALDC/Least%20Developed%20Countries/UN-list-of-Least-Developed-Countries.aspx>

<sup>219</sup> - See the link: [http://www.wipo.int/treaties/en/ShowResults.jsp?country\\_id=3C](http://www.wipo.int/treaties/en/ShowResults.jsp?country_id=3C)

Property Rights (TRIPS) and Marrakesh VIP Treaty have respectively been signed and ratified by the Afghan government.<sup>220</sup>

Article 10 of the 2004 Afghan constitution adopts the market economy system in Afghanistan and supports private investments in the form of market economy. “The State encourages and protects private capital investments and enterprises based on the market economy and guarantees their protection in accordance with the provisions of law”.<sup>221</sup> Therefore, the Afghan government needed to provide a better and more secure legal environment to support domestic and international investments. Additionally, Article 7 of the constitution highlights that “the state shall abide by the UN charter, international treaties, international conventions that Afghanistan has signed, and the Universal Declaration of Human Rights”.<sup>222</sup> Furthermore, Article 14 of the Law on International Treaties and Conventions obliges the government of Afghanistan to observe the international treaties and conventions that have been signed by the Afghan government and to adjust domestic laws and regulations to reflect the international treaties and conventions.<sup>223</sup>

Subsequently, the Afghan government applied for accession to the WTO in November 2004. After long negotiations, Afghanistan’s accession to the WTO was officially ratified at the WTO’s Tenth Ministerial Conference held in Nairobi, Kenya, on 17 December 2015.<sup>224</sup> The deadline for Afghanistan to approve the Protocol of Accession was 30 June 2016. As soon as the Accession Protocol was approved, Afghanistan became member of the WTO.<sup>225</sup> Furthermore, Afghanistan shall abide by the Agreement of Trade-Related Aspects of Intellectual Property Rights (the TRIPS Agreement) which is an indispensable part of Trade Agreements (Annex # 1C of the Agreement Establishing the World Trade Organization). Currently, the TRIPS Agreement is the most comprehensive multilateral agreement concerning the legal protection of intellectual property rights.<sup>226</sup> Therefore, the Afghan government has worked and continues to work on its intellectual property laws (trademark, copyright, patent and geographical indications) in order to meet the requirements of the TRIPS Agreement.

In September 2005, Afghanistan ratified the Convention Establishing the WIPO and became member to it. The Convention entered into force, with respect to the Islamic Republic of Afghanistan, on December 13, 2005.

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<sup>220</sup> - See the link: [https://www.wto.org/english/thewto\\_e/acc\\_e/a1\\_afghanistan\\_e.htm](https://www.wto.org/english/thewto_e/acc_e/a1_afghanistan_e.htm)

<sup>221</sup> - Afghanistan 2004 Constitution, Art. 10.

<sup>222</sup> - Afghanistan 2004 Constitution, Art. 7.

<sup>223</sup> - LOITC, Art 14.

<sup>224</sup> - WTO, see the link: [https://www.wto.org/english/thewto\\_e/acc\\_e/a1\\_afghanistan\\_e.htm](https://www.wto.org/english/thewto_e/acc_e/a1_afghanistan_e.htm)

<sup>225</sup> - see the link for more information about Afghanistan membership:

[https://www.wto.org/english/thewto\\_e/acc\\_e/a1\\_afghanistan\\_e.htm](https://www.wto.org/english/thewto_e/acc_e/a1_afghanistan_e.htm)

<sup>226</sup> - WTO, see the link: [https://www.wto.org/english/tratop\\_e/trips\\_e/intel2\\_e.htm](https://www.wto.org/english/tratop_e/trips_e/intel2_e.htm)



Most recently, in order to conform national copyright law to the international standards, and to meet the WTO and WIPO requirements, in June 2013 Afghanistan signed the Marrakesh VIP Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled.<sup>227</sup>

The Marrakesh VIP Treaty was adopted on June 27, 2013 in Marrakesh and it constitutes part of international copyright treaties administered by the WIPO. The major goal of the Marrakesh Treaty is to establish a series of obligatory “limitations and exceptions for the benefit of the blind, visually impaired, and otherwise print disabled.”<sup>228</sup> It has to be noted that the Marrakesh Treaty has not been enforced yet. Since the Marrakesh VIP Treaty is not the subject matter of this thesis, it is not discussed any further here.

Currently, Afghanistan is preparing to accede to the Paris Convention for the Protection of Industrial Property (1967) because Article 2 of the TRIPS Agreement is binding on member states and requires them to abide by the rules mentioned in Parts II, III and IV of the Paris Convention. The Article stipulates: “[i]n respect of Parts II, III and IV of this Agreement, Members shall comply with Articles 1 through 12, and Article 19, of the Paris Convention (1967).”<sup>229</sup> Therefore, there is a strong legal basis for Afghanistan to gain accession to the Paris Convention. Moreover, the Afghan government is seeking to join the following treaties and conventions regarding intellectual property rights. The legal and administrative processes for each of them are currently at different stages of progress.

1-Bern Convention for the Protection of Literary and Artistic Works (1886). Currently before Parliament for approval;

2-Paris Convention for the Protection of Industrial Property (1883). Currently on the agenda of the Cabinet or Council of Ministers. Once approved there, it will be sent to Parliament for ratification;

3- Singapore Treaty on the Law of Trademarks (2006). Also currently on the agenda of the Cabinet, and;

4-Madrid Protocol (1989). Also currently before the Cabinet.<sup>230</sup>

By adopting and implementing these conventions and treaties, the legal protection of trademarks in Afghanistan will be more in line with international principles.

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<sup>227</sup> - WIPO, see the link: [http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty\\_id=843](http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=843)

<sup>228</sup> - WIPO, see the link: <http://www.wipo.int/treaties/en/ip/marrakesh/>

<sup>229</sup> - WTO, TRIPS Agreement, Art. 2. Available at: [https://www.wto.org/english/docs\\_e/legal\\_e/legal\\_e.htm#TRIPS](https://www.wto.org/english/docs_e/legal_e/legal_e.htm#TRIPS)

<sup>230</sup> - Ministry of Commerce and Industry, USAID, Afghanistan Trade and Revenue (ATAR) Project, <https://www.usaid.gov/news-information/fact-sheets/afghanistan-trade-and-revenue-project-atar>

### **2.3. The significance of trademarks in the international market**

Due to recent economic developments at the global level, the protection of trademarks has also become an important issue in upholding economic development and for protecting the rights of enterprises and investors. In recent years, the legal protection of trademarks has largely changed and has drawn the attention of the international community. These changes have been the result of the adoption of certain trademark-related treaties. They have enhanced and facilitated the “globalization of markets”, creating an incentive for the harmonization of trademark rules. In the current marketplaces, the reputation of goods and services develops very rapidly and prevails almost all over the world. The international market demands the production of different goods with different qualities. In order to respond to the market’s needs, firms and producers shall supply goods according to the requirement of the market. Therefore, trademark owners should adapt based on the national and international market needs and requirements. Consequently, an efficient, constant and trustworthy trademark system will be beneficial for both producers and consumers. For the producer of a product or the owner of a company, a well-organized and developed trademark system serves to generate motivation to produce at a desirable quality and to communicate easily with the consumers. For the consumers, a trademark serves as a tool to reduce “search costs” and in the future the consumers will be able to buy trustable and high-quality products with which they are familiar, and will help them make a reasonable purchasing decision.<sup>231</sup> In the current economy, trademarks serve the purpose of drawing the attention of the public to certain products and services. The public select their desired goods and products by looking at marks. In turn, producers are required to administer their businesses based on “the role of trademark in global marketing”.<sup>232</sup>

Therefore, there is a certain affiliation between internal trademark owners, who produce their products under particular domestic trademark laws, and the external consumers who consume the products in different geographical locations. This affiliation may come into existence in different ways. For instance, a product that belongs to a certain company can be equipped with a trademark and be offered to markets outside of the country, or there may be a special economic affiliation with the owner of the trademark, such as a licensing or franchising relationship. Therefore, a trademark not only implies

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<sup>231</sup> -Marshall A. Leaffer, *The New World of International Trademark Law*, Marquette Intellectual Property Law Review, Vol. 2, Issue 1, Indiana University Law School, (1998), p. 5. [hereinafter Marshall A. Leaffer, *The New World of International Trademark Law*]. Available at:

[http://scholarship.law.marquette.edu/cgi/viewcontent.cgi?article=1015&context=nies\\_lectures](http://scholarship.law.marquette.edu/cgi/viewcontent.cgi?article=1015&context=nies_lectures)

See also William H. Ball, Jr. *Attitudes of Developing Countries To Trademarks*. Trademark Report, Vol. 74 (1980), p. 161. [hereinafter William H. Ball, *Attitudes of Developing Countries to Trademark*]

<sup>232</sup> -Joanna Schmidt-Szalewski. *The International Protection of Trademark After the TRIPS Agreement*, Duke Journal of Comparative and International Law, Vol. 9:189 (1998), p. 189. [hereinafter, Joanna Schmidt, *The International Protection of Trademark After the Trips Agreement*].

an “exclusive right” for the owner – it also transports information about the source and origin of the products and goods to the public. According to the previously mentioned function, a trademark “conveys information.” To support this notion, there is a departure from the principle of “territoriality” to the principle of “extraterritoriality” of legal trademark protection. However, the legal protection of trademarks and their economic functions are still in dire need of strengthening in the domestic laws.<sup>233</sup>

#### **2.4. Legal protection of trademarks and the principles of territoriality and extraterritoriality**

In recent years, intellectual property functions have been affected by efforts of both national states and the international community. As a general and historical principle, the legal protection of trademarks, as part of intellectual property rights, is limited to specific areas, but the international community has made efforts to provide certain exceptions in order to harmonize and simplify the legal protection of a trademark.<sup>234</sup> Accordingly, “It is often said that patents, trademarks, copyrights and other intellectual property (IP) rights are territorial in nature”.<sup>235</sup> The national territorial principle will give more power to each individual government to stabilize and legalise the protection of trademarks within its territory. According to this notion, if foreign trademark holders or business owners want to expand their products and use of their trademark beyond the boundaries of its territory of origin, the trademark owner has to go to other countries to register his or her trademark so that it can be protected “country by country”.<sup>236</sup> It can be inferred from the principle of territoriality that trademark holders have an “exclusive right” in their own country.<sup>237</sup> Therefore, the protection of trademarks is basically territorial. The principle of territoriality has two main characteristics. First, the trademark right is defined by every single country and the law of each country determines the scope of legal protection of a trademark, even if a company is involved in international transactions. Second, the trademark law of one country is not applicable to or by another country.<sup>238</sup>

Nevertheless, territoriality may also create some challenges for the owner of a trademark. It makes it more expensive for the owners of trademarks to protect them in different countries, as a country’s trademark law does not provide protection for all of the different trademarks around the globe.

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<sup>233</sup> - H. W. Wertheimer, *The Principle of Territoriality in the Trademark Law of the Common Market Countries*, *International and Comparative Law Quarterly*, Vol. 16 (1967), p. 631. [hereinafter H. W. Wertheimer, *the Principle of Territoriality in the Trademark Law of the Common Market Countries*].

<sup>234</sup> - Edward Lee, *The Global Trademark*, *University of Pennsylvania Journal of International Law*, Vol. 35, Issue 4, (2014), p. 921. [hereinafter Edward Lee, *The Global Trademark*].

<sup>235</sup> - Alexander Peukert, *Territoriality and Extraterritoriality in Intellectual Property Law*. Goethe University Frankfurt-Faculty of Law, Cluster of Excellence Normative Orders (2010) , p. 1. [hereinafter, Alexander Peukert, *Territoriality and Extraterritoriality in Intellectual Property Law*].

<sup>236</sup> - Edward Lee, *The Global Trademark*, p. 921.

<sup>237</sup> - H. W. Wertheimer, *The Principle of Territoriality in the Trademark Law of the Common Market Countries*, p. 633.

<sup>238</sup> - L. Donald Prutzman, *The Territoriality of Principle and Protection for Famous Marks in the Americas*, *International Law Practicum*. NYSBA, Vol. 20. Issue 2, (2007), p. 106.

Therefore, trademark owners should preserve and attend to their trademark protection in every single country.<sup>239</sup>

Since business transactions in the current world are increasing and are not confined by national borders, trademarks assist companies in seeking out new markets in different parts of the world. Likewise, they need to sell their products and introduce them to consumers and also draw their attention to the quality and reputation of the goods and products. In such conditions, an enterprise needs legal protection in different countries. As already mentioned, the legal protection of a trademark is limited to a certain geographical area, and owners of foreign trademarks need to register them in each individual country. To provide facilities in this regard, international efforts have been made to harmonise and simplify the substantive and administrative procedures, as well as other related issues, for the legal protection of a trademark in a foreign country. Therefore, multilateral (both regional<sup>240</sup> and international) agreements have established a system to harmonize, stabilize and simplify the legal protection of trademarks worldwide.<sup>241</sup> The purpose of these conventions is to provide minimum standards that nation states should provide. While the adoption of international conventions in the area of intellectual property has not replaced the national laws, these conventions have also verified that the protection of intellectual property rights is “territorial and personal” with certain exceptions.<sup>242</sup>

This chapter does not examine all international intellectual property rights conventions and treaties. Its focus is on a certain number of international conventions and treaties that are the most interconnected with trademark protection, such as the Paris Convention for the Protection of Industrial Property 1883, the Madrid Agreement Concerning the International Registration of Marks 1891, and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) 1994. This research examines the provisions of the aforementioned agreements that are related to the legal protection of trademarks (substantive and procedural). Additionally, Afghanistan’s regulations on the legal protection of trademarks are also analysed and discussed here with a view to assessing whether and to what extent the ATML is in conformity with the aforementioned agreements.

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<sup>239</sup> - Edward Lee, *The Global Trademark*, p. 921-22.

<sup>240</sup> - The European Community was created in order to harmonize and unify intellectual property between European countries. For instance, the Community Trademark System CTM and a Directive for Harmonization of Member States Trademark Laws (DIRECTIVE 2008/95/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 22 October 2008. For more information see: [http://eur-lex.europa.eu/search.html?lang=en&text=Council+Regulation+%28EC%29+No+207%2F2009&qid=1453986701265&type=quick&scope=EURLEX&DD\\_YEAR=2009](http://eur-lex.europa.eu/search.html?lang=en&text=Council+Regulation+%28EC%29+No+207%2F2009&qid=1453986701265&type=quick&scope=EURLEX&DD_YEAR=2009). There is also the Pan American Convention of 1929 and also a Protocol on Inter-American Registration of Trade Marks. See: Minde Glenn Brwoning. *International Trademark Law: A Pathfinder and Selected Bibliography*. *IND Int.Comp. L. Rev*, Vol. 4:339, 1994, p. 356.

<sup>241</sup> -Minde Glenn Brwoning, *International Trademark Law: A Pathfinder and Selected Bibliography*, *IND Int, Comp, L. Rev*, Vol. 4:339, (1994), p. 340.

<sup>242</sup> - Alexander Peukert, *Territoriality and Extraterritoriality in Intellectual Property Law*, p. 3.

## 2.5. The Paris Convention and Afghan trademark law

The Paris Convention for the Protection of Industrial Property (hereafter the Paris Convention), which was adopted in 1883, is one of the first international agreements on intellectual property. This convention stipulates the main principles in conjunction with patent, trademark and industrial designs.<sup>243</sup> The Paris Convention has been revised and amended several times.<sup>244</sup> The Convention “is administered by” the WIPO and provides some particular rules for the legal protection of trademarks for all nationals of member states.<sup>245</sup> Despite the fact that Afghanistan is not a party to the Paris Convention, it nonetheless follows some general rules and provisions that have been codified in the Convention.<sup>246</sup> This section is devoted to identifying such rules that are in conformity with the Convention, as well as specifying in which areas there are discrepancies between the ATML and the Paris Convention. The approach for this section is that, at the beginning of each section, first the main provisions stipulated in the Paris Convention are assessed, followed by a presentation of the ATML’s position on the issue.

The Convention, from a substantive perspective, is divided into three pivotal principles or categories: 1) “National treatment”, 2) “Right of priority” and 3) “Common rules”.<sup>247</sup>

### A. National treatment

Under this principle, each contracting state shall provide legal protection for other contracting state’s nationals, similar to those provided for their own nationals. Nationals of non-contracting states also deserve these rights and protections, provided that they are “domiciled or have real and effective industrial or commercial establishment in a contracting state”.<sup>248</sup> The national treatment is articulated in Articles 2 and 3 of the Convention. Article 2 states that nationals of contracting states “enjoy in all” other contracting states “the advantages” that their domestic laws and regulations confer to them “without prejudice”. Therefore, the nationals of members of the Convention have the same legal protection, “remedy” for “any infringement of their rights” as it is provided for the citizens of the home

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<sup>243</sup> - WIPO <http://www.wipo.int/treaties/en/ip/paris/>

<sup>244</sup> - Revision in Brussels in 1900, Washington in 1911, Hague in 1925, London in 1934, Stockholm in 1967, amendment in 1979. See: [http://www.wipo.int/treaties/en/ip/paris/summary\\_paris.html](http://www.wipo.int/treaties/en/ip/paris/summary_paris.html)

<sup>245</sup> - Edward. Kania, International Trademark and Copyright Protection, Loy. L.A. Int and Comp. L.J. Vol. 8:721, (1986), p. 723. [hereinafter Edward. Kania, International Trademark and Copyright Protection].

<sup>246</sup> - Article 2 of the TRIPS Agreement is binding on member states and requires them to follow the rules mentioned in parts II, III and IV of the Paris Convention. The Article stipulates; “[i]n respect of Parts II, III and IV of this Agreement, Members shall comply with Articles 1 through 12, and Article 19, of the Paris Convention (1967)”. According to this Article, adoption of Sections II, III and IV of the Paris Convention is mandatory for the member states of the WTO.

<sup>247</sup>-WIPO, Summary of the Paris Convention for the Protection of Industrial Property (1883). Available at: [http://www.wipo.int/treaties/en/ip/paris/summary\\_paris.html](http://www.wipo.int/treaties/en/ip/paris/summary_paris.html)

<sup>248</sup> - WIPO <http://www.wipo.int/treaties/en/ip/paris/>.

country. There is no need for the nationals of member states to have a domicile or “establishment in the country where protection is claimed”.<sup>249</sup>

Article 3 concerns the treatment by member states of nationals from countries that are not party to the Paris Convention. Nationals of non-member states are eligible for legal protection and “shall be treated in the same manner as nationals of the country of the Union” provided that they are domiciled or “have real and effective industrial or commercial establishments in the territory of one of the countries of the Union”.<sup>250</sup> The Convention has used the term “in the same manner”, meaning that a person – whether an individual or a legal entity – who is a permanent resident in a member state, will benefit from Article 3 of the Convention like a citizen of a country, and there will be no discrimination between a national and a foreigner.<sup>251</sup> The conditions for nationals from non-member states are that they have a real and effective commercial establishment, conditions that will be difficult to define. When is a commercial establishment real and effective? The Article does not define the elements of “real and effective establishment” that create a barrier for the protection of a non-state member’s trademark.

The principle of national treatment of the Paris Convention is reflected in the ATML – not at the same degree of detail as provided in the Convention, but it adheres to the general principles of national treatment. Article 7 of the law regulates national treatment as follows: “The owner of a commercial, industrial, telecommunication, agricultural, professional or service organization in Afghanistan, both domestic and foreign, can enjoy the benefits of this law provided that their respective trademarks have been registered in accordance with the provisions of this law”.<sup>252</sup> The title of this article is about the application of the provisions of the trademark law. According to this article, the legal system of Afghanistan provides for the principle of national treatment. Therefore, all nationals of foreign countries, including individuals and legal entities, are treated in the same way. They will benefit from the provisions of this law provided that they have already registered their trademark in Afghanistan. Therefore, a foreign trademark owner, after the registration of their trademark in the CBR office, will be able to avail himself of the provisions of the ATML. Accordingly, the same requirements are necessary for the legal protection of a domestic and foreign company. In brief, this article places both national and international trademark owners on the same level of legal protection.

The term “both domestic and foreign” proves that there is no “prejudice” between national and international trademark owners. All foreign trademark holders will be treated in the “same manner”,

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<sup>249</sup> - Paris Convention Art. 2. See WIPO <http://www.wipo.int/treaties/en/ip/paris/>.

<sup>250</sup> - Paris Convention Art. 3. See WIPO <http://www.wipo.int/treaties/en/ip/paris/>.

<sup>251</sup> - G. H. C. Bodenhausen, Guide to the Application of the Paris Convention for the Protection of Industrial Property as Revised at Stockholm in 1967, WIPO Publication, No 611 (E), Reprinted in (1991), p. 34.

<sup>252</sup> - ATML, Art. 7.

meaning that they will be afforded the same protection, legal remedies, and so forth. The ATML uses the term “the owner of commercial ... organization”, while the Paris Convention uses the term “nationals.” This difference in nomenclature need not imply a discrepancy between the Paris Convention and the ATML, as both terms embrace the same meaning. However, Article 7 of the law not only secures and protects the rights of foreigners, but also provides equal opportunities for all trademark owners and producers. It seems that, in the legal system of Afghanistan, there is no discrimination against foreign trademark owners or the nationals of other countries.

Article 2 (3) of the Paris Convention is about “judicial and administrative procedures”, an exception to the principle of national treatment. Procedural and administrative issues are subject to the national laws of contracting states. For instance, requirements for foreigners to deposit any amount of money or bail for the cost of litigation, designation of address or the appointment of an agent in the country, which is required for the protection and some other administrative affairs such as the certification of the documents, are subject to the country where the trademark is registered or protected.<sup>253</sup> The ATML is silent in this regard and has not articulated applicable laws with regards to judicial and administrative procedures. However, this issue has been addressed in Afghanistan’s Private International Law. Article 30 of the Afghan Civil Code to this end states that all formalities and procedures in Afghanistan that have a foreign element are subject to the law of Afghanistan.<sup>254</sup> Therefore, all procedures and formalities pertaining to the registration and legal protection of trademarks in Afghanistan are subject to the laws of Afghanistan. In this sense, the ACC fills the gaps with regard to procedural and administrative issues.

### *B. Rights of Priority*

The second principle is the right of priority or “independence of rights” in patents, industrial designs and trademarks. According to this principle, once a trademark has been registered in one of the member states, after the lapse of six months, the trademark owner can apply for it to be registered in another member state or states.<sup>255</sup> The right of filing an application for registration is not only recognized for the owner of the trademark, but also for descendants of a trademark holder. Subsequent applications are based on the first application. Therefore, the owner of a trademark has a priority right from the moment in which the application is first filed. The Paris Convention Article 4 (A) recognized the right of priority

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<sup>253</sup> - WIPO, Intellectual Property Handbook, Publication No 489 (E). Reprinted (2008), p. 243. [hereinafter WIPO, Intellectual Property Handbook, No 489 (E)].

<sup>254</sup> - ACC, Art. 30.

<sup>255</sup> - Marshall A. Leaffer, The New World of International Trademark Law, p. 10.



not only based on national laws, but also based on reciprocal and bilateral agreements, as it states: “Any filing that is equivalent... or under bilateral or multilateral treaties concluded between countries of the Union shall be recognized as giving rise to the right of priority”.<sup>256</sup>

Accordingly, the Paris Convention recognizes the principle of independence and rights of priority. As a consequence, the first duly registered trademark owner in one of the contracting states has the right of priority over applications filed by other applicants during the mentioned period of time for the same trademark and same class of goods and products.<sup>257</sup> Therefore, the right of first filing offers protection against applications filed after the date that the first applicant filed the application on.

The third paragraph of Article 10 of the ATML addresses the principle of “right of priority”. This Article states: “If the application for trademark registration is filed in a foreign country that treats Afghanistan on reciprocal terms, the applicant or its successors acquiring the rights, may, within a period of six months following the date of filing, submit in Afghanistan a similar application concerning the same trademark and governing the same goods, products or services of the previous application in accordance with the provisions of this law and the rules of the CBR. In such a case priority shall be determined based on the date of the application filed in the foreign country”.<sup>258</sup>

The right of priority and the independency of each registration are thus clearly accepted in the ATML. The latter also accepts the six month period after the first filing. Additionally, the ATML accepts the reciprocal condition that Afghanistan has with some other countries. For example, in 2007 Afghanistan signed an Investment Agreement with Germany.<sup>259</sup> The right of priority is only valid so that the first applicant should apply during the aforementioned period of time and for the same trademark and same class of goods and products.

However, the ATML is silent with regard to other sections of Articles 4 and 5 of the Paris Convention, such as: the expiration of the period of six months or any other acts which occur during this period or the using of a trademark after registration, declaration of the date of first filing, definition of national filing, working days, the registration of a mark which is simultaneously used for the same trademark on similar products by “co-proprietors” of the marks (Article 4 C 3 of the Convention).

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<sup>256</sup>- Paris Convention, Art. 4. Available at: [http://www.wipo.int/wipolex/en/treaties/text.jsp?file\\_id=287556](http://www.wipo.int/wipolex/en/treaties/text.jsp?file_id=287556)

<sup>257</sup> - WIPO, Summary of the Paris Convention for the Protection of Industrial Property (1883). Available at: [http://www.wipo.int/treaties/en/ip/paris/summary\\_paris.html](http://www.wipo.int/treaties/en/ip/paris/summary_paris.html)

<sup>258</sup>- ATML, Art. 10.

<sup>259</sup> - Agreement on the Encouragement and Reciprocal Protection of Investments. Article 1 of the treaty defines the term “investment” and states the purpose of the treaty. “Investment” comprises every kind of asset, in particular: “(d) Intellectual property rights, in particular copyrights, patents, utility-model patents, industrial designs, trademarks, trade-names, trade and business secrets, technical processes, know-how, and good will”. Available at: <http://investmentpolicyhub.unctad.org/Download/TreatyFile/1> . Last visited on June, 22, 2016.



### *C. Common rules*

In addition to the aforementioned principles, the Paris Convention has codified a certain number of common rules that all member states should follow. In the following paragraph, some of these principles are examined. Simultaneously, the conformity and non-conformity of the provisions of the ATML provisions with these rules is also evaluated.

#### *a. Compulsory use of trademark*

With regard to compulsory use of a trademark, Article 5-C of the Paris Convention states that: “If, in any country, use of the registered mark is compulsory, the registration may be cancelled only after a reasonable period, and then only if the person concerned does not justify his inaction”.<sup>260</sup> According to this Article, when the use of a trademark is compulsory, the registration can only be cancelled after a “reasonable period” of time has elapsed. The Convention does not define what constitutes a reasonable period of time. It will be defined by the national legislation or authorities. The definition will differ from country to country and also from case to case. Article 5 of the ATML follows the optional or non-mandatory approach of trademark use. It means that the use of a trademark is not compulsory. It states that: “Use of each one of the trademarks specified in Article (4) of this Law shall be optional, unless the Ministry of Commerce and Industry (MoCI) or the CBR office has made their use mandatory”.<sup>261</sup>

Therefore, the use of a trademark in Afghanistan is not compulsory. A company may use a trademark to distinguish its products or goods, but it does not have to. However, based on the last sentences of Article 5 of the ATML, the MoCI or CBR office have the authority to make use of a trademark mandatory on a case by case basis. The ATML does not provide any more details about the non-use of a trademark by a company or the cancelation of a used trademark by the CBR office. Nor is it clear when and under which circumstances the use of a trademark would be compulsory. It needs to be clarified by the competent authorities (MoCI and CBR) that, in certain situations, the use of trademarks for the purpose of distinguishing one product from another can be compulsory.

#### *b. Simultaneous use of the same trademark by different companies*

According to this notion, a mark is used at the same time for similar and identical goods and products by two or more proprietors that are called “co-proprietors”. Article 5-C (3) of the Convention addresses this issue.<sup>262</sup> Therefore, simultaneous use of a trademark will not prevent the registration of a mark, nor will

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<sup>260</sup> - WIPO, The Paris Convention, Art. 5 (C).

<sup>261</sup> - ATML, Art. 5.

<sup>262</sup> - “Concurrent use of the same mark on identical or similar goods by industrial or commercial establishments considered as co-proprietors of the mark according to the provisions of the domestic law of the country where protection is claimed shall not prevent registration or diminish in any way the protection granted to the said mark in any country of the Union, provided

it decrease the legal protection for the owners of trademarks in the contracting countries, unless such use misleads the public or it would be against public interest. It should be noted that this Article is not applicable for instances in which a trademark is used by different companies which are not “co-proprietors” of a trademark. For instance, when a trademark is used by the owner, licensee and a franchisee of a trademark, in this case the “concurrent use” of a trademark may be invalid. It mostly depends on the pertinent national regulations.<sup>263</sup>

In this respect, the ATML is silent and has makes no mention of simultaneous and “concurrent use” of the same trademark for identical or similar products by different enterprises or co-owners. Therefore, in this case, the ATML is not in conformity with the Paris Convention.

*c. Grace period for the payment of renewal fees*

Article 5bis of the Paris Convention deals with the payment of maintenance or renewal fees of trademarks. A grace period of at least six months must be allocated for the payment of fees. The purpose of this Article is to reduce the likelihood that a trademark owner loses his rights because of delayed payment.<sup>264</sup> In this regard, the ATML does not mention this grace period about the payment of fees as stipulated in the Paris Convention. However, with regard to the payment of fees, there are two general Articles which do not mention the period of time within payment must be made. Article 12 (5) of the ATML concerns the application for registration. It states that “the following must be strictly observed during the registration of each trademark: “.... 5. Full payment of the entire payable registration fees”.<sup>265</sup> In this respect, the purpose from the payment of fees might encompass all fees from the first registration of a trademark, fees accrued for its maintenance, renewal and any other changes that occur during the use of a trademark. The problem with this Article is its lack of a grace period for paying the fees for the registration or renewal of a trademark, which, according to the Paris Convention, shall not be less than six months. Additionally, Article 34 (1) of the ATML particularly touches upon the registration fee, stating: “The owner is obliged to pay a specific amount determined by the Council of Ministers as registration fee for the application and registration of trademark”. Both Articles address the payment of fees for the registration and for the registration of changes, but do not mention the grace period of at least six months.<sup>266</sup> This is a gap in the ATML that indicates some inconsistency of the ATML compared to the Paris Convention.

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that such use does not result in misleading the public and is not contrary to the public interest”. Paris Convention, Art. 5 (C) (3).

<sup>263</sup> - WIPO, Intellectual Property Handbook, No 489 (E) p. 250.

<sup>264</sup> - Joanna Schmidt, The International Protection of Trademark After the TRIPS Agreement, p. 200.

<sup>265</sup> - ATML, Art. 12.

<sup>266</sup> - ATML, Art. 34 (1).

*d. Protection of well-known marks*

Article 6*bis* of the Convention deals with the protection of well-known trademarks. Based on this Article, all member states are obliged to refuse or cancel the registration of a well-known mark. The member states are also obliged to forbid the use of a trademark that is similar or identical to a well-known trademark, even though the well-known mark has not been registered and used in that country. The Article imposes some other conditions for the protection of well-known marks, such as reproductions, imitations or translations that create confusion. It is even prohibited for an “essential part of the trademark to constitute a reproduction of any such well-known mark”. This Article also gives a five year period of time for requesting the cancellation of a mark that is similar or identical to a well-known trademark. If the use and registration of a mark is based on “bad faith”, there is no time limit for requesting its cancellation.<sup>267</sup>

The idea behind the five year time frame for applying for the cancellation of a registered mark that is similar to a well-known mark is to provide the owner of the latter with sufficient time to “react to the registration of a conflicting mark.” The term “at least five years” indicates that the national legislation shall consider this period of time which is minimum time. The maximum period of time is not clear and it may be determined by national legislation or a competent authority. At the same time, “bad faith” shall be fulfilled when a person who wants to register or has already registered and used the “conflicting mark” was or is aware of the well-known mark and “presumably intended” to take advantage of “possible confusion between that mark and the one he has registered or used”.<sup>268</sup>

Article 9 of the ATML deals with the protection of well-known marks. Article 9 under the title of “Privilege of a Well-Known Mark” states that a well-known mark is protected regardless of whether it has been registered in Afghanistan.<sup>269</sup> This article, which is in conformity with Article 6*bis* of the Convention, embodies both prohibition of the registration and use of a registered trademark. However, this article does not provide a period of five years for requesting the cancellation and prohibition of using of a trademark. Moreover, the ATML does not condition the protection of a well-known trademark on the “bad faith” of a competitor. This means that, according to the ATML, even when a competitor has good faith, the same rule shall apply as it has been articulated in Art 6*bis* of the Paris

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<sup>267</sup> - The Paris Convention, Art. 6*bis*.

<sup>268</sup> - G. H. C. Bodenhausen. Guide To The Application Of The Paris Convention For The Protection Of Industrial Property, WIPO Publication, N°611 (E), (2007), p. 92-3.

<sup>269</sup> - The Article states that “The owner of a well-known mark may enjoy the rights conferred by the provisions of this Law, even if such mark is not registered in Afghanistan. The Central Business Registry [CBR] shall be obligated to reject any trademark application similar to any such well-known international mark, unless the applicant is the owner or an agent of the owner of the well-known mark”. Non- official translation of Trademark Law. For Dari version see the link: [http://moj.gov.af/content/files/Pages/OfficialGazetteIndex\\_D-header.htm](http://moj.gov.af/content/files/Pages/OfficialGazetteIndex_D-header.htm)

Convention. There is also the question of who has the authority to determine what makes a trademark “well-known”,<sup>270</sup> as the ATML fails to address this issue. However, in practice, there are two competent authorities; at the first stage, the CBR office may decide that a trademark is similar or identical to a well-known mark. At the second stage, when a trademark is registered and published in the Official Gazette and there is an objection to it on grounds of similarity with a well-known mark, the Commercial Court has the decision-making authority.

*e. Prohibition of the usage of a certain number of official signs or emblems*

Article 6ter of the Paris Convention prohibits the registration and use of signs of states and international intergovernmental organizations. According to this Article, all member states are obliged to refuse or invalidate the registration of the signs of other member states or intergovernmental organizations as trademarks or as an element of a trademark.<sup>271</sup> Article 6ter covers the following signs: “armorial bearings, flags, and other State emblems [...], official signs and hallmarks indicating control and warranty adopted by them, and any imitation from a heraldic point of view”.<sup>272</sup> To apply these rules and prohibit the registration of state emblems, official hallmarks and emblems of intergovernmental organization, there is a procedure with the International Bureau of WIPO as a focal point, which communicates with member states and informs them of the developments and changes or any other situation that is related to the emblem of the member states.

The ATML follows the abovementioned prohibitions with regard to the registration of governmental and intergovernmental signs. Article 8 (1) of the ATML prohibits the registration of such signs as a trademark. It is articulated in the law as follows: “the following symbols may not be used or registered as trademarks: 1. National flag, state emblem and other official logos and those related to domestic or international organizations or institutions or any foreign country, unless their use is authorized in writing”. Moreover, Article 8 (5) forbids the registration of the “Red Crescent, the Red Cross, or any other similar symbols, as well as any mark similar to, or an imitation of, the signs of these organizations”. In summary, the ATML in this respect is in conformity with the Paris Convention. However, in practice, implementing this Article will be difficult, since Afghanistan has not acceded to the Paris Convention and is thus not eligible to receive the assistances articulated in Article 6ter (3) (a) of the Convention through the International Bureau of WIPO.

*f. Assignment of marks*

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<sup>270</sup> -WIPO, Guide to the Application of the Paris Convention for the Protection of Industrial Property. WIPO, Publication No 611 (E), 2007, p. 90. [hereinafter WIPO Guide to the Application of the Paris Convention, No 611 (E)].

<sup>271</sup> - WIPO Intellectual Property Handbook, No 489 (E), p. 252.

<sup>272</sup> - The Paris Convention. Art. 6ter.

Assignment is an arrangement whereby a trademark's owners transfer their ownership of a mark to another person, including individual or legal entities. Article *6quater* of the Paris Convention addresses the transfer of trademark rights, as a whole or in part. According to this Article, the transfer of a trademark will be valid when "the portion of the business or goods will be located in that country transferred to the assignee, together with the exclusive right to manufacture in the said country".<sup>273</sup> It is noteworthy that Article *6quater* gives autonomy to the member state to validate the transfer of a trademark "with the relevant part of the enterprises", provided that the portion that is transferred to an assignee does not confuse and mislead the public.<sup>274</sup> In some countries, the transfer of a trademark is illegal unless the assignment is based on goodwill of the business. In some other countries, the assignment of a trademark shall not be valid unless it is registered with the CBR office, and the transfer tax is also considerable.

The ATML follows the last option of assignment of trademarks as stipulated in Article *6quater* of the Paris Convention. Article 3 (5) and (6) and Article 17 of the ATML deal with the transfer of trademarks and require the assignee to register the trademark with the CBR office. Article 3 (5) defines the term of "transfer of a trademark" as follows: "transfer of trademark refers to the process in which the ownership of a trademark is transferred from one person to another and includes sale, donation, inheritance etc". Article 3(6) also answers the question of who the owner of a trademark is. It defines the owner of a trademark as follows: "trademark owner refers to the person to whom the trademark is legally transferred (by registration, sale, donation and inheritance) and there are not legal impediments in his legal repossession".<sup>275</sup> It seems that the definitions recognize the transfer of trademark ownership and exclusive rights, including the "simultaneous or corresponding" transfer of the enterprises.

Article 17 of the ATML enacts the condition for the validity of such assignments as follows: "trademarks are transferable and the transfer shall be valid if recorded separately with the CBR office, in accordance with the provisions of this law and the relevant regulations".<sup>276</sup> The purpose of this Article is, first, to recognize the assignment of a trademark. Second, the trademark is transferred along with the business or a portion thereof. Third, transfer is only valid if the assignee registers the assignment of the ownership of the trademark under his or her name.

Comparing the ATML with the Paris Convention, it can be concluded that, in general, the ATML recognizes the legal transfer of trademarks. However, it does not provide more details about the

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<sup>273</sup> - The Paris Convention, Art. *6quater*

<sup>274</sup> - WIPO Intellectual Property Handbook, p. 253.

<sup>275</sup> - ATML, Art. 3

<sup>276</sup> - ATML, Art. 17.

assignment of trademarks along with the business or a portion thereof. Apparently, the purpose of these Articles is to regulate the transfer of trademarks based on “simultaneous or corresponding” transfer of the enterprises which, according to the law, will occur through sale, donation and inheritance. However, the Convention stipulates the transfer of trademarks without the “simultaneous” transfer of the enterprises to which they belong or vice versa.<sup>277</sup>

*g. Protection of service marks*

Service marks are used by companies that provide services. For instance, such marks are used by telephone companies, airlines, restaurants, hotels, transportation agencies, electronic companies, tourist agencies, and so forth. Service marks function in the same manner as trademarks. Both are used to distinguish the source of services and goods. Article 6sexies of the Convention deals with the legal protection of service marks. According to the Article, member states are committed to protect service marks and so: “They shall not be required to provide for the registration of such marks”.<sup>278</sup> Based on this Article, a member state of the Convention is not obliged to enact a particular legislative document for the legal protection of service marks, but they have autonomy to stipulate and provide legal protection of service marks within other laws and regulations.<sup>279</sup> Therefore, a member country either applies the same rules as those applicable for trademarks under certain and similar or identical situations, or provides the legal protection of service marks in different legal documents. It is also possible to protect a service mark via other laws and regulations, such as the Law on Unfair Competition.<sup>280</sup>

The ATML has not allocated any specific Articles to the legal protection of service marks. However, the term “service” is used within the context of the law. For instance, Articles 2 and 3 of the ATML stipulate the “purpose” and “definition of used terms” of the law, respectively. Article 2 (2) states the purpose of the law as follows: “The objectives of this law are: (2) to use trademarks to identify and distinguish goods, products or industrial, commercial, telecommunication and agriculture services”. At the same time, Article 3 (2) defines a trademark, stating: “trademark means a mark or combination of marks that can distinguish goods or services from other goods and services”. Similarly, the term “service” is used in different Articles of the ATML, but has not been defined together with service mark. Nor has a definition been provided Afghanistan’s Law on Unfair Competition. However, in practice, the CBR office has registered a variety of service marks based on the ATML. It appears that,

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<sup>277</sup> - WIPO Intellectual Property Rights Handbook, p. 253.

<sup>278</sup> - The Paris Convention, Art. 6sexies.

<sup>279</sup> - WIPO Intellectual Property Rights Handbook, p. 255.

<sup>280</sup> - Joanna Schmidt, The International Protection of Trademark After the TRIPS Agreement, p. 199.

according to the Afghan legal system, the legal protection of service marks is the same as that applicable for trademarks. There is a gap in the ATML in this regard, and it would be pertinent to explicitly explain the situation for service marks when the law is next amended.

*h. Nature of goods*

According to the Paris Convention, the nature of goods and products may not impede the registration of a mark. Article 7 of the Convention deals with this issue and states that the nature of products or goods should not prevent the registration of a trademark. This may occur in different ways. For instance, the Law on Food Safety contains some requirements for the “ingredients of a food product” and states that a permit for the trade of food will only be issued after endorsement by competent authorities.<sup>281</sup> According to Article 7 of the Convention, in such cases, the registration of a trademark for such goods is permitted.

Regarding the nature of goods, the ATML is silent and provides no provision(s) under the law. The reason might be the sensitivity of the nature of the goods that will run contrary to public order. This may happen when the trademark is applied to goods and products the use of which is prohibited or the legitimacy of which is important based on culture, religion, custom and other accepted values in Afghanistan. For instance, producing, importing, selling and consuming wine, alcoholic drinks, and any other drugs is prohibited according the laws of Afghanistan.<sup>282</sup> Therefore, a European or American company, where producing, importing, selling and using such products is legal, cannot register its respective trademarks in Afghanistan. The nature of goods and services is thus taken into account when a trademark is registered in Afghanistan. The rationale behind this impediment is the social, religious and cultural values in Afghan society.

*i. Registration of a trademark in the name of an agent*

Article 6*septies* of the Paris Convention addresses and regulates the relationship between the trademark owner and an agent or a representative. According to the Article, if a representative illegally registers or uses a trademark that belongs to a company that he or she represents, the owner of a trademark can request “either nullification of the mark or transfer of the ownership of the mark as well as cancellation

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<sup>281</sup> - Ministry of Justice. Law on Food Security, Official Gazette, Issue No. 1222, (2016), Art. 9 and 10.

<sup>282</sup> - According to the Afghanistan Investment Law, investment in the following areas is prohibited: 1) development of nuclear power. 2) establishment of casinos, gambling and similar establishments, and 3) production of narcotics and any other intoxicants. See APIL, Art. 5. Non-official translation. See also World Trade Organization. Working Party on the Accession of Afghanistan, Memorandum on the Foreign Trade Regime, WT/ACC/AFG/4 , 31 March 2009, p 36. Available at:

[https://docs.wto.org/dol2fe/Pages/FE\\_Search/FE\\_S\\_S006.aspx?Query=%28+%40Symbol%3d+wt%2facc%2fafg%2f\\*%29&Language=ENGLISH&Context=FomerScriptedSearch&languageUIChanged=true](https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S006.aspx?Query=%28+%40Symbol%3d+wt%2facc%2fafg%2f*%29&Language=ENGLISH&Context=FomerScriptedSearch&languageUIChanged=true)

of its registration”. This Article confers the authority for domestic legislation to stipulate the time limits to “exercise the rights provided for in this Article”.<sup>283</sup>

In this regard, Article 15 of the ATML states that “ an agent or representative of the owner of the trademark cannot register the trademark in his/her own name without the agreement of its owner”. This Article addresses the legal relationship between trademark owners and representatives. However, it does not answer the question as to what the rights of a trademark holder would be when an agent abuses his authority. It would be pertinent if the ATML were to make provision for transfers of trademark ownership back to the original owner, cancellations of trademarks and issues relating to indemnification. It is also not clear what the responsibility and authority of a representative would be. For instance, it is unclear whether or not the representative will be deemed responsible if the owner of a trademark suffers losses as a result of misconduct on behalf of a representative, such as providing false information.

*j. Collective marks*

WIPO defines a collective mark as “signs which distinguish the geographical origin, material, and mode of manufacture or other common characteristics of goods or services of different enterprises using the collective mark. The owner may be either an association of which those enterprises are members or any other entity, including a public institution or a cooperative”.<sup>284</sup>

The Paris Convention recognizes the protection of collective marks and asks member states to accept the application filings of associations or organizations for collective marks. Article 7bis of the Paris Convention provides the following legal protection for collective marks: “(1) The countries of the Union undertake to accept for filing and to protect collective marks belonging to associations the existence of which is not contrary to the law of the country of origin, even if such associations do not possess an industrial or commercial establishment”.<sup>285</sup> According to Article 7 of the Convention, in order to protect a collective mark, the establishment of an association or enterprise should be in accordance with the law of the country of origin.

The ATML was originally silent regarding the legal protection of collective marks. However, the new amendments and additions to the ATML in 2015 added two relevant clauses. The first addition is in Article 3 (8), which provides the definition and purpose of a collective mark as follows: “a collective mark is a sign, owned by an association responsible for ensuring users’ compliance with applicable standards, which distinguishes the geographical origin, material, mode of manufacture or other common

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<sup>283</sup> - The Paris Convention, Art. 6septies.

<sup>284</sup> - WIPO, Collective Marks, [http://www.wipo.int/sme/en/ip\\_business/collective\\_marks/collective\\_marks.htm](http://www.wipo.int/sme/en/ip_business/collective_marks/collective_marks.htm)

<sup>285</sup> - The Paris Convention, Art. 7bis.



characteristics of goods or services of different enterprises using the collective mark”.<sup>286</sup> The definition of a collective mark, as articulated in this Article, resembles the definition given by WIPO. Similarly, the EU also provides such provisions: the European Union Trademark Regulation<sup>287</sup> in Article 66 describes the function of collective marks and states that their main and core function is to distinguish the products of a member of an association from other individual and collective trademarks. In addition, the article answers the question to whom ownership of a collective mark belongs. According to this Article, “associations of manufacturers, producers, suppliers of services or traders...have the capacity in their own name to have rights and obligations of all kinds, to make contracts or accomplish other legal acts and to sue and be sued, as well as legal persons governed by public law, may apply for Community collective marks”.<sup>288</sup>

The second addition to the ATML concerns applications for the registration of collective marks. The addition in Article 6 (2) states that: “(2) Where the mark for which registration is sought is a collective mark, the association which is responsible for ensuring user’s compliance with applicable standards may apply for the registration of such trademarks in accordance with the provisions of this law”.<sup>289</sup> These annexes are new and show the positive changes that have recently taken place with a view to meeting WTO requirements for membership. However, in practice, these additions have not really been applied. According to information from the CBR office, up to the present date (December 2017), no single collective trademark has yet been registered in the CBR office.<sup>290</sup> This might be due to a lack of knowledge about the function of collective marks, the poor functioning of the registration system in Afghanistan, a lack of legal awareness of the advantages of collective marks for the associations to indicate the geographical origin of their products and, finally, the unawareness of well-established farmers, traders and industrial unions about collective marks.

*k. Trade name*

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<sup>286</sup> - Ministry of Justice, Amendment, Addition and Revocation of Trademark Law, ARATML, Official Gazette, Issue No. 1168, (2015), Art. 3 (8). [hereinafter ARATML]. (translated by the author). Dari version available at: [http://moj.gov.af/content/files/OfficialGazette/01101/OG\\_01168.pdf](http://moj.gov.af/content/files/OfficialGazette/01101/OG_01168.pdf)

<sup>287</sup> - European Union Trademark Law is composed of two main parts. The first is European Union Council Directive 2008/95 which was replaced by Directive (eu) 2015/2436 of the European Parliament and the Council, and the second is European Union Council Regulation 207/2009, which was replaced by regulation (eu) 2015/2424 of the European Parliament and of the Council. Right now the office is named the “European Union Intellectual Property Office” (EUIPO) and the Community trade mark will be called the European Union trade mark.” See the full text at: also <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015L2436&from=EN>. See also: <https://euipo.europa.eu/ohimportal/en/home>

<sup>288</sup> - Community trademark CTM or European Union trade mark, Art. 66. see the following link: [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2009.078.01.0001.01.ENG&toc=OJ:L:2009:078:FULL](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2009.078.01.0001.01.ENG&toc=OJ:L:2009:078:FULL)

<sup>289</sup> - ARATML, Art.6 (2).

<sup>290</sup> - CBR office, interview with the trademark officer, June 2016.

Article 8 of the Paris Convention deals with the legal protection of trade names. It requires member states to protect trade names in all member states without the obligation of applying for registration, meaning that it is not necessary to present a separate application for the registration of a trade name in order to be protected, because it should be part of the trademark. The definition of “trade name” and the manner of its legal protection mostly depend on the domestic laws of the member states.

Article 3 (1) of the ARATML merely defines the trade name. It states that “1- Trade name is a name or a title which introduces and specifies the status of natural and legal persons”.<sup>291</sup> Neither the ARATML nor the ATML provide more provisions about the registration, legal protection, manner or usage of a trade name, and how a trade name can constitute part or the entirety of a trademark.

*l. Trademark protection at international exhibitions*

Article 11 of the Convention deals with temporary protection of trademarks at certain international exhibitions. According to this Article, all member states are obliged to provide temporary legal protection for trademarks used on the goods and products that are shown at international exhibitions. The temporary protection will be granted via different ways, one of which is to provide a “right of priority” as stipulated in Article 4 of the Convention which was discussed in the previous sections of this chapter.

The ATML is silent in this regard, and provides no legal protection with regard to international exhibitions held in Afghanistan. Generally, the legal system of Afghanistan provides legal protection for international exhibitions of goods and products that take place in Afghanistan.<sup>292</sup> Trademark protection at the international exhibitions is part of industrial design law. Moreover, this issue has been articulated in Article 5*quinquies* of the Paris Convention<sup>293</sup> as well as Articles 26 and 27 of the TRIPS Agreement.

In summary, the Paris Convention, the first and primary international effort for the harmonization of intellectual property rights - particularly trademark protection - has played an eminent role in providing minimum standards. It sets forth the very general and main principles of trademark protection and gives more autonomy to domestic laws to regulate and provide more legal protection for trademarks. This autonomy will not meet the core purpose of international treaties, which is to harmonize the basic principles of intellectual property law, particularly trademark law rules, around the world. Therefore, there is the expectation that the legal protection of trademarks will further evolve in the future and in doing so it will remain in line with the provisions of international conventions and treaties. The ATML,

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<sup>291</sup> - ARATML, Art. 3 (1).

<sup>292</sup> - Ministry of Justice, Law on Protection of Industrial Drafts, Official Gazette, issue # 1221, (2016). Art. 19.

<sup>293</sup> - The Paris Convention, Article 5*quinquies* states that: “[i]ndustrial designs shall be protected in all the countries of the Union.”

to some extent, is in compliance with the Paris Convention. However, there are still some areas in which conformity is lacking. Furthermore, to accomplish different parts of the Paris Convention, there was a need to codify new and complementary treaties, namely the 1889 Madrid Agreement and the 1989 Madrid Protocol regarding the international registration of trademark.<sup>294</sup>

## **2.6. The Madrid Agreement and Protocol for the International Registration of Marks and Afghan trademark law**

As already mentioned, the Madrid Agreement and Protocol are not core elements of the WTO and TRIPS Agreements to be applied within the legal system of Afghanistan. However, the Madrid Agreement and Protocol will provide and support a better climate for the international registration of trademarks in Afghanistan. Regarding the international registration system for trademarks, there are two main governing treaties. The first is the Madrid Agreement Concerning the International Registration of Marks (hereinafter the Madrid Agreement) concluded in 1891.<sup>295</sup> The second is the Protocol Relating to the Madrid Agreement (hereinafter Madrid Protocol) concluded in 1989.<sup>296</sup> They are both administered by the International Bureau of WIPO. Afghanistan has not signed either of them, but to meet the accession requirements of the WTO, it would be helpful for the Afghan government to know to what extent intellectual property laws, and the international components of registering trademarks in Afghanistan in particular, are in conformity with these international treaties. In the following paragraphs, first the function of the Madrid Agreement is assessed, followed by a look at the function of the Madrid Protocol. Finally, the conformity or disconformity of the relevant provisions of the ATML with those contained in these agreements is discussed.

### **2.6.1. The Madrid Agreement**

As already mentioned in the previous section, the Paris Convention provides no international mechanisms for the protection of trademarks. Based on the Paris Convention, to protect a trademark in other member states, the owner of the trademark needs to refer to each individual contracting country.<sup>297</sup> Therefore, to cope with the problem (individual registration of a trademark in other member states) and to make it possible and easy to protect trademarks in different member states on a widespread basis, the Madrid Agreement was concluded. It has become a crucial component of the Paris Convention for

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<sup>294</sup> - WIPO. See the link: <http://www.wipo.int/treaties/en/registration/madrid/>

<sup>295</sup> - The Madrid Agreement was revised at Brussels in 1900, Washington in 1911, the Hague in 1925, London in 1934, Nice in 1957 and Stockholm in 1967, and amended in 1979. Available at: [http://www.wipo.int/wipolex/en/treaties/text.jsp?file\\_id=283529](http://www.wipo.int/wipolex/en/treaties/text.jsp?file_id=283529)

<sup>296</sup> WIPO, The Madrid Protocol, [http://www.wipo.int/wipolex/en/treaties/text.jsp?file\\_id=283483](http://www.wipo.int/wipolex/en/treaties/text.jsp?file_id=283483)

<sup>297</sup> - Minde Glenn Browning, International Trademark Law: A Pathfinder and Selected Bibliography, Ind. Int’L & Comp. L. Rev, Vol. 4:339,(1994) p.342. [hereinafter Minde Glenn, International Trademark Law: A Pathfinder and Selected Bibliography].

ratifying countries. Therefore, there is a close relationship between the Madrid Agreement and the Paris Convention.<sup>298</sup> The objective of the Madrid Agreement is to provide an international registration system for trademark protection. This means that by providing such a system, a trademark owner will be able to obtain legal protection in other member states through “a single filing in their home country’s trademark office”. The Agreement, like the Paris Convention, follows the “territoriality principle” by “a centralized registration filing system” of submitting an application to an original member state, meaning that a trademark owner in one of the contracting states files a single international registration application. In the case of such an application, the applicant lists the countries which are members of the Agreement and in which he or she wants to register the trademark. The national office delivers the applications to the International Bureau of WIPO. WIPO publishes the requested marks in its Official Gazette, *Les Marques Internationales*. Following that, WIPO forwards the applications to the designated or designated countries for examination of the requested trademarks based on the internal or domestic laws. The designated country may accept or reject the trademark registration with its national office within one year. If the designated country does not make a decision with regard to the protection of a trademark, it is assumed that the trademark is protected. For countries not member to the Agreement, it would also be possible to acquire international registration of a trademark.<sup>299</sup>

The Madrid Agreement on the Legal Protection for International Registration of Marks has remained subject to the domestic and national laws of member states. Therefore, the principle of territoriality of right still constitutes the main body of the Agreement. Furthermore, the Agreement stipulates no substantive rights. They are completely dependent on the national laws of each member state. The Madrid Agreement will not benefit nationals or legal entities that have no connections with its member states. Such connections include “nationality”, “domicile” and “commercial establishments”.<sup>300</sup> Article 1 (1), (2) and (3) of the Agreement provides legal protection in the territory of the contracting party, provided that:“(2) Nationals of any of the contracting countries may, in all other countries party to the Agreement, secure protection for their marks applicable to goods or services, registered in the country of origin, by filing the said marks at the International Bureau of Intellectual Property...”. Other factors are also considered in this Article. “(3) Shall be considered the country of origin the country of the special Union where the applicant has a real and effective industrial or commercial establishment; if

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<sup>298</sup> -Marshall A. Leaffer, *The New World of International Trademark Law*, p. 11.

<sup>299</sup> -Timothy W. Blakely. *Beyond the International Harmonization of Trademark Law: The Community Trademark as a Model of Unitary Transnational Trademark Protection*, University of Pennsylvania, Law Review, Vol. 149: 309, (2000), p. 316. [hereinafter Timothy W. Blakely, *Beyond the International Harmonization of Trademark Law: The Community*]. See also Marshall A. Leaffer, *The New World of International Trademark Law*, p. 12.

<sup>300</sup> - WIPO, *Intellectual Property Rights Handbook*, No 489, p. 288.

he has no such establishment in a country of the Special Union, the country of the Special Union where he has his domicile; if he has no domicile within the Special Union but is a national of a country of the Special Union, the country of which he is a national”.<sup>301</sup>

According to Article 2 of the Agreement, persons – including legal entities – from countries that have not acceded to this Agreement will be treated as nationals of the contracting countries so long as they meet the conditions stated in Article 3 of the Paris Convention.<sup>302</sup>

A number of countries, like the UK, USA, and Japan, have neither signed nor acceded to the Agreement. Generally, the Agreement has the following disadvantages: first, an international trademark registration will not be filed unless the trademark owner obtains a registration at home. Second, according to the Madrid Agreement, a designated country has one year to accept or reject the legal protection of a trademark. In some countries, this period of one year will not be sufficient, as decisions whether to accept or refuse a registration can take considerably longer. As already discussed, if a designated country does not respond within one year, the mark is deemed accepted. This will effect a prioritization of rights for international trademarks. Third, “if a home country registration is successfully challenged during the first five years of the term of the international registration” all legal protection in other member states will be affected and lose their protective effect. Fourth, the French language is the only official language of the Agreement. It was a problem for non-French speaking countries to join the Agreement, because its translation from French into other languages might result in inaccuracies in the translated versions of the Agreement.<sup>303</sup>

Additionally, the Madrid Agreement codifies the application procedures for international registration, and the domestic law of each member state is the main applicable law with regards to the registration of trademarks. Therefore, to fill these gaps, to remove the obstacles hindering more countries from acceding to the Agreement, and to provide a feasible international registration system for trademarks, WIPO developed a supplementary protocol for the Madrid Agreement, which facilitates international trademark registration for each individual member state as well as for intergovernmental organizations.<sup>304</sup>

### **2.6.2. The Madrid Protocol**

The Madrid Protocol is a major step forward in the international registration of trademarks with regards to its predecessor Agreement (the Madrid Agreement). The Protocol established a widespread and “one

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<sup>301</sup> - Madrid Agreement, Art. 1 (2).

<sup>302</sup> - Madrid Agreement, Art. 2.

<sup>303</sup> - Marshall A. Leaffer, *The New World of International Trademark Law*, p. 13-14.

<sup>304</sup> - Minde Glenn Browning, *International Trademark Law: A Pathfinder and Selected Bibliography*, p. 348.

stop registration system” for registering trademarks internationally. The purpose of the Protocol was to fill the existing gaps within the Madrid Agreement and to obtain the consent of countries that avoided signing or acceding to the Agreement.<sup>305</sup> Generally, the Madrid Protocol is a complementary agreement to the Madrid Agreement. However, to some extent, it differs from the Agreement in the following points:

- 1- According to the Protocol, international registration is based on both application and registration at the national level, while in the Madrid Agreement, it is only based on a national registration, but not national application.
- 2- For refusal of an application, the Protocol extends the deadline within which the applicant shall be informed thereof.<sup>306</sup>
- 3- The Protocol permits member states to charge administrative and filing fees under the international application procedures.
- 4- Transformation of an international registration into a national application, which is also called “central attack”,<sup>307</sup> is recognized by the Protocol.
- 5- In addition to French, the application for registration is now available in English and Spanish.

Generally, three types of international application exist:

1. International application entirely administered by the Agreement.
2. International application entirely administered by the Protocol.
3. International application administered by both the Agreement and the Protocol.

With regard to international applications, both the Agreement and the Protocol apply. The application for registration of a trademark is submitted to the International Bureau through the national office of a member state to the Agreement and the Protocol.<sup>308</sup>

The Madrid Protocol does not benefit nationals or legal entities that have no simultaneous connections with both member states and intergovernmental organizations. Like the Madrid Agreement, these connections are “nationality”, “domicile”, and “effective commercial establishments”.<sup>309</sup> It is

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<sup>305</sup> - Marshall A. Leaffer, *The New World of International Trademark Law*, p. 16. See also Joanna Schmidt, *The International Protection of Trademarks After the TRIPS Agreement*, p. 204.

<sup>306</sup> - The Madrid Protocol states a period of at least one year that can be replaced by 18 months. See the Madrid Protocol, Art.5 (2) (a) (b).

<sup>307</sup> - According to the “central attack” notion, “if the national registration or application upon which the international application was based is cancelled, the owner of the international registration may convert the international registration into distinct national application” with the same priority as was granted for the international registration. See Timothy W. Blakely, *Beyond the International Harmonization of Trademark Law: The Community*, p. 319. Also see Joanna Schmidt, *The International Protection of Trademarks After the TRIPS Agreement*, p. 205.

<sup>308</sup> - WIPO, *Intellectual Property Rights Handbook*, No 489, p. 289.

<sup>309</sup> - Madrid Agreement, Article 2 (1) (i) (ii). Article 2 (1) (i) (ii) of the Protocol provides legal protection in the territory of the contracting party provided that: “(i) where the basic application has been filed with the office of a Contracting State or

worth mentioning that the Madrid Protocol is also open for intergovernmental organizations to join. According to Article 2 (1) (ii) of the Agreement, if a country is member of an intergovernmental organization responsible for the registration of a member state's trademark, the member of the organization will benefit from the provisions of the Protocol. This Article states that: "...that application or registration stands is a national of a State member of that Contracting Organization, or is domiciled, or has a real and effective industrial or commercial establishment, in the territory of the said Contracting Organization".<sup>310</sup>

According to Article 2 of the Madrid Protocol, a contracting state and a contracting organization are subject to the provisions of this Protocol when a person, including natural and legal entities, has a connection to a State and an organization. Subsequently the person will be eligible or entitled to use the international registration system. The connecting factors listed in this Article are "nationals", "domicile", and "real and effective industrial and commercial establishment".<sup>311</sup> However, the problem with this Article is the definition of connecting factors and the criteria for such connectors, which are not set out. For instance, when the term "nationals" is used, the question arises as to who is a national. For example, if a person has dual nationality, which nationality will be valid to benefit from the provision of this Article? Or if a person, when filing an application or registering a trademark at the domestic level, has the nationality of the origin country, but then gives up that nationality. At the same time, there are no clear definitions of "domicile" and "resident", or whether these terms are interchangeable or not. For instance, if someone resides in a contracting state, would this residence be considered a domicile or not? Similarly, there are no comprehensive definitions and no clear criteria for "real and effective establishment", which will cause more ambiguity in the implementation of this Article.

In sum, the Protocol is a relatively new international document and a complementary document to the Madrid Agreement. It proposes new and comprehensive procedures for the international registration of trademarks. Therefore, the main function of the Madrid Protocol is to "harmonize the procedural aspects of international trademark registration".<sup>312</sup> Both the Agreement and the Protocol are affiliated or incorporated within each other so as to provide a better and more transparent atmosphere for the contracting states and contracting intergovernmental organizations in the international application

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where the basic registration has been made by such an office, the person in whose name that application or registration stands is a national of that Contracting State, or is domiciled, or has a real and effective industrial or commercial establishment, in the said Contracting State."

<sup>310</sup> - WIPO, The Madrid Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks. Available at: [http://www.wipo.int/wipolex/en/treaties/text.jsp?file\\_id=283483](http://www.wipo.int/wipolex/en/treaties/text.jsp?file_id=283483)

<sup>311</sup> - WIPO, Intellectual Property Rights Handbook, No 489, p. 288.

<sup>312</sup> - Timothy W. Blakely, Beyond the International Harmonization of Trademark Law: The Community, p. 320.

and registration of trademarks.<sup>313</sup> However, both the Agreement and the Protocol do not touch upon the harmonization of substantive issues pertaining to the international legal protection of trademark, which the Paris Convention deals with.

### **2.6.3. Afghan trademark law and the international trademark registration system**

As mentioned in the previous section, Afghanistan has signed and acceded to WIPO's Establishing Convention as well as the WTO Multilateral Trade Agreements. Based on the WTO requirements, Afghanistan shall accord its legislation with the international requirements. Article 16 (4) of the Agreement Establishing the World Trade Organization, the General Agreement On Tariffs And Trade (GATT) states that: "Each Member shall ensure the conformity of its laws, regulations and administrative procedures with its obligations as provided in the annexed Agreements".<sup>314</sup> Since Afghanistan's accession was finalized on June 20, 2016, Afghan intellectual property rights legislation needed to be revised and brought into accordance with the WTO's rules and regulations, particularly with the TRIPS Agreement, which is addressed in the next section.

The ATML is silent and contains no provisions on the international registration of trademarks in Afghanistan or on the registration of an Afghan trademark at the international registration level. There are only two general Articles in the ATML that explain the protection of the rights of individual foreign trademark owners in Afghanistan. As mentioned in the previous section of this chapter, Articles 7 and 10 of the law touch on the two issues "national treatment" and "right of priority." Article 7 of the law states that there is no discrimination between domestic and foreign trademark owners. Both (national and international) trademark owners will benefit from the same rights after the registration of their mark in Afghanistan. Article 10 of the law acknowledges the rights of priority for registrations of foreign trademarks based on the date of their application.<sup>315</sup>

As stated, the ATML provides no legal protection or procedures for the registration of international trademarks by the International Bureau of WIPO. The rationale behind this could be the non-membership of Afghanistan to the Madrid Agreement and its Protocol. Another reason could be that domestic trademark registration is better for small and medium-sized enterprises or local companies that do not need international protection. However, if Afghan trademark owners want to protect their trademark at the international level, they could refer to each individual designated country and register their marks there. There is another possibility for Afghan companies to take advantage of the

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<sup>313</sup> - Joanna Schmidt, *The International Protection of Trademarks After the TRIPS Agreement*, p. 205.

<sup>314</sup> - WTO, *Agreement Establishing the World Trade Organization [GATT, WTO (MTN/FA II) WTA /WTO and GATT Uruguay, 1994*. Available at: [http://www.wto.org/english/tratop\\_e/gatt\\_e/gatt\\_e.htm](http://www.wto.org/english/tratop_e/gatt_e/gatt_e.htm)

<sup>315</sup> - ATML, Art. 7 and 10.



international registration of their trademarks. For instance, if Afghanistan signs an agreement with a Madrid Convention and Madrid Protocol member state or a European Union (EU) member state and Afghan enterprises are domiciled or “effectively established” in one of these member states, then according to Article 2 of the Protocol, Afghan companies will benefit from the provisions of the Madrid Protocol.

Furthermore, if an Afghan national or legal entity or company domiciles or “has a real and effective industrial or commercial establishment” for example in Germany, they will benefit from the provisions of the Madrid Protocol, because Germany is a member of both the Madrid Agreement and the Madrid Protocol.<sup>316</sup> In this instance, it will be a good opportunity for Afghan companies to register their trademarks in the member states of the Madrid Agreement and Protocol in order to protect them on a global level. In contrast, if a German company invests in Afghanistan and wants to protect its trademark internationally, that company will not be able to draw on the advantages international registration in Afghanistan. Therefore, being member to the Madrid Agreement and the Madrid Protocol will provide facilities for both Afghan enterprises and foreign companies to benefit from the international trademark registration system and trademark protection at the international level. If Afghanistan signs and becomes a member of the Madrid Agreement and Protocol, Afghan companies will not be required to register their trademarks individually in other countries. Afghan trademarks would be registered internationally once they have been registered domestically with the CBR office, which subsequently submits the application to the International Bureau of WIPO. Applicants state the countries that they want to register their trademarks in.

## **2.7. Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement of 1994 and the ATML**

The TRIPS Agreement<sup>317</sup> forms part of the Agreement Establishing the World Trade Organization in 1994 (hereinafter WTO Agreement). Article 2 of the Agreement states: “1. The WTO shall provide the common institutional framework for the conduct of trade relations among its Members in matters related to the agreements and associated legal instruments included in the Annexes to this Agreement. 2. The agreements and associated legal instruments included in Annexes 1, 2 and 3 (hereinafter referred to as

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<sup>316</sup>-Germany is member of both the Agreement and the Protocol. See the link: [http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty\\_id=8](http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=8) and [http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty\\_id=21](http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=21)

<sup>317</sup> - The TRIPS Agreement is part of “Multilateral Trade Agreements” and is Annex # 1C of the Agreement Establishing the World Trade Organization, 1994. See the link: [https://www.wto.org/english/docs\\_e/legal\\_e/27-trips.pdf](https://www.wto.org/english/docs_e/legal_e/27-trips.pdf)

Multilateral Trade Agreements) are integral parts of this Agreement, binding on all Members”.<sup>318</sup> Therefore, it is clear that TRIPS is related to the international trading system. The TRIPS Agreement is one of the most inclusive bilateral agreements on intellectual property rights, and lays down “minimum standards” for their protection.<sup>319</sup>

Articles 15 to 21 of the TRIPS Agreement deal with rules pertaining to trademark protection. These Articles generally address the “conditions and contents” of trademark protection and set out some basic rules that member states should consider. They are divided into two categories: procedures for “acquisition of trademark” and the “substantive content of protection” that will be examined in the following parts.

### **2.7.1. TRIPS principles concerning procedures for acquiring trademark protection and Afghan trademark law**

The core issues for acquiring a trademark from a procedural point of view are the definition, actual use and the publication of a trademark. In the following, these issues are assessed against the backdrop of the TRIPS rules and the ATML provisions. The Paris Convention provides no definition of the term “trademark”. Therefore, the TRIPS Agreement is thus the first instrument to do so. Article 15 (1) of the TRIPS Agreement states: “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 distinguishing the relevant goods or services, Members may make registerability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible”.<sup>320</sup> In this Article, there are two other attributes with regards to registration of a trademark: “distinctiveness” and “visually perceptibility.”

Article 4 of the ATML also explains that “Trademarks shall include (one or more) names, words, signatures, letters, figures, drawings, titles, seals, pictures, inscriptions, advertisements, templates or any other mark or combination thereof”.<sup>321</sup> Comparing the two definitions (TRIPS and ATML), it can be concluded that the ATML provides a broader scope of materials that can be accepted as a trademark –

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<sup>318</sup> -WTO, Agreement Establishing The World Trade Organization,1994 , Available at:

[https://www.wto.org/english/docs\\_e/legal\\_e/legal\\_e.htm#wtoagreement](https://www.wto.org/english/docs_e/legal_e/legal_e.htm#wtoagreement)

<sup>319</sup>- Sanjeev Dave, TRIPS: International Trademark Law That Promotes Global Trade, Journal of Contemporary Legal Issues, Vol. 12:458, (2001), p. 458.

<sup>320</sup>- WTO, TRIPS, Art. 15 (1) available at: [https://www.wto.org/english/docs\\_e/legal\\_e/27-trips.pdf](https://www.wto.org/english/docs_e/legal_e/27-trips.pdf). also [https://www.wto.org/english/docs\\_e/legal\\_e/legal\\_e.htm#TRIPS](https://www.wto.org/english/docs_e/legal_e/legal_e.htm#TRIPS)

<sup>321</sup> - ATML, Art. 4.

the ATML definition includes “signatures, drawings, titles, seals, pictures, inscriptions, advertisements and templates” while the TRIPS makes no mention thereof. According to the ATML, the mentioned signs are eligible for registration as a mark. The ATML definition only lacks the numerals, colours, distinctiveness and visual perceptibility of a trademark as provided in the TRIPS definition. However, in practice, numerals are accepted as a trademark and have been registered by the CBR office. For instance, the number “786” has been registered as a trademark for a drug store company in Afghanistan.<sup>322</sup> While the ATML does not mention distinctiveness, from the context of Article 4 it can nonetheless be drawn that these items shall only be registerable if they are distinctive.<sup>323</sup>

The ATML makes no provision for colours as trademarks, and in practice colours have not been registered as trademarks, because in Afghanistan the function and usage of a trademark have not yet been institutionalized and are thus not well developed. Additionally, the absence of well-functioning administrative procedures and facilities is another reason why colours cannot be registered as a trademark. This is not contrary to the provisions of Article 1 of the TRIPS Agreement, as the latter permits member states to reject marks that are not consistent with the provisions of the Paris Convention. Article 6 (1) of the Paris Convention states that the conditions for filing and registering trademarks shall be regulated by domestic legislation.<sup>324</sup>

The ATML is also silent regarding the registration of trademarks that are not “visually perceptible”, like a fragrance, sound or taste. In practice, the CBR office has never registered a mark that is not visually perceptible. The CBR office strictly considers the visual perceptibility of a trademark, as otherwise it would be a difficult issue and task for the CBR office to distinguish the non-visual perceptible aspects of a trademark. In particular, it would cost too much time and resources for the authorities to assess and measure the similarity of two marks that are not visually perceptible. Moreover, a lack of institutional capacity is another obstacle in the way of registering fragrances, sounds, or tastes, a state of affairs that does not benefit Afghanistan at the current stage of its legal and economic development.<sup>325</sup>

According to Article 15 (30) of the TRIPS Agreement, “actual use of a trademark shall not be a condition for filing an application for registration”. While this issue has been articulated in Article 21 of

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<sup>322</sup> - Ministry of Justice. Official Gazette, Issue No 1192, (2015), p .8.

<sup>323</sup> - ATML, Art. 4.

<sup>324</sup> - The Paris Convention, Art 6 states: “The conditions for the filing and registration of trademarks shall be determined in each country of the Union by its domestic legislation”.

<sup>325</sup> - CBR Office, Authority, May,9, 2016, Kabul

the ARATML,<sup>326</sup> it will be difficult to prove that a trademark is in use in Afghanistan due to diminishing rule of law, pervasive corruption in the governmental institutions<sup>327</sup> and a lack of capacity in the CBR office.

Article 15 (4) of the TRIPS Agreement, which is based on Article 7 of the Paris Convention, provides a legal guaranty for the registration of a trademark regardless of its nature. Article 14 (4) adds the term “services” besides goods that was used by Article 7 of the Paris Convention.<sup>328</sup> According to the ATML, the nature of goods and services has an immediate impact on the registration of a trademark. This issue is stipulated in Article 8 of the ATML. According to the CBR authorities, the nature of the goods and services on which a trademark is intended to be used can be an obstacle for registration. For instance, if a wine producing company or a casino club from Germany wants to register a particular mark (tree, grapes or a picture) in Afghanistan, the marks (tree, grapes or picture) will not be registered for the wine products and casino club services since the nature of the products (wine and casino) is contrary to accepted values, morality or public order of Afghanistan,<sup>329</sup> because the *Sharia* or Islamic law does not permit the production and use of wine or running a casino.<sup>330</sup> In such conditions, the nature of goods and services is considered as an obstacle for registering a trademark. Therefore, if the trade or production of goods or services is banned by law, it would be logical to conclude that the registration of a mark related to such goods and products also depends on the nature of the products and services.<sup>331</sup>

Another issue in the context of trademark acquisition that is important from a procedural point of view is the publication of a duly registered trademark. Article 15 (5) of the TRIPS Agreement asks the member states to publish each trademark either before or immediately after registration. Member states should provide a reasonable period of time for petition to cancel the registration of a mark and opposition for annulment of a registered trademark.<sup>332</sup> Article 18 of the ATML goes beyond Article 15 (5) of the TRIPS Agreement and obliges trademark owners to publish a registered trademark as well as any modifications made after registration. The ATML only obliges the owners of a trademark to publish their trademark after registration, and not before, in the Official Gazette.<sup>333</sup> According to Article 18 of

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<sup>326</sup> - It states that: “the ownership of a trademark belongs to the person who has used it for the first time, unless proven otherwise in the court; the well-known marks are exempted from this provision”. ARATML, Art. 21.

<sup>327</sup> - UNODC. Corruption in Afghanistan: Recent Pattern and Trends, (2012), p. 5. Available at: <https://www.unodc.org/unodc/search.html?q=Corruption+Assessment+in+Afghanistan>. See also: Assessment of Corruption in Afghanistan. USAID, (2009), p. 4.

<sup>328</sup> - The TRIPS Agreement, Art. 15 (4).

<sup>329</sup> - CBR office Authority, interview on May 9, 2016, Kabul

<sup>330</sup> - Quran Karim. *Sora (5) verse (90)*

<sup>331</sup> - Ministry of Justice, Afghanistan Criminal Code, Official Gazette, Issue No 347 (1977), Art. 346.

<sup>332</sup> - TRIPS Agreement, Art. 15.

<sup>333</sup> - According to Article 43 of the Law on the Processing and Manner of Publication and Enforcement of Legislative Documents, the Official Gazette is published under the auspices of the MoJ.

the ATML, the time period for the publication of a trademark in the OG and other mass media is 15 days after the registration at the CBR office.<sup>334</sup> All publishing costs shall be borne by the owner of the trademark. The owner can also publish a duly registered trademark in other private mass media. The reason why a trademark has to be published after registration in Afghanistan is straightforward: if trademarks were published before its registration, it would take long time to send the mark for publication to the MoJ. There is a key problem with regards to the publication of trademarks in the Official Gazette. Sometimes there are delays in the publication process and sometimes they are not even sent to the CBR office at all. Moreover, the Official Gazette is not distributed amongst traders, commercial institutions or trade unions so as to be aware of the registration of a trademark. Though the MoJ refers to the publication of the OG on its website, the content is empty. This means that if companies or enterprises refer to the website they will not see any trademarks. They will see only the title of the OG in which the trademark has been published. In other words, the soft copy of the OG does not contain a copy, picture or other attributes of a duly registered trademark. The OG on the website does not contain the registered trademark, but the hard copy contains pictures and other specifications of trademarks. If a company wants to be aware of the content of the OG, it should buy a hard copy of the Official Gazette from the Official Gazette office of the MoJ.

### **2.7.2. TRIPS's principles concerning the substantive protection of trademarks and Afghan trademark law**

The classical nature of the right of a trademark owner is articulated in the TRIPS Agreement. This right is an “exclusive right” used for a certain number of products or services that are determined by the registration office or related authorities. As a result of this exclusive right, the trademark owner has the right to prohibit third parties from using his trademark. Legal protection of a trademark is for a particular period of time depending on the use of a trademark on a certain line of products and services. It is also possible for the owner of a trademark to permit a third party to use his trademark under certain conditions.<sup>335</sup> Therefore, the TRIPS Agreement and ATML grant the trademark owner a substantive and exclusive right after the registration of the trademark. In this section, the following issues are assessed: comparison of the TRIPS Agreement with the ATML concerning the exclusive right of a trademark owner, the prohibition of the use of a similar trademark by third parties without the consent of trademark owner, protection of a well-known mark, terms of protection of a trademark and the right of a trademark owner for licensing and assigning a trademark.

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<sup>334</sup> - ATML. Art. 18.

<sup>335</sup> - Joanna Schmidt, *The International Protection of Trademarks After the TRIPS Agreement*, p. 208.

*i. Exclusive rights*

Article 16 (1) of the TRIPS Agreement confers an exclusive right for trademark owners stating that: “The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner’s consent from using, in the course of trade, identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion”.<sup>336</sup>

ATML Article 3 (7) and Article 6 (1) convey almost the same messages. Article 3 (7), too, states that the owner of a trademark has the exclusive right to use that mark. Therefore, it seems that whenever there is the right of use of a trademark, that right is exclusive. Furthermore, Article 6 (1) states that if a trademark owner wants to use, exclusively, a trademark for distinguishing his/her products, the owner can apply for it to be registered. This implies that, in order to create an exclusive right over a trademark, said trademark must be registered with the CBR office. The consequence of such exclusive rights is that only the trademark owners, or another person with the consent of the owner, are permitted to use the marks. If competitors use similar registered trademarks on similar products or services the original owner has the right to prevent them from doing so.<sup>337</sup>

*ii. Prohibition of registration of a similar mark*

The exclusive usage rights also imply that it is prohibited to register a mark that is similar or identical to a previously registered mark for goods or services similar or identical to those on which the original mark is used. The purpose of this prohibition is to prevent “a likelihood of confusion”. If two marks are similar and are used on a similar product and/or service, one can assume that there is likelihood of confusion.<sup>338</sup>

The likelihood of confusion is stipulated in the ATML. Articles 8 (10) and 25 of the ATML provide legal protection for preventing confusion. Article 8 (10) prohibits the registration of marks that confuse people, stating that: “the following symbols may not be used or registered as trademarks: .... 10. Marks which may mislead<sup>339</sup> the public or which contain false or deceptive information as to the origin, source, or any other characteristics of the goods, products or services”. This means that, if a mark confuses the public as regards the source of the goods or services bearing it, the CBR office will reject registration of that mark because it will confuse people with regards to some other similar or identical

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<sup>336</sup> - The TRIPS Agreement, Art. 16.

<sup>337</sup> - ATML, Art. 3 and 6.

<sup>338</sup> - The TRIPS Agreement, Art. 16 (1).

<sup>339</sup>-In the United States, the terms “confuse” and “mislead” have the same meaning. See: Althaf Marsof, TRIPS Compatibility of Sri Lankan Trademark Law, The Journal of World Intellectual Property, Vol. 15 (2012), p. 65. [hereinafter Althaf Marsof, TRIPS Compatibility of Sri Lanka Trademark Law].

products and services. Article 25 of the ATML provides trademark owners with the right of objection: “the following persons may object in relation to a trademark that has been applied for or registered already: .... 2. A person who has a similar trademark that can cause confusion among the customers”.<sup>340</sup> Therefore, the concept of confusion is addressed in the above mentioned Articles of the ATML. However, the concept of “likelihood” is not used in the ATML. Therefore, it will be contingent on the discretion of the authorities (CBR and Commercial Court) as to how to make a decision and define the concept of likelihood. The key factor for the understanding of likelihood is the assumption of similarity of marks. When an identical or similar mark is used for identical and similar products and services, it is deemed likely for confusion to occur.<sup>341</sup> In a very simple sentence it must be noted that confusion occurs when “a consumer is led to the mistaken belief that a counterfeit product originated from the trademark owner” or when a consumer is misled about the origin of goods or services.<sup>342</sup> However, the question remains: if a trademark is similar to another, but does not confuse or mislead the public, can it be registered? The ATML provides no answer. In practice, it depends on the CBR office whether or not it accepts an application in the condition in which it is presented to the office, but a lack of experience and capacity at the CBR office will impact on the decision-making process in this regard.

However, there is the question of who should prove and provide evidence for the likelihood of confusion (trademark owner, competitor or a competent authority). The ATML provides a partial solution to this problem, which would be a useful tool for making a decision about the similarity of a trademark causing the likelihood of confusion. First of all, it would be necessary to distinguish between the stage of filing an application on the one hand, and the stage or phase that a trademark is registered and published in the OG on the other.

In the first stage, the CBR office has the responsibility to assess the similarity of the later application to the previously duly registered trademark, and to provide evidence for its grounds for accepting or rejecting an application. Article 11 (1) of the ATML obliges the CBR office to assess applications from a substantive and formal perspective: “The CBR shall be obligated to review the applications from the points of view of their form, nature and their compatibility with the provisions of the present law and shall either accept or reject the application within 30 days from the date the application is received”.<sup>343</sup> In such circumstances, the assessment of similarity and the likelihood of confusion are the responsibility of the CBR office. If the CBR office rejects an application because of

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<sup>340</sup> - ATML, Art. 25.

<sup>341</sup> - Joanna Schmidt, *The International Protection of Trademarks After the TRIPS Agreement*, p. 208.

<sup>342</sup> - Althaf Marsof, *TRIPS Compatibility of Sri Lankan Trademark Law*. p. 65.

<sup>343</sup> - ATML, Art. 11.

the abovementioned shortcomings, it should compile the evidence and grounds for rejecting a trademark. Likewise, Article 11 (3) stipulates that “the CBR office shall also be obligated to reject the application for trademark registration under the following circumstances: 1) when the trademark is in contrary with the provisions of Article (9)<sup>344</sup> of this law. 2) When the trademarks are previously registered under the name of a third person and/or are identical to the previously registered trademarks”.<sup>345</sup>

However, in the second stage, when a trademark is published in the OG, the responsibility for providing evidence lies with the senior trademark owner. According to Article 26 of the ATML, “interested persons or their legal representatives may submit their objections in written form or through the registered post to the CBR office in relation to trademark registration within 30 days of the publication thereof in Official Gazette”.<sup>346</sup> Therefore, the owner of a trademark should first submit his or her objection and then provide evidence of confusion or a likelihood of confusion. Consequently, in all other similar situations, the trademark owner shall provide facts or proof to demonstrate the likelihood of confusion.<sup>347</sup>

*iii. Protection of a well-known mark*

Article 16 (2) of the TRIPS Agreement is the extension of Article *6bis* of the Paris Convention on the rule of a well-known trademark.<sup>348</sup> The TRIPS Agreement has established worldwide principles for the protection of well-known marks.

First, it integrates Article *6bis* of the Paris Convention, which calls on member states to “refuse or to cancel the registration, and to prohibit the use of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, or a mark considered by the competent authority of the country of registration or used to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods”.<sup>349</sup>

Second, it defines a well-known mark based on the “knowledge of trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the mark”.<sup>350</sup>

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<sup>344</sup>- Article 9 of the ATML concerns the privilege of the owner of a well-known mark that said mark be protected in Afghanistan, even if the mark has not been registered in Afghanistan.

<sup>345</sup> - ATML, Art. 11.

<sup>346</sup> - ATML, Art. 25.

<sup>347</sup> - Joanna Schmidt, *The International Protection of Trademarks After the TRIPS Agreement*, p. 208.

<sup>348</sup> - The TRIPS Agreement, Art. 16 (2).

<sup>349</sup> - The Paris Convention, Art. 6.bis.

<sup>350</sup> - The TRIPS Agreement. Art. 16 (2).



Third, it applies Article *6bis* “to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services... provided that the interest of the owner of the registered trademark are likely to be damaged by such use”.<sup>351</sup> Therefore, paragraph 3 of Article 16 of TRIPS extended the Paris Convention rule to a well-known mark used on dissimilar goods and services. This means that TRIPS also protects well-known marks on other classes of goods and services, provided that there is a correlation between those goods and services and that the interests of the owner of a trademark are damaged as a consequence of its use.<sup>352</sup>

Article 3 (2) of the ARATML deals with the definition of a well-known mark. It defines a well-known mark as a “mark that is widely recognized in national and international market”.<sup>353</sup> It must be noted that this definition is broad and so it will be difficult to prove whether or not a trademark functions as a well-known mark or not. Article 9 of the ATML stipulates the privilege of a well-known trademark stating that: “[t]he owner of a well-known mark may enjoy the rights conferred by the provisions of this law, even if such mark is not registered in Afghanistan. The CBR shall be obliged to reject any trademark application similar to any such well-known international mark, unless the applicant is the owner or an agent of the owner of the well-known mark”.<sup>354</sup> The ATML definition differs from the TRIPS definition, which is based on “knowledge of the trademark in the relevant sector of the public”. However, the ATML imposes another criterion, namely the recognition of a mark in the national and international markets, something that will be difficult to determine, assess and even understand in Afghanistan.

Recognizing a well-known trademark in the national market for goods will be difficult in Afghanistan due to a lack of legal knowledge, weaker economic development and poor communication. The ATML does not touch upon the notion of similarity and dissimilarity to goods or services that a well-known mark is used on. The ATML grants the owner of a well-known mark absolute and unlimited legal protection, regardless of whether the owner is national or international. Thus, the well-known mark does not need to be registered in Afghanistan, and the CBR office is obliged to check for similarity and dissimilarity between every individual domestic and foreign application with the international well-

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<sup>351</sup> - The TRIPS Agreement. Art. 16 (3). See also: Sanjeev Dave, TRIPS: International Trademark Law that Promotes Global Trade, p. 460.

<sup>352</sup> - James E. Darnton, The Coming Age of the Global Trademark: the Effect of TRIPS on the Well-known Marks Exception to the Principle of Territoriality, Michigan State International Law Review, Vol. 20:1 (2011) p. 19. [hereinafter James E. Darnton, The Coming Age of the Global Trademark: the Effect of TRIPS on the Well-known Marks Exception to the Principle of Territoriality].

<sup>353</sup> - ARATML, Art. 3.

<sup>354</sup> - ATML, Art. 9.

known mark. If registration of a similar mark is applied for, the CBR office's competent authorities will decline it because of its similarity with an international registered trademark. Even if someone has already registered a mark which is similar to a well-known mark, the owner of said mark will be prohibited from using it. Due to a lack of data and information, it might be difficult for the CBR office to understand which marks are well-known.

Criteria for determining whether a mark is well-known are provided neither by TRIPS and the Paris Convention, nor by the ATML. However, the Thirty-Fourth Series of Meetings of the Assemblies of the Member States of WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks provides a pertinent guideline. Article 2 of the guideline states that:

“(a) In determining whether a mark is a well-known mark, the competent authority shall take into account any circumstances from which it may be inferred that the mark is well known.

(b) In particular, the competent authority shall consider information submitted to it with respect to factors from which it may be inferred that the mark is, or is not, well known, including, but not limited to, information concerning the following issues:

1. The degree of knowledge or recognition of the mark in the relevant sector of the public;
2. The duration, extent and geographical area of any use of the mark;
3. The duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
4. The duration and geographical area of any registrations, and/or any applications for registration, of the mark, to the extent that they reflect use or recognition of the mark;
5. The record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities;
6. The value associated with the mark”.<sup>355</sup>

These factors will help competent authorities in Afghanistan to distinguish a well-known mark from an ordinary trademark.

In sum, from the perspective of the aforementioned agreements, protecting well-known marks and providing full protection would be a welcome approach. However, it will produce fewer advantages for national and domestic enterprises in Afghanistan, since the country is classified as a least developed country and, as such, produces few items for exportation.<sup>356</sup> In this case, most of the advantages are

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<sup>355</sup> - WIPO, Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, 34<sup>th</sup> Series of Meetings of the Assemblies of the Member States, (2000), p. 6 . Available at: [www.wipo.int/edocs/pubdocs/en/marks/833/pub833.pdf](http://www.wipo.int/edocs/pubdocs/en/marks/833/pub833.pdf) .

<sup>356</sup> - United Nations. [http://www.un.org/en/development/desa/policy/cdp/ldc2/ldc\\_countries.shtml](http://www.un.org/en/development/desa/policy/cdp/ldc2/ldc_countries.shtml)

transferred to foreign companies, as a well-known trademark does not need to be registered in Afghanistan and no taxes or registration fees are levied. In spite of that, Article 9 of the ATML provides strong legal protection for well-known marks in Afghanistan. Therefore, Afghanistan will take less advantage from providing such unconditional legal support and protection for well-known marks.

*iv. Term of protection*

Article 18 of the TRIPS Agreement stipulates the term of protection, which shall not be less than seven years including first registration and renewal of a trademark.<sup>357</sup> In this regard, Article 20 (1) of the ATML is in compliance with the TRIPS Agreement by providing a ten year term of protection for a duly registered trademark.<sup>358</sup> It states that: “A registered trademark shall be valid for a period of ten years, which may, upon request by the owner, be extended for successive 10 year periods”.<sup>359</sup>

Sometimes the use of a trademark within a specific period of time is required in order to preserve the registration of a trademark and to protect the trademark owner’s rights against misuse by a third party.<sup>360</sup> Article 19 (1) of the TRIPS Agreement codifies this issue, stating that: “[i]f use is required to maintain a registration, the registration may be cancelled only after an uninterrupted period of at least three years of non-use, unless valid reasons based on the existence of obstacles to such use are shown by the trademark owner”.<sup>361</sup> Further, use of a trademark by another actual person or legal entity with the consent and permission of a trademark owner is recognized as valid use.<sup>362</sup>

The ATML, as amended in 2015, reflects Article 19 (1), (2) of the TRIPS Agreement and has the same message with respect to non-use and the use of a trademark by others, stating that: “1- Where the trademark has not been used for at least three uninterrupted years...unless the trademark owner shows the valid reasons<sup>363</sup> for non-use. Use of trademark by another person but subject to the owner’s control and permission shall be recognized as use of the trademark for the purpose of maintaining the registration”.<sup>364</sup> Use of a trademark, under the control and permission of the trademark owner, also includes use by a licensee or by other enterprises within or outside of the same firm.<sup>365</sup>

Article 20 of the TRIPS Agreement asks member states to avoid imposing special requirements for the use of a trademark, in the course of trade, in a manner detrimental to its capability to distinguish

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<sup>357</sup> - The TRIPS Agreement, Art. 18.

<sup>358</sup>-The WTO, Accession of Afghanistan, Implementation of the WTO Agreement on TRIPS, WT/ACC/AFG/8/Rev.1( 2012), p. 9.

<sup>359</sup> - ATML, Art. 20.

<sup>360</sup> - Joanna SchmidtThe International Protection of Trademarks After the TRIPS Agreement, p. 210.

<sup>361</sup> - The TRIPS Agreement, Art. 19 (1).

<sup>362</sup> - The TRIPS Agreement, Art. 19 (2).

<sup>363</sup> - Those reasons might be emergency situations like war, natural disasters, import restrictions or other governmental requirements, or customs bans.

<sup>364</sup> - ARATML, Art. 22 (4).

<sup>365</sup> - Joanna Schmidt, The International Protection of Trademarks After the TRIPS Agreement, p. 210.

the goods or services of one enterprise from another. The ATML does not violate this provision, and the use of a trademark is not conditioned on any additional requirements in Afghanistan.<sup>366</sup>

v. *Licensing and transferring trademarks*

Article 21 of the TRIPS Agreement deals with the licensing, compulsory licensing,<sup>367</sup> and the assignment of a trademark. Member states are permitted to set out conditions regarding the licensing and assignment of trademarks, but are not allowed to lay down provisions concerning compulsory licensing.<sup>368</sup>

Article 17 of the ATML permits the transfer/assignment<sup>369</sup> of trademarks so long as such transfer is registered separately in the CBR office. This assignment will happen either in combination with a transfer of goodwill of business, or without such business. Though the ATML is silent in this regard, in practice it has been accepted that trademarks can be transferred either with or without the associated goodwill of the business. The ATML is also silent on the issue of compulsory trademark licensing. There is no specific provision that deals with the prohibition of the compulsory licensing of trademarks. However, according to the WTO, the Accession of Afghanistan, Implementation of the WTO Agreement on TRIPS, the Afghan trademark law does not allow competent authorities to issue compulsory licensing of trademarks.<sup>370</sup> Likewise, Article 3 (4) defines the transfer of a trademark and Article 17 of the ATML recognizes the transfer of a trademark and states that such transfer shall be valid provided that it is registered in the CBR office in line with the ATML provisions.<sup>371</sup> Further details concerning the assignment and licensing of trademarks are provided in Chapter Four of this research.

## **2.8. International agreements for the protection of geographical indications and appellations of origin and the Afghan legal system**

According to the WTO requirements and guidelines of the working party on the accession of Afghanistan, providing legal protection for geographical indications was one more area that the government of Afghanistan had to take steps in order to meet the WTO's proposed requirements. It has

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<sup>366</sup>-The WTO, Accession of Afghanistan, Implementation of the WTO Agreement on TRIPS, WT/ACC/AFG/8/Rev.1(2012), p. 9.

<sup>367</sup> -“Compulsory licensing is a license that a government allows someone else to produce the patented product or process without the consent of the patent owner. It is one of the flexibilities on patent protection included in the WTO's agreement on intellectual property” — this definition is also applicable with regards to the compulsory licensing of trademarks. TRIPS Agreement, Art. 21.

<sup>368</sup> - The TRIPs Agreement, Art. 21.

<sup>369</sup> - “Assignment” is an arrangement by which a trademark owner transfers ownership of the mark.

<sup>370</sup>-The WTO, Accession of Afghanistan, Implementation of the WTO Agreement on TRIPS, WT/ACC/AFG/8/Rev.1, 2012, p. 9.

<sup>371</sup> - ATML, Art. 3 and 17.

also been articulated in the WTO working party report on the accession of Afghanistan.<sup>372</sup> Therefore, GIs are included in this chapter to examine the compatibility of the ATML with international agreements on geographical indications.

In theory, there are two kinds of geographical source indications: First, a trademark might point out that a product comes from, or is related to, a designated geographical location (“geographical indications”). Second, a trademark can be used as an “appellation of origin”, which shows that the products contain particular “qualities”, “characteristics” or attributes affiliated with a geographical location.<sup>373</sup> The Afghan legal system provides legal protection for geographical indications at the national level, but not for appellations of origin as stipulated in international agreements.<sup>374</sup>

Therefore, there are two main treaties concerning the legal protection of Geographical Indications (GIs) and Appellations of Origin (AO).<sup>375</sup> The first is the Lisbon Agreement (LA) for the Protection of Appellations and their International Registration (hereinafter the Lisbon Agreement) concluded in 1958, revised at Stockholm in 1967, and amended in 1979. The second treaty is the Geneva Act (GA) of the Lisbon Agreement on Appellations of Origin and Geographical Indications adopted in 2015 (hereinafter the Geneva Act).<sup>376</sup> This section first provides a short summary of both Agreements and then examines the compatibility of the Afghan Geographical Indications Law (AGIL) with the aforementioned Agreements.

The Lisbon Agreement provides legal protection for “registered geographical denominations”. If a geographical name is protected in the country of origin, it cannot be used as a trademark.<sup>377</sup> Article 1 of the Lisbon Agreement requires the State party to protect the “appellation of origin on their territories”.<sup>378</sup> This protection depends on two conditions: First, the AO should indeed be protected in the country of origin, and second, it needs to be registered at the International Bureau of WIPO.<sup>379</sup> Article 4 of the Afghan Geographical Indication Law (AGIL) states that “[a] geographical

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<sup>372</sup> - Based on the abovementioned reason, Afghan GI Law was also assessed. See the Accession Of Afghanistan, Implementation of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), WT/ACC/AFG/8/Rev.1, (2012). p. 9.

<sup>373</sup> - Minde Glenn Browning, International Trademark Law: A Pathfinder and Selected Bibliography, p.353.

<sup>374</sup> - Ministry of Justice (2015) Afghan Geographical Indication Law, Official Gazette, Issue No1178, (2015), Art 4. [hereinafter AGIL] Non official translation by Afghanistan Trade ....ATAR Project.

<sup>375</sup> - “An appellation of origin is a special kind of geographical indication generally consisting of a geographical name or a traditional designation used on products which have a specific quality or characteristics that are essentially due to the geographical environment in which they are produced. Consumers are familiar with these products and often request them – even unknowingly – using their geographical name”. WIPO, see the link: [http://www.wipo.int/wipo\\_magazine/en/2008/06/article\\_0009.html](http://www.wipo.int/wipo_magazine/en/2008/06/article_0009.html)

<sup>376</sup> - WIPO, Lisbon Agreement for the Protection of Appellations of Origin and their International registration. available at: [http://www.wipo.int/wipolex/en/treaties/text.jsp?file\\_id=285838](http://www.wipo.int/wipolex/en/treaties/text.jsp?file_id=285838)

<sup>377</sup> - Minde Glenn Browning, International Trademark Law: A Pathfinder and Selected Bibliography, p.353.

<sup>378</sup> - The Lisbon Agreement, Art. 1 (2).

<sup>379</sup> - The Lisbon Agreement, Art. 1 (2).

denomination will be protected after the registration at the related office (CBR)".<sup>380</sup> Article 3 of the Lisbon Agreement describes the scope of protection and requires that member states provide protection "against any usurpation or imitation". The rejection of a foreign appellation is the core issue for the Lisbon Agreement.<sup>381</sup>

The competent authority of member states to the Lisbon Agreement may refuse to protect the appellation of origin within one year of obtaining notification of the registration, perhaps by providing the grounds for the rejection.<sup>382</sup> The AGIL is silent in this regard and provides no legal protection against the usurpation and imitation of appellations of origin. Articles 6 and 7 of the GA deal with the generic nature and validity of the registration of an appellation of origin. Article 6 provides that a duly registered appellation of origin will not "be deemed to have become generic as long as it is protected in the country of origin".<sup>383</sup> According to Article 7 of the LA, registration based on Article 5 of the Agreement will be valid without renewal. Furthermore, a single fee will be paid for the registration of each appellation of origin.<sup>384</sup>

The AGIL provides legal protection for geographical indications after their registration (Article 9) and mentions neither renewals nor the payment of fees or their amount. It must be noted that the Afghan legal system does not distinguish between geographical indication on the one hand and appellation of origin on the other. With regard to the protection of geographical indications, the AGIL provides legal protection for geographical indications up to the national level. In contrast, it offers no provisions with regards to the international registration of geographical indications. Regarding appellations of origin, no legal documents define or provide legal protection for them. Also, Afghanistan is not legally obliged by the WTO and WIPO to adopt the LA and GA with regards to the protection of appellations of origin. Currently, based on the WTO convention, the only priority for Afghanistan's government is to accord its laws and regulations with the TRIPS Agreement and the Paris Convention, as assessed in the previous sections.

The GA is administered under the auspices of WIPO and deals with the international registration and protection of appellations of origin and geographical indications for all kinds of products, not only food and beverages. This is the principle function of the Act. The objective of the GA is to "modernize

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<sup>380</sup> - AGIL, Art. 4.

<sup>381</sup> - The Lisbon Agreement, Art. 3.

<sup>382</sup> - Daniel J. Gervais, Reinventing Lisbon: The Case for a Protocol to the Lisbon Agreement (Geographical Indications), *Chicago Journal of International Law*: Vol. 11, No 1(2010), p. 91. Available at: <http://chicagounbound.uchicago.edu/cjil/vol11/iss1/5> . Also see the Lisbon Agreement, Art. 5.

<sup>383</sup> - Lisbon Agreement, Art. 6.

<sup>384</sup> - Lisbon Agreement, Art. 7.

and expand the scope of the Lisbon Agreement, with the intent of attracting new signatories”.<sup>385</sup> By virtue of the provisions of the GA, in order to protect AO and GIs on the international level, the contracting states shall protect the requested AO and GIs after their registration and publication based on their domestic law. The competent authority in the country of origin transfers the application to the International Bureau of WIPO. The application for international registration is filed in the name of the “beneficiary” and “the natural person or legal entity”<sup>386</sup>, and then WIPO notifies the contracting parties. Each member state is entitled, up to one year after the notification, to refuse or register the requested GIs and AO.<sup>387</sup>

The GA, as a complementary agreement to the Lisbon Agreement, is not yet in force.<sup>388</sup> This Act is a new agreement and Afghanistan has no obligations with regards to it. Afghanistan’s Geographical Indications Law of 2015 devotes no provisions to the international registration of GIs and AO. For the moment, the core priority for Afghanistan is to concentrate on the compatibility of trademark law with the Paris Convention as well as the Madrid and TRIPS Agreements, which deal with the legal protection of trademarks. Therefore, the Lisbon Agreement and Geneva Act are not assessed in detail in this dissertation.

It can be concluded that an adjustment of the Afghan laws and regulations relating to intellectual property was needed, in particular the legal protection of trademarks based on the international principles and rules. According to the commitments of the Afghan government to WIPO and the WTO, it was required that the government make efforts to adjust the country’s intellectual property laws and regulations to reflect the international standards. Due to the abovementioned undertakings, Afghanistan commenced to enact and revise its IP laws. Providing a law that governs the legal protection of trademarks was one of the key components of these legal reforms. Consequently, the new Afghan Trademark Law was enacted in 2009 and later amended in 2015. While some of the amendments to the Trademark Law meet the requirements of WIPO and the WTO, there are still some areas in which the Afghan Trademark Law provides insufficient provisions, for instance: international registration of a trademark, protection of a collective trademark, defining the likelihood of confusion, visual perceptibility of a trademark, colour, sound and taste, criteria for a well-known mark, termination of a trademark, licensing and compulsory licensing. The Afghan trademark law needs to be brought more in line with the international agreements in relation to these matters.

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<sup>385</sup> - John Barker, New geographical indications agreement will affect trade mark strategies, John Barker Law. (2015), p. 2.

<sup>386</sup> - WIPO, Geneva Act, Art. 6 (1), (2) [http://www.wipo.int/wipolex/en/treaties/text.jsp?file\\_id=370082](http://www.wipo.int/wipolex/en/treaties/text.jsp?file_id=370082)

<sup>387</sup> - WIPO, Geneva Regulation, 2015, Art. 9 (1). Available at: <http://www.wipo.int/wipolex/en/details.jsp?id=15629>

<sup>388</sup> - See the link: [http://www.wipo.int/treaties/en/registration/lisbon/summary\\_lisbon.html](http://www.wipo.int/treaties/en/registration/lisbon/summary_lisbon.html)

The Paris Convention, as the first and primary effort for providing legal protection of intellectual property, is a significant phenomenon at an international level. It stipulates the key principles regarding patents, trademarks and industrial designs. The Paris Convention addresses three main issues: 1) national treatment, 2) right of priority, and 3) common rules. The principle of national treatment is reflected in Article 7 of the ATML – not in the same detail that the Convention has provided, but it nonetheless adheres to these principles. The right of priority, the independency of each registration as well as common rules for trademark protection have thus been clearly accepted in the ATML. Additionally, the ATML accepts the reciprocal condition that Afghanistan has with some other countries.

Subsequently, in 1891 the Madrid Agreement was concluded. Its main purpose was to regulate the international registration of trademarks. Registration was based on national registration. This meant that if a company wanted to benefit from international registration, it should first be registered at the national level. To fill the gaps in the convention, in 1989 the Madrid Protocol was adopted. According to this protocol international registration is based on both “application” and “registration,” while according to the Madrid agreement international registration was only based on “national registration”.

The WTO adopted the TRIPS agreement as an integral part of the Agreement Establishing the World Trade Organization in 1994. Afghanistan’s accession was officially ratified at the WTO tenth Ministerial Conference in Nairobi, in December 2015. Therefore, Afghanistan, based on Article 7 of the 2004 constitution, is required to abide by the WTO conventions or treaties. The TRIPS Agreement, which is administered by the WTO, is one of the most inclusive bilateral agreements on intellectual property rights and provides “minimum standards” for the protection of intellectual property rights.

Articles 15 to 21 of the TRIPS Agreement deal with rules allocated to trademark protection. Even though Afghanistan has made some amendments to the ATML, there are still some parts of the ATML that need to be brought into conformity with the TRIPS Agreement. For instance, the definition of a trademark based on TRIPS includes the colour and visual perception of a trademark, issues that have not been articulated in the ATML. Moreover, with respect to licensing and assigning trademarks as well as the compulsory licensing of trademarks, the ATML contains no clear provisions.

According to the WTO requirements, the government of Afghanistan also needed to make significant progress regarding the legal protection of Geographical Indications and Appellations of Origin. Therefore, a new Geographical Indication Law was enacted in 2015. There are two main treaties concerning the legal protection of Geographical Indications and Appellations of Origin. The first is the Lisbon Agreement for the Protection of Appellations and their International Registration 1979. The



second treaty is the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications adopted in 2015. Even though Afghanistan has not signed these agreements, in order to meet the requirements of the WTO, it was necessary to regulate and provide legal protection for geographical indications in the country. As this issue is beyond the subject matter of this research, no more detailed information is provided to this end here.

## **CHAPTER THREE**

### **THE PURPOSES OF TRADEMARKS FROM A DEVELOPMENT PERSPECTIVE**

#### **3.1. Introduction**

In the current commercial and industrial world, intellectual property is an important issue for economic development.<sup>389</sup> The legal protection of intellectual property rights, particularly trademark protection from a development perspective, has been institutionalized, developed and well-protected in industrial countries. Therefore, the purpose and functionality of a trademark in every legal system is crucial, because the legal protection, dominion and subject matter of trademarks will be determined based on that purpose and functionality, and will provide motivation for investors to invest in their trademark as a part of intellectual property.

As already mentioned, international efforts for adopting a certain number of treaties with regards to intellectual property right protection played a substantial role in this area. The purposes of those treaties are to harmonize and stabilize the trademark system and efficiently provide legal protection for trademarks worldwide.<sup>390</sup> The World Intellectual Property Organization (WIPO), as a central body for the administration of those agreements, plays a critical role in the enhancement and development of intellectual property rights, and trademarks in particular.

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<sup>389</sup>- Intellectual Property Rights Intensive Industries: contribution to economic performance and employment in the European Union, Industry-Level Analysis Report, September, 2013 (A joint project between the European Patent Office and the Office for Harmonization in the Internal Market), p. 17.

<sup>390</sup> - Timothy W. Blakely, Beyond the International Harmonization of Trademark Law: The Community, p. 313.

By protecting trademarks, a legal system can provide legal instruments for the producers to keep and enhance their “good will”. Moreover, it also promotes competition among producers and, as a result of this legal protection, the consumer will receive good and consistent quality of products.<sup>391</sup>

Presently, trademark law embraces a broader context than it had before the 20<sup>th</sup> century. Thus, most of the current developments in trademark law are not in conformity with the main objectives of traditional trademark protection.<sup>392</sup> From a general point of view, the purposes of trademarks are manifold: protecting consumers and producers, source indication, or prevention of dilution and confusion (deception) as well as representing consistent product quality.

In the beginning, the basic purpose of trademark law was consumer protection. Essentially, the legal function of a trademark was to designate the source of the products bearing it.<sup>393</sup> Recently, trademark law has broken loose from traditional<sup>394</sup> concepts of consumer protection purposes. From this perspective, the idea was that trademark law would protect consumer interests by enabling them to make informed consumption decisions.<sup>395</sup> Moreover, two new issues relating to the purposes of trademarks have recently been raised by commentators: “dilution”<sup>396</sup> and “initial interest confusion”.<sup>397</sup>

The primary focus of this chapter is on the purposes of trademarks from a development perspective from a general point of view. The sources drawn on in this chapter are to a large part written by different scholars and commentators from a development perspective. The legal sources such as national laws, regulations and some jurisprudence from Afghanistan are also consulted. Additionally, sometimes reference is made to certain legal sources from other countries such as the United States and the European Community that have addressed and explained the subject matter of the related issues.

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<sup>391</sup> - Graeme W. Austin, *Tolerating Confusion about Confusion: Trademark Policies and Fair Use*. *Trademark Law and Theory A Handbook of Contemporary Research*, Edited by Graeme B. Dinwoodie and Mark D. Janis, Published by: Edward Elgar Publishing Limited, 2008, p. 368. [hereinafter Graeme W. Austin, *Tolerating Confusion About Confusion: Trademark Policies and Fair Use*].

<sup>392</sup> - Mark P. McKenna, *The Normative Foundation of Trademark Law*, *Notre Dame Law Review*, Vol. 85, Issue No 5, (2007). p. 1840. [hereinafter Mark P. McKenna, *The Normative Foundation of Trademark Law*]

<sup>393</sup> - Maximiliano Marzetti, *Speechless Trademark? Dilution Theory Meets Freedom of Speech*, *Latin American and Caribbean Law and Economic Association* (2005), p. 3. [hereinafter Maximiliano Marzetti, *Speechless Trademark?*]. Available at: [http://works.bepress.com/maximiliano\\_marzetti/4](http://works.bepress.com/maximiliano_marzetti/4)

<sup>394</sup> - In the context of trademark law, “traditional” means the law which has been evolved by common law courts in the 19<sup>th</sup> and early 20<sup>th</sup> centuries.

<sup>395</sup> - Chenoy Ceil, *The Central Rationale for Trademark Protection is and Ought to be the Need of Businesses to Protect Their Brand Value Rather than the Public Interest*, *University of Tampa, Johan H. Sykes College of Business*, (2013), p. 3. [hereinafter Chenoy Ceil, *The Central Rationale for Trademark Protection*]. Available at: [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2288154&download=yes](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2288154&download=yes)

<sup>396</sup> - “The impairment of a famous trademark’s strength, effectiveness, or distinctiveness through the use of the mark on an unrelated product, usually blurring the trademark’s distinctive character or tarnishing it with an unsavory association. The elements of trademark dilution are (1) ownership of a famous mark and (2) actual dilution”. See *Black law dictionary*, p. 489.

<sup>397</sup> - “It refers to situations in which consumers are confused at first, but this confusion evaporates before any actual purchase take place” see Irina D. Manta, *Hedonic Trademarks*, *Ohio State Law Journal*, Vol. 74:2 (2013), p. 272. [hereinafter Irina D. Manta, *Hedonic Trademark*]. Available at: <http://ssrn.com/abstract=2125252>

Therefore, this chapter first examines the WIOP's agenda for trademark legal protection. Second, the purpose and function of Afghan trademark law, the criteria for assessing similarity and identical trademarks, the protective function of trademarks, source indication, dilution and initial interest confusion disputes, collective and quality marks are addressed respectively.

### **3.2. Development agenda of WIPO for trademark protection**

As mentioned in Chapter Two of this dissertation, the international community has devoted close attention to the protection of trademarks and has made some arrangements for harmonizing and developing intellectual property rights, and trademark rights in particular, at the global level. Following the Paris Convention and Bern Convention, an international organization for the protection of intellectual property (the United International Bureaux for the Protection of Intellectual Property BIRPI)<sup>398</sup> was established in 1893. In 1970, BIRPI was replaced by WIPO and in 1974 became one of the UN special agencies.<sup>399</sup> WIPO provides legal protection for all features of intellectual property such as trademarks, copyrights and patents.<sup>400</sup> WIPO currently also tends to and administers all 26 multilateral agreements, including WIPO's Convention governing intellectual property rights.<sup>401</sup> Among those agreements, the Paris Convention addresses trademark protection at the global level. In 1891 the Madrid Agreement was adopted by the international community. TRIPS followed in 1994, constituting one of the main international agreements on providing minimum standards for the legal protection of intellectual property rights. The Lisbon Agreement and the Geneva Act were established to promote economic development in the sphere of intellectual property rights.<sup>402</sup> Additionally, WIPO provides an international "policy forum where governments, industry groups and civil society come together to address evolving intellectual property issues" at the worldwide level.<sup>403</sup>

The general purpose of all those agreements is to provide a better legal situation for economic development and to safeguard the legal protection of intellectual property rights all over the world.

Due to recent core changes in the global market, the legal protection of trademarks has become an important issue for WIPO to facilitate the economic and commercial development for countries.<sup>404</sup> Nowadays consumers, in comparison to past decades, want different goods and services, and even updated products. Consumers mostly want consistent quality and durable products. To meet those

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<sup>398</sup> - It is a French translation

<sup>399</sup> WIPO, A Brief History, <http://www.wipo.int/about-wipo/en/history.html>

<sup>400</sup> - Deborah E. Bouchoux, *The Law of Trademarks, Copyrights, Patents, and Trade Secrets*, p. 177.

<sup>401</sup> - See the following link for those treaties and agreements. <http://www.wipo.int/treaties/en/index.html>

<sup>402</sup> - See the link: [http://www.wipo.int/meetings/en/doc\\_details.jsp?doc\\_id=304256](http://www.wipo.int/meetings/en/doc_details.jsp?doc_id=304256)

<sup>403</sup> - WIPO, A Brief History, <http://www.wipo.int/about-wipo/en/history.html>

<sup>404</sup> - WIPO, A Brief History, <http://www.wipo.int/about-wipo/en/history.html>

requirements, firms and investors need to attract new customers and to motivate consumers to come again. Trademarks play a significant role for distinguishing a product from another similar or identical product and effectively disseminate information about the product to consumers on a worldwide level.<sup>405</sup> WIPO helps countries reach these objectives and encourages them to provide a legal framework that integrates the benefits for both consumers and producers. Therefore, WIPO assists governments, enterprises and local communities to understand the advantages of IP in their daily life and provides international IP rules and principles (harmonization) which address the interests of both consumers and producers. WIPO intends to bring change into economic development by providing and sharing information and knowledge concerning to recent progress in different IP areas, especially trademark protection. Moreover, WIPO supports all countries in using IP for economic, social and cultural development.<sup>406</sup>

Another current global economic goal is to increase the benefits for producers and to enhance the value of their production in the market efficiently. By providing technical assistance in the registration of trademarks, WIPO plays an important role for the establishment, conservation and development of a healthy and sound economy in a society to achieve those goals. Therefore, worldwide trademark protection would serve as motivation and an incentive for both consumers and producers of products and services.<sup>407</sup>

According to Nicholas Economides, the core rationale “for the existence and protection of trademarks are” twofold: “(1) they facilitate and enhance consumer decisions, and (2) they create an incentive for firms to produce goods of desirable quality, even if the quality is not observable before purchase”. Therefore, the economic role of trademarks according to Economides is “to identify the unobservable futures of the trademark product... and firms are indirectly prompted to produce what consumers truly desire”.<sup>408</sup>

The economic impact of trademark protection in Afghanistan as a member of WIPO<sup>409</sup> is significant. Providing legal protection for trademarks will foster economic development in the country. If a trademark is legally protected, it encourages national and international companies to invest in their

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<sup>405</sup> -Marshall A. Leaffer. The New World of International Trademark Law, p. 5-6.

<sup>406</sup> - WIPO, A Brief History, <http://www.wipo.int/about-wipo/en/history.html>

<sup>407</sup> -Patricia Kimball Fletcher, Joint Registration of Trademarks and the Economic Value of a Trademark System, University of Miami Law Review, Vol. 36: 297 (1982), p. 325. [hereinafter Patricia Kimball Fletcher, Joint Registration of Trademarks and the Economic Value of Trademark System]. Available at: <http://heinonline.org/HOL/License>

<sup>408</sup> -Nicholas Economides, Trademark Forthcoming in the New Palgrave of Economics and the Law, Stern School of Business, New York University (1997), p. 1-4. [hereinafter Nicholas Economides, Trademark Forthcoming in the New Palgrave of Economics and the Law]. Available at: <http://raven.stern.nyu.edu/networks/>

<sup>409</sup> - Afghanistan acceded to the WIPO Convention on September 13, 2005 . See the following link:

[http://www.wipo.int/treaties/en/ShowResults.jsp?country\\_id=3C](http://www.wipo.int/treaties/en/ShowResults.jsp?country_id=3C)

“goodwill” and maintain consistency in product quality.<sup>410</sup> The existence of a legal system for protecting trademarks will “lead to economies of scale and lowers prices”. As mentioned before, trademarks also play a communication role in that they advertise the source and consistent quality of the goods to consumers. If trademarks did not have this function, advertising would have no value in a society such as Afghanistan. Advertising a product may increase sales and transactions. Increasing demand for the product that bears a mark will lead to more production. More production in turn gives rise to more employment and “price reduction.”<sup>411</sup>

In addition, the registration of trademarks also has economic value, since registering a trademark in the CBR office diminishes the likelihood of trademark duplication. When there is a well-functioning registration system and office responsible for trademark issues, the public is informed when a trademark is registered and later (junior) applicants for the registration of a mark are not allowed to violate the rights of previously registered trademark owners (senior) in the country. The junior applicant will not invest in a mark that has already been registered, so long as he knows thereof. As a result, junior investors will save time and money while the rights of senior trademark owners are protected.<sup>412</sup> Therefore, providing legal protection for trademarks is considered a means for promoting economic development which constitutes one of WIPO’s core objectives.

### **3.3. The purpose of a trademark based on Afghan trademark law**

This section identifies the purposes of trademarks according to the legal system of Afghanistan (laws, regulations and court practice). One of the purposes of trademarks is to distinguish similar products from each other. Therefore, there is a connection between the purpose and similarity of trademarks.

In this section, the purpose of Afghan trademark law and the concepts of similar and identical marks are assessed from analytical and descriptive points of view. First, the distinguishing function, producer protection function, and the consumer protection function of Afghan trademark law are examined, respectively. In the second section of this chapter, the similarity of trademarks is assessed, and the question is answered whether or not Afghan trademark law actually addresses the issue of existing similarities between two marks. Finally, this section explores the criteria for determining or identifying similarities between two marks in theory.

The main purpose of the ATML has been articulated in Article 2 of the law. It explains the purpose of the ATML as follows: “the objectives of this law are: 1. to regulate the registration of

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<sup>410</sup> - Jacqueline Klosek and John Mercer, Revising the 1960 Trademark Law for future Economic Growth. Rebuilding Afghanistan, Trademark World #161 (2003), p. 26-30.

<sup>411</sup> - Patricia Kimball Fletcher, Joint Registration of Trademarks and the Economic Value of a Trademark System, p. 327.

<sup>412</sup> -Patricia Kimball Fletcher, Joint Registration of Trademarks and the Economic Value of a Trademark System, p. 326.

trademark affairs; 2. to regulate the use of trademarks for the purpose of identification and distinguishing of goods, products or industrial, commercial, telecommunications and agriculture services”.<sup>413</sup> This Article merely mentions “identification” and “distinguishing”, which alone are very general purposes. The law makes no mention of distinguishing “similar” and “identical” products from each other. Article 6 of the ATML also refers to the purposes of trademark law, stating that any person who wants to have the exclusive right of use of a trademark for distinguishing his or her goods and products can apply for registration of such a trademark based on the provisions of this law. In this Article, too, the legislator emphasized the distinguishing function of a trademark, but did not explain the criteria for how to distinguish the products which are similar or identical to one another.<sup>414</sup> Furthermore, the trademark law explains the purpose of registering a trademark. For example, the ATML states that the purpose of registering a trademark is to distinguish it from other trademarks. The same Article also discusses the validity of changes made to a trademark after registration during commercial use, stating that such changes will only be valid when they have been registered with the CBR office for the same purposes.<sup>415</sup>

The purpose and distinguishing function of trademarks as articulated in the current ATML of 2009 is not a new issue. Article 1 of the previous Trademark Law of Afghanistan (1960) also explicitly recognized these functions: “Trademarks are composed of figures and signs used for distinguishing the industrial, commercial, agriculture and farm product such as design, pictures, letter-heads, signature, word on textile margins, cover signs, etc. used as means of distinguishing and differentiating products”.<sup>416</sup> Therefore, the distinguishing effect of trademarks was simultaneously recognized in both the former and the present trademark laws of Afghanistan.

While Article 2 of the ATML does not explicitly state producer protection as a function of trademarks, from other provisions of the law it can be inferred that the ATML also protects the rights of the producers or owners of trademarks. Article 16 states that “the owner of a trademark during the commerce shall prevent other actual and legal persons from using his/her own name or address, indication concerning the kind, quality, quantity and so on... unless such use is legally permitted in the industrial and commercial matters that the permission of the owner has been obtained”.<sup>417</sup> According to this Article, the owner of a trademark can prevent other legal persons from illegally using a trademark owner’s name, address, quality, quantity and other specifications of the goods and services. Therefore, it

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<sup>413</sup> -ATML, Art. 2.

<sup>414</sup> - “a person desiring to have the exclusive use of a trademark for distinguishing goods of his own production, manufacturer, selection, or in respect of which he issued a certificate, or goods, in which he trade or intend to trade, may apply for the registration of such trademark in accordance with the provision of this law”. ATML, Art. 6.

<sup>415</sup> - ATML, Art. 13 (1).

<sup>416</sup> - TMRL, Art. 1.

<sup>417</sup> - TMRL, Art. 16.

could be concluded that the ATML also addresses and considers the interests of producers and owners of an enterprise and protects the interests of trademark owners. It should be mentioned that Afghan trademark law also addresses the consumer protection function of trademarks in its Articles 8, 23 and 31.<sup>418</sup>

Article 8 (8) prohibits the registration of geographical advertising and marks or signs that mislead the public.<sup>419</sup> The intended effect of such prohibition is that the rights of consumers are protected and that they are not misled by geographical advertising. Such confusion about the indication of the geographical source of goods and services will dilute consumers. Moreover, Article 8 subsection (10) of the ATML states that marks which mislead the public as regards the source of goods and services will be rejected from registration as a trademark. It seems that the reason for this clause is to protect the right of the consumers and the law provides legal instruments for the protection of consumers.

Article 23 (2) of the ATML is devoted to the production and supply of goods in a famous geographical area. According to this Article, natural and legal persons cannot commit any actions for the purpose of deceiving or eluding the public by using different tools for introducing products, goods and services which are not dependent on the real geographical area. It seems that the purpose of this clause is to prevent commercial entities from introducing their goods or services into unrelated geographical areas. The general purpose of this Article is to prohibit the use of false geographical indications for the purpose of misleading the public. Therefore, it can be concluded that the purpose of this Article is to impose restrictions on the use of geographical locations on products which do not belong to or stem from those areas. This Article particularly addresses the geographical indication rather than to protect an ordinary trademark. Consequently, to protect the rights and interests of consumers, it is necessary to place certain limitations on the freedom of using false geographical indicators and to prevent the producers of goods and services from having unlimited rights to employ geographical indications to introduce goods or services that are not related or attributed to those areas stated.

Article 31 of the ATML stipulates matters pertaining to violations and punishment in cases of trademark misuse. The purpose of Article 31 (1) and (2) is to protect and guarantee the rights of consumers and the public. For instance, if there is a violation of the provisions of trademark law which damages consumer interests, the violators will be prosecuted. According to this Article, “a person shall,

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<sup>418</sup> - Chenoy Ceil, *The Central Rational for Trademark Protection*, p. 5.

<sup>419</sup>- “The following marks may not be used or registered as trademarks: ....8) Geographical advertisements that its use cause to be confusion of origin or goods resource, products or services.10) marks which may mislead the public or which contain false or deceptive information as to the origin, source, or any other characteristics of the goods or services”. ATML, Art. 8 (10).



on account of the following violations, be convicted, as the circumstances may warrant, make compensation in proportion to the damages being incurred: 1. falsify or forge a trademark which is already registered with the CBR in accordance with the provisions of this law or use them in such a way as to mislead the public; 2. Deliberate use of a forged or imitated trademark”.<sup>420</sup> It seems that the purpose of this Article is to protect the consumer from being deceived. This Article also protects the public from being misled and, therefore, if a person violates those rules, he will be punished on the grounds of misleading the public. So the interest of the consumer is at the core of this Article.

The ATML also states that similarities between trademarks can prevent registration of a trademark. According to the ATML, when two marks are identical or similar, they will not be registered and, even if they have been registered, they will be removed from the CBR office and will not be protected. However, the ATML does not mention the criteria for assessing when two trademarks are similar or identical. In addition, the term “identical” is not defined in the Afghan trademark law. In contrast, the Afghan Commercial Court has ruled on this issue in the *PEL* case.<sup>421</sup>

As already mentioned, trademarks serve to distinguish similar products from each other and to identify the source of goods, and to distinguish a product from such other products that may confuse the consumer about the source of the goods due to existing similarities. It should be noted that visual, aural and conceptual or meaningful similarities which are very common in developed countries, are not addressed in the ATML. Therefore, the question of similarity is a core issue for determining the protection of trademarks and is addressed in the next sections.

### **3. 4. The importance of similarity for distinguishing trademark**

One of the purposes of trademark law is to distinguish a product from another similar product. Sometimes doing so is not an easy task because of their close similarity or their being identical. If the products are similar and identical to other products, the consumer will not be able to distinguish them properly and might be misled. Thus, to avoid these issues, it is necessary to understand what constitutes “similar” and “identical”, and to know who makes the decisions about the similarity or dissimilarity of certain products and goods. To understand the subject matter of this section, it is better to first shed some light on the concept of “similarity” of trademarks and to then explain the issue with some examples. Subsequently, the common criteria and factors are explained that are important for determining the similarities between trademarks and for understanding different kinds of similarities.

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<sup>420</sup> - ATML, Art. 31.

<sup>421</sup> - P.E.L Pashton Electronic Limited v. PEL Pakistan Electronic Company. The case will be explained in the next section.

### 3.4.1. The concept of similarity

The term “identical” means “similar in every detail.”<sup>422</sup> As an example: a person or a company has registered the letters KABC as a trademark for a clothing product. A competitor later uses the same letters and adds a suffix to it, such as KABC FGX, on a similar clothing product or class of goods. In this case, the most difficult question is whether the use of the later (junior) trademark is similar and/or identical to the senior<sup>423</sup> previously registered trademark. The answer is both “yes” and “no.” “Yes” because the term KABC is used “in its entirety” by the competitor. From this perspective, there is trademark similarity. “No” because the first mark is composed of four letters, whereas the later KABC FGX mark is composed of seven letters. Thus, it would be illogical to consider both trademarks similar.<sup>424</sup>

The European Court of Justice (ECJ), in a case sent by *Tribunal de Grande Instance de Paris*, gave the following definition and criteria for marks that are identical: “... it reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contain differences so significant that they may go unnoticed by an average consumer”.<sup>425</sup> However, in the United Kingdom, in the case of the “COMFORT AND JOY” trademark and the “JOY” trademark, the Trademark Registry Office decided that “COMFORT AND JOY” is not identical to the “JOY” trademark. If we assess the definition provided by the *Tribunal de Grande Instance de Paris*’ about the concept of “identical”, it infers that for a trademark to be identical, two elements are necessary: the reproduction of goods or services, and the ability and knowledge of “an average consumer” to distinguish between two competitors’ trademarks. Therefore, according to *Tribunal de Grande Instance de Paris*’s definition, if there are some modifications or changes to the product, the two trademarks will not be identical.<sup>426</sup>

### 3.4.2. Factors affecting similarity of trademarks

According to Jeremy Phillips, the factors that will be considered in assessing whether trademarks are similar or identical are subject to whether or not the later trademarks encompass words or other signs that are to be viewed as entirely “descriptive.” For example, if someone registers “LOUIS VUITTON” for luggage, while another competitor uses “LOUIS VUITTON LUGGAGE”, the latter cannot claim that he has not used the same mark. In such a case, the term “LUGGAGE” is the name of the product, so

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<sup>422</sup> - Oxford Advance Learner’s Dictionary, Sixth edition, Oxford University Press, (2002), p. 642.

<sup>423</sup> - Person who has registered or used a trademark for the first time.

<sup>424</sup> - Jeremy Phillips, Trademark A Practical Anatomy, Oxford University Press (2003), p. 313. [hereinafter Jeremy Phillips, Trademark A Practical Anatomy].

<sup>425</sup> - LTJ Diffusion SA v. Sadas Vertbaudet SA, judgment of the court in Case C-291/00/ 20 March 2003 (1) available at: <http://curia.europa.eu/juris/document/document.jsf?docid=48154&doclang=en>

<sup>426</sup> - Jeremy Phillips, Trademark A Practical Anatomy, p. 313.

the marks are deemed identical.<sup>427</sup> However, in the Afghan legal system, a competitor who does not use the same registered trademark, but does use part of a registered trademark, will not fall under the identical class of trademark usage. For example, the CBR office has registered two trademarks for the same class of product: an Iranian company registered the trademark “GULRANG” for a cleaning detergent product, while at the same time the CBR office registered “GULRANG STAR” and “GULRANG AFGHAN” for an Afghan company producing cleaning detergent products for the same classes of products.<sup>428</sup>

In order to assess the degree of similarity between two marks, the court or registration authorities may determine, as a general principle, the degree of “visual”, “aural” and “conceptual” similarity between the two marks. Moreover, the signification and importance of those elements, category of products or services must also be considered during the assessment of similarity.<sup>429</sup> In the following sections those criteria are briefly assessed.

#### **3.4.2.1. Visual similarity**

Visual similarity is one of the most important criteria for evaluating the similarity of two trademarks. Visual similarity is composed of “text, colour, shape, size and position”. This similarity is given when one mark is visually represented in its entirety within another mark. This means that both marks are composed of the same words or letters, use the same fonts, or have the same shape, size and colour.<sup>430</sup> In fact, there are no fixed criteria for measuring the similarity of two marks. It mostly depends on court knowledge and discretion. For example, the Kabul Primary Commercial Court (KPCC), in the case of *P.E.L v. PEL* concluded that, while both marks comprise the same word and letters, the use of “dots” and the different meaning of the word that has been used as abbreviation make them dissimilar.<sup>431</sup> Visual similarity is mostly applicable to “figurative and word marks” as well as goods and products that consumers buy based on visual perception.<sup>432</sup> One practical case that occurred during the registration of a domestic mark for the same class in the CBR office was the case of *Piroz v. Prince*<sup>433</sup> biscuit mark. The *Prince* trademark was registered in KPCC in 1998 and renewed thereafter. In 2014, an Afghan biscuit production company wanted to register the same mark (in terms of colour, size, design and other

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<sup>427</sup> - Jeremy Phillips, *Trademark A Practical Anatomy*, p. 314.

<sup>428</sup> - CBR office, *Trademark Registration Book*, Registration Number 6570 (1381/2002). Also Registration Number 7371 (1984).

<sup>429</sup> - Karolina Jurkiewicz, *The Concept of Likelihood of Confusion Under the Regulation on the Community trade mark*. M.P. Neginotti, LLM, p.26. [hereinafter Karolina Jurkiewicz, *The Concept of Likelihood of Confusion*].

<sup>430</sup> - Jeremy Phillips, *Trademark A Practical Anatomy*, p. 321.

<sup>431</sup> - Kabul Primary Commercial Court. *P.E.L v. PEL* case number (263) date 1391/04/27 or 2012

<sup>432</sup> - Karolina Jurkiewicz, *The Concept of Likelihood of Confusion*, p. 26.

<sup>433</sup> - Prince trademark was registered in Afghanistan under the registration number of 5749, 1998, for biscuit production. Prince biscuit is a Belgian company registered there.

specifications), but under a different name “*Piroz biscuit*.” The CBR office rejected the *Piroz* trademark because, in terms of colour, size, shape and design, it was visually identical to *Prince* biscuit that had already been registered in the same class of products in Afghanistan.<sup>434</sup>

#### **3.4.2.2. Aural similarity**

Aural similarity is relevant when the goods or products on which a mark is used are sold orally.<sup>435</sup> With aural similarity, lawyers refer into the “linguistic discipline”. For instance, Harvard College tried to protect its “HARVARD” mark against the registration of “JARVARD” for use on clothes. “JARVARD” was a Spanish mark which is pronounced by Spanish people as “HARVARD”. In this case, if we consider the Spanish pronunciation, “JARVARD” should not be registered as a trademark, as for Spanish speakers, pronunciation is similar to “HARVARD”. In addition, the “DAVINA” and “BABINA” trademarks are pronounced differently in English and Spanish speaking countries. In Spanish, the letter “V” is pronounced as “B”, making the two marks almost aurally similar for Spanish speakers.<sup>436</sup> The same difficulty can arise in Dari and Arabic languages. For instance, the Arabic “NARGES” – which is a kind of flower – is pronounced “NARGAS” in Dari, carrying the same meaning but with a different pronunciation. The ATML is silent in this regard and makes no mention of this type of similarity. Moreover, the law does not answer the question of the legal authority of the Commercial Court in terms of how to behave when making decisions about the aural similarity of marks.

#### **3.4.2.3. Conceptual similarity**

If a trademark has a similar “semantic<sup>437</sup> content”, “the same linguistic meaning” or embraces a “similar image”, it is conceptually similar. For example, the marks “ALADIN” and “Aladin” are conceptually similar because both terms embrace a character from a particular story. The only difference is that one is in capital letters while the other is not.<sup>438</sup> Two marks can also be similar when they refer to the “same semantic term”.<sup>439</sup> For instance, consumers will think that the goods and products covered by the “Castillo” mark are the same as those of the “El Castillo” mark.<sup>440</sup> From focusing on similarity, as a tool to determine the likelihood of confusion, we can conclude that if two marks look semantically similar or sound similar or identical, they will be treated as similar even if they are conceptually different.<sup>441</sup>

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<sup>434</sup>-Ministry of Commerce and Industry. CBR office visited on December 27, 2015. Information was given by the CBR authority.

<sup>435</sup> - Karolina Jurkiewicz, *The Concept of Likelihood of Confusion*, p. 27.

<sup>436</sup> - Jeremy Phillips, *Trademark a Practical Anatomy*, p. 324.

<sup>437</sup> - Semantic pertains to the study of the meaning and use of words and phrases in a language.

<sup>438</sup> - Karolina Jurkiewicz, *The Concept of Likelihood of Confusion*, p. 29.

<sup>439</sup> - The study of the meaning and use of words and phrases.

<sup>440</sup> - Karolina Jurkiewicz, *The Concept of Likelihood of Confusion*, p. 29.

<sup>441</sup> - Jeremy Phillips, *Trademark a Practical Anatomy*, p. 329.

In this regard, the dissertation assesses a case in which Kabul Primary Commercial Court considered different linguistic meanings. As already mentioned, KPCC, in the case of “*P.E.L Pashton Electronic Limited v. PEL Pakistan Electronic Company*”, dismissed the claimant’s claim that the trademarks were similar. The claimant expressed that the defendant (PEL) trademark is similar to the plaintiff’s mark. The claimant registered the P.E.L mark in 2010 at the CBR Office in Afghanistan. In 2011 the claimant filed a claim against the PEL, stating that PEL was similar to his mark, and asked the KPCC to prohibit usage of PEL marks on electronic devices, specifically refrigerators, and to award compensation for losses. The KPCC ruled that the PEL trademark had already been registered in Pakistan in 1956 and in Afghanistan in 2001. The KPCC also concluded that the two marks were not identical. Even though the abbreviations are mostly the same, they contextually embrace different meanings. The claimant’s mark *P.E.L*, short for Pashton Electronic Limited, differs from the defendant mark *PEL*, short for Pakistan Electronic Company. Moreover, the Commercial Court explained that the claimant used dots (.) between each letter P, E and L, put them in parentheses and registered the trademark as follows: (P.E.L Limited). Consequently, the court rebutted the claimant’s demand that use of the PEL mark be prohibited in Afghanistan. Among other reasons that the KPCC stated, one was the dissimilarity between the P.E.L mark and PEL mark. The court also argued that PEL is a famous mark in Afghanistan and that, even if it were not registered in Afghanistan, it would still be protected based on Article 9 of the ATML. In its verdict, the court did not prohibit either company from using their trademarks in Afghanistan for the same class of goods.<sup>442</sup>

### **3.5. The similarity of trademarks from the perspective of the Afghan legal system**

While the ATML does not define the terms “similar” and “identical”, it still uses them. According to the law, when a mark is similar to an already registered trademark, it will not be registered and will be refused by the CBR office. Article 11 (3) of the ATML articulates this issue as follows: “the Central Business Registration Office shall under certain circumstances as well, be obligated to reject the application for trademark registration: 1- where the trademark is repugnant to the provision of Article 9 of the present law. 2- Where the trademarks have been registered previously under the name of a third person and/or are identical to the previously registered trademarks”.<sup>443</sup> As it has been articulated in the ATML, in case of similarity between two marks, the latter will not be eligible for registration. The ATML does not state the criteria for determining similarity, nor who will make respective decisions about similarity. The ATML does not distinguish between the terms “identical” and “similarity”, nor

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<sup>442</sup> - Kabul Primary Commercial Court, verdict No (263) date 1391/04/27 or 2012.

<sup>443</sup> - ATML, Art. 11 (3).

have practitioners paid attention to these issues. As was mentioned in the previous section, the ATML does not provide more details and instructions with regards to the question of when trademarks are similar or identical.

From a historical point of view, the issue of similarity from a European perspective was raised in the case of *Sabel v. Puma* before the European Court of Justice (ECJ). The ECJ concluded that to compare two trademarks, it would be preferable to consider a “global appreciation of the visual, aural or conceptual similarity of the marks in question, bearing in mind, in particular, their distinctive and dominant components”. While such an approach has been established by the ECJ in accordance with EU Law, it would nonetheless be useful to apply in all other trademark systems, as trademarks are generally composed of same definitions and almost the same functions. There is no other suitable way to compare marks in order to determine the “likelihood of confusion”. Essentially, the questions to be asked are: “what they look like, what they sound like and what they mean”.<sup>444</sup>

However, whenever we want to compare and assess the similarity of two trademarks, either before or sometimes after registration, we have to consider the similarity between the marks rather than focusing on their dissimilarities. We have to consider that two marks are similar in a certain number of ways instead of emphasizing the dissimilarity of them. As has already been mentioned, trademarks have different purposes. We now return to this issue in the following sections.

### **3.6. The protective purpose of trademarks**

Trademarks serve manifold functions: first of all they protect consumer rights; second they protect the rights of producers (the owners of trademarks). In addition, trademarks serve to indicate the source of goods and products. Functions that have emerged more recently in developing and industrial countries include preventing dilution and “initial interest confusion”. In fact, enterprises use trademarks to distinguish their goods and services from other similar goods and services. Additionally, trademarks transmit information about a product’s attributes.<sup>445</sup> Trademarks aim to protect the rights of consumers and provide information about the “constant quality of the product or services”. In the following sections, the trademark functions “consumer protection”, “producer protection”, “source indication” and the “prevention of dilution” are assessed respectively.

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<sup>444</sup> -ECJ Judgment of 11.11. 1997- Case C-251/95.

<sup>445</sup> - Kalistratova Zhanna, *Modern Concept of Trademark Protection and Their Application to Internet Uses*, Central European University Legal Studies, *International Business Law* (2007), p. 2. [hereinafter Kalistratova Zhanna, *Modern Concept of Trademark Protection and Their Application to Internet Uses*].

### **3.6.1. The notion of consumer protection and improving the quality of information**

As already mentioned, the original objectives of trademarks were the protection and safeguarding of the interests and benefits of consumers. Based on this notion, the focus of trademark is to preserve the interests of the public that consumes the product and services. From this perspective, a trademark has “psychological effects” on the consumer’s mind, and this forms the main subject matter of trademark law. In this regard, two issues will be important for the consumers: the “registerability” and “infringement” of the goods and services. A trademark is a tool to assist purchasers in choosing their desired product or services from among other products. Moreover, a trademark, as a symbol of goods and services, helps buyers distinguish goods with which they have been satisfied in the past. Likewise, if the goods are not satisfactory to them, they will be rejected by the consumers and not be bought again.<sup>446</sup>

The interest of a buyer mostly depends on the shape, colour, order, taste, size, quality, design and style of a product or service. In this context, a trademark helps consumers to identify their favourite mark which has been affixed to the goods, and then the consumers make their selection. For instance, if a buyer wants to buy biscuits and they taste good, he will remember the mark of the biscuits and will next time look for biscuits or other goods that bear that mark. In contrast, if the biscuits did not taste good, the buyer will not buy the product again and will not fondly remember the mark attached to the biscuits.<sup>447</sup>

According to Professor J. Shahar Dillbary, a trademark basically provides two types of information for the consumers:

- 1- a trademark gives information with regards the “identity” and “choose” of goods and services.
- 2- a trademark gives information concerning the “product itself” or the content of a product or service, also called “intra-brand information”.<sup>448</sup>

The first type of information that a trademark provides is to identify a product or service by a mark or symbol. It distinguishes the source of a product for the public, i. e. lets the public know where it can get the products it desires. For example, in the local market a person who likes “Nescafé” can always select it from a number of other marks offering hot coffee, like “Starbucks” and “Nescafé”. If different types

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<sup>446</sup> - Sidney A. Diamond, The Public Interest and the Trademark System, Journal of Patent Office Society, Vol. 62, No 9 (1980), p. 528. [hereinafter, Sidney A. Dimond, The Public Interest and the Trademark System]. Available at: [http://heinonline.org/HOL/Page?handle=hein.journals/jpatos62&div=74&g\\_sent=1&collection=journals](http://heinonline.org/HOL/Page?handle=hein.journals/jpatos62&div=74&g_sent=1&collection=journals)

<sup>447</sup> - Sidney A. Diamond, The Public Interest and the Trademark System. Journal of Patent Office Society. Vol 62, (1980), p 528.

<sup>448</sup> -J. Shahar Dillbary, Getting the Word Out: The Informational Function of Trademarks, Arizona State Law Journal, Vol. 41 (2009), p. 993-994. [hereinafter J. Shahar Dirllbary, Getting the World Out: The Information Function of Trademarks]. Available at: <http://heinonline.org>

of coffee did not have a brand or a mark to distinguish them from each other, it would be difficult for the consumers to find their favourite coffee “Nescafé”. Otherwise, the consumers would have to look themselves and read all coffee shop labels and brands. At the same time, there is the issue of choice of goods: if each type of coffee did not have its own trademark, the public would have to ask the different sellers for the coffee made by “Nestlé” or any other companies.<sup>449</sup> Consequently, if producers provide necessary information about the product, the consumer will be able to find and select their desired goods and services easily. It also reduces search costs for the consumer, an issue that is discussed in the next section.

The second type of information that a trademark offers the consumer is knowledge or information concerning the product itself. For instance, a “*descriptive mark*” transfers data concerning the product’s specifications, components and elements to its consumers. The information pertaining to the goods and services, as part of consumer protection or the subsidiary function of a trademark, provides important information for consumers.<sup>450</sup> Providing information also lessens the consumer’s ambiguity about the authenticity or credibility of the source and quality of product which probably affects the amount of purchased goods.<sup>451</sup> Moreover, lack of information about the products and services will reduce the number of buyers. As a matter of fact, a consumer mostly prefers to buy a product that has been affixed with a mark rather than a product that has not been affixed with a mark. Consequently, a trademark not only assists buyers to select their desired product, but also helps them to make a decision about the amount of products they want to purchase as well as whether they would repeat their purchase.<sup>452</sup> If a product has been affixed with a mark, the consumer buys larger amounts of the product repeatedly because the consumer is familiar with the product and has examined the product’s consistent quality and other specifications several times. In brief, through this function the consumer is legally protected and the trademark law does not permit competitors to reproduce same or similar goods to mislead the public. In this context, a trademark serves to protect the consumer against dilution and from being misled by a competitor.

Within the consumer protection function of trademark, there are two main models that support and enhance the consumer protection system, “the search-cost model” and the “consumer decision-making

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<sup>449</sup> -J. Shahar Dirllbary, Getting the Word Out: The Informational Function of Trademarks, p. 993.

<sup>450</sup> -Mohammad Amin Naser, Re-Examining the Functions of Trademark Law, Chicago-Kent Journal of Intellectual Property, Vol. 8 (2008), p. 102. [hereinafter Mohammad Amin Naser, Re-Examining the Function of Trademark Law].

<sup>451</sup> - J. Shahar Dirllbary, Getting the Word Out: The Informational Function of Trademarks, p. 993.

<sup>452</sup> -Shahar Dirllbary, Getting the Word Out: The Informational Function of Trademarks, p. 995.



model”. The purpose of both systems is to provide more facilitation for consumers and to safeguard their interests and legal rights.<sup>453</sup>

### **3.6.2. The search-cost model**

The search-cost model is one of the sub theories underpinning the consumer protection notion. This model intends to concentrate on consumer interests and, therefore, limits the scope of trademark to assuring consumer protection and preventing damages for consumers. According to this model, if there is a “well-functioning system of trademark” that provides information concerning the origin and the “constant quality” of goods or services, the consumer will spend less time looking for desirable products than the consumer looking for them.<sup>454</sup> One of the common predominant notions regarding the goal of trademarks is that trademark law enables purchasers to trust the trademark as well as the information about the source and quality of the goods and services. This is a safe decision and decreases the time invested in searching for the desired product.<sup>455</sup> A purchaser might trust the source indication function of a trademark in order to rapidly distinguish goods and services. This may be a suitable and easy way to examine the quality and price of goods and services.<sup>456</sup>

From the economic point of view, through sharing the economic effectiveness, trademarks decrease the buyer’s search costs. Instead of assessing and spending time for inquiring about the origin and quality of every good or service, the consumer can draw on the trademark as an abbreviated symbol or sign affixed to the desired product. Such an abbreviated symbol that offers information is cheap, but will have a positive function in that the trademark will be trustable and accurate for consumers. Additionally, a trademark will properly achieve its goals if the law provides legal safety. In brief, a trademark creates a credible “shorthand” for communication between both parties (seller and buyer) and trademark law protects this mechanism.<sup>457</sup> Both producers and purchasers benefit from it. Producers benefit because they will be encouraged to invest more in “goodwill”<sup>458</sup> of their goods and services.

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<sup>453</sup> - Mohammad Amin Naser, Re-Examining the Function of Trademark Law, p. 102.

<sup>454</sup> -Irina D. Manta, Hedonic Trademark, *Ohio State Law Journal*, Vol. 74 (2013) p. 250.

<sup>455</sup> -Mark P. McKenna, A Consumer Decision Making Theory of Trademark Law, *Virginia Law Review*, Vol. 98 (2012), p. 73. [hereinafter Mark P. McKenna, A Consumer Decision Making Theory of Trademark Law].

<sup>456</sup> - Laura R. Bradford, Emotion, Dilution and the Trademark Consumer, *Berkeley Technology Law Journal*, Vol. 23 (2008), p. 1240. [hereinafter Laura R. Bradford, Emotion, Dilution and the Trademark Consumer]. available at: <http://scholarship.Law.berkeley.edu/btlj/vol23/iss4/3>

<sup>457</sup> - Stacey L. Dogan and Mark A. Lemley, A Searching Cost Theory of Limiting Doctrines In Trademark Law, *The Trademark Reporter*, Official Journal of International Trademark Association, Vol. 97 (2007), p. 1225. [Hereinafter Stacey L. Dogan and Mark A. Lemley, A Searching Cost Theory of Limiting Doctrine in Trademark Law].

<sup>458</sup> - Goodwill is the intangible property of a firm which is composed of the “reputation” of the firm or its product “value” that is connected with a trademark. One of the purposes of trademark law is to protect the “goodwill” of trademark owners. See International Trademark Association INTA. *Trademark Basic, A Guide for Business*, (2012), p. 12, available at: [http://www.inta.org/Media/Documents/2012\\_TMBasicsBusiness.pdf](http://www.inta.org/Media/Documents/2012_TMBasicsBusiness.pdf)

Purchasers also benefit as they need not onerously search for their desired goods, and can instead look for goods and services bearing the mark of which they already know that the goods are equipped with the attributes they want.<sup>459</sup>

### **3.6.3. Consumer decision-making model**

Another sub main model for supporting and enhancing the consumer protection theory is the “consumer decision-making model”. The purpose of this theory is to provide more facilitation for consumers and safeguard their interests and legal rights to easily make product purchasing decisions. In practice, trademarks have some problems such as “conflicting use”, which damages the information pertaining to the quality of the mark, and consequently the consumer will not trust the mark as a source indicator.<sup>460</sup> In response to those problems, some scholars recommend the “reconceptualization” of trademark law and diverting the functionality of trademark law from search cost theory to consumer decision-making theory.<sup>461</sup>

McKenna claims that trademark law should concentrate its attention on “consumer decision-making” instead of focusing on “search cost or confusion”<sup>462</sup> without considering the restriction of time and resources of the consumer.<sup>463</sup> He emphasized that trademark law legalizes the “commercial marketplace”. Therefore, it should pay attention to the issues that influence the buyers. In practice, the court should not only take into account whether the defendant’s action possibly caused confusion, but also take into account the “likelihood of physical or practical effects” on consumer decision-making. Accordingly, any use of a mark that practically has no effect on consumer decisions is supposed to be considered immaterial (irrelevant) to trademark law.<sup>464</sup>

Laura R. Bradford sheds light on consumer’s decision-making from an emotional point of view. According to her, the consumer’s reaction to a trademark on goods or services is related to an appropriate role of “emotion in advertising” for a trademark. The importance and manipulation of emotion on consumers for selecting their desirable goods and services caused or led to the development of three different schools of thought:<sup>465</sup> “the irrational weigher”,<sup>466</sup> “the rational maximizer”<sup>467</sup> and the

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<sup>459</sup> - Stacey L. Dogan and Mark A. Lemley, A Searching Cost Theory of Limiting Doctrines In Trademark Law, p. 1226.

<sup>460</sup> - Mark P. McKenna, A Consumer Decision Making Theory of Trademark Law. p. 81.

<sup>461</sup> - Irina D. Manta, Hedonic Trademarks, p. 253.

<sup>462</sup> - Mark P. McKenna, A Consumer Decision Making Theory of Trademark Law, p. 124.

<sup>463</sup> - Laura R. Bradford, Emotion, Dilution, and the Trademark Consumer, p 1260.

<sup>464</sup> - Mark P. McKenna, A Consumer Decision Making Theory of Trademark Law, p. 111.

<sup>465</sup> - Laura R. Bradford, Emotion, Dilution, and the Trademark Consumer, p. 1251.

<sup>466</sup> - According to this theory “emotional advertising” has influenced the buyers to highly value the products that have affixed with brand. See Laura R. Bradford, Emotion, Dilution, and the Trademark Consumer, p. 1253.

<sup>467</sup> - This theory provides a good rationale for the effect of influential advertising, since emotion is a component of goods and services that is sold under a mark. For instances, if a buyer thinks that a specific product makes him very happy, then

“cognitive miser”.<sup>468</sup> At the beginning of the twentieth century, the mode of advertising changed from “informative” into “persuasive”. Consequently, trademarks were no longer “good’s symbolizes”, but instead served to persuade consumers, via different tools, to make a purchasing decision. In addition, increased efforts made to provide advertising have been achieved by the development of communication and transportation strategies to disseminate goods into local and national markets”.<sup>469</sup>

### **3.7. The notion of producer or owner of trademark protection/competition**

In the past, the notion has prevailed that trademark law serves the purpose of protecting the interests of consumers and improving the “quality of information” on goods and services that exist in the market. However, there is an argument which supports that the key purpose of trademarks is to protect the producer of a product from illegal reproduction by its rivals, since such reproduction would reduce the value of the mark.<sup>470</sup> The reproduction of the goods and products by certain competitors will infringe on the rights of the owner of a product.

Some other scholars believe that trademark law has a dual functionality: on the one hand, it aims to protect the concerns of producers. On the other hand, it protects the buyer from deception by competitors. Accordingly, this dual functionality (producer and buyer protection) of trademarks establishes the foundation for trademark legal protection.<sup>471</sup>

Previously, in English common law, the purpose of the trademark law was only the protection of the rights of producers.<sup>472</sup> In American common law jurisdiction, some courts concentrated on consumer protection whereas other courts focussed on protecting the producer or owner of a product. In fact, neither of those ideas alone corresponds to the actual function of trademarks. This matter has been articulated in the legislative history of the Lanham Act as follows: “The purpose underlying any trademark statute is twofold. One is to protect the public... [s]econdly, where the owner of a trade-mark has spent energy, time...he is protected in his investment from its misappropriation by pirates and cheats... This is the well-established rule of law protecting both the public and the trade-mark owner”.<sup>473</sup>

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according to this emotion or idea he or she will be more interested to purchase such product. See Laura R. Bradford, *Emotion, Dilution, and the Trademark Consumer*, p. 1255.

<sup>468</sup> - Emotion will reduce the perception of decision-making cost. Emotion is a component of the nervous system that comes from the mind of a consumer and directs or leads him or her to make a purchasing decision. See Laura R. Bradford, *Emotion, Dilution, and the Trademark Consumer*, p. 1261.

<sup>469</sup> -Laura R. Bradford *Emotion, Dilution, and the Trademark Consumer*, p. 1252.

<sup>470</sup> - Chenoy Ceil. *The Central Rational for Trademark Protection*, p. 1.

<sup>471</sup> - Chad J. Doellinger, *A New Theory of Trademarks*, *Penn State Law Review*, Vol. 111: 4 (2007), p. 103. [Hereinafter Chad J. Doellinger, *A New Theory of Trademarks*]

<sup>472</sup> - Mark P. McKenna, *The Normative Foundation of Trademark Law*, *Notre Dame Law Review*, Vol. 82 (2007), p. 1858.

[Hereinafter, Mark P. McKenna, *The Normative Foundation of Trademark Law*] Available at:

<http://scholarship.law.nd.edu/ndlr/vol82/iss5/3>

<sup>473</sup> - Chad J. Doellinger, *A New Theory of Trademarks*, p. 104.

Trademark law, from the beginning, has been invested in the protection of the rights of the product owner,<sup>474</sup> because the owner of a trademark has allocated and spent his power, time and capital and assumed the risk of losing their wealth by producing a product for consumers. Due to this legal protection, the producers in turn protect their trade goodwill and trademark value.<sup>475</sup>

As mentioned above, trademark protection is supported because it motivates business owners to produce better products, while decreasing search costs for consumers and making it easier for them to rely on the source and origin of the goods bearing the mark. However, there is a main point that trademark and unfair competition law focus on the basic foundation of conducts on behalf of trademark owners. Accordingly, there is a close relationship between trademark legal protection and unfair competition. Thus, the owners of a trademark have certain rights to their trademark. Whenever a competitor commits an act that effects consumer deception, the owner has the legal right to prohibit such act and to demand legal and fair compensation.<sup>476</sup>

### **3.7.1. Unfair competition and the legal protection of trademarks**

One of the functions of trademark protection has traditionally been to impede goods from being distracted by a competitor. As such, the legal protection of trademarks has for a long time been considered as constituting a form of competition law. It has sometimes been considered part of the law that covers and regulates other deceptive behaviours.<sup>477</sup>

At the beginning, it would be useful to understand and define the term “unfair competition”. Unfair competition has been defined as follows: “dishonest or fraudulent rivalry in trade and commerce; esp.... the practice of endeavouring to pass off one’s own goods or product in the market for those of another by means of imitating or counterfeiting the name, brand, size or other distinctive characteristic of the article or its packaging”.<sup>478</sup>

From a wider perspective, trademark law is counted as part of unfair competition law.<sup>479</sup> Thus, the branch of law that has the duty to regulate business issues mostly searches for upholding competition as a tool of allocating resources efficiently and keeping the prices rational. Trademark law gives a trademark owner a monopoly on a trademark to distinguish the product to which it is attached in the market. Legal protection of a trademark provides motivation. It encourages producers to generate

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<sup>474</sup> - Cheney Ceil, The Central Rational for Trademark Protection, p. 5.

<sup>475</sup> - Cheney Ceil, The Central Rational for Trademark Protection, p. 5.

<sup>476</sup> - Greg Lastowka, The Trademark Function of Authorship, Boston University Law Review. Vol. 85 (2005), p. 1188. [Hereinafter, Greg Lastowka, The Trademark Function of Authorship]. Available at: <http://heinonline.org>

<sup>477</sup> -Mark P. McKenna, The Normative Foundation of Trademark Law, p. 1860.

<sup>478</sup> -Bryan A. Ganer, Editor in Chief, Black’s Law Dictionary, 8 ed, Thomson West (2004), p. 1563. [hereinafter Bryan A. Ganer, Black’s Law Dictionary]

<sup>479</sup> - Greg Lastowka, The Trademark Function of Authorship, p. 1186.

authentic goods and services at realistic prices, with a view to repeating the sale of goods as a result of consumer satisfaction. Therefore, trademark law seeks to enhance effective competition by making it possible for consumers to differentiate the desired goods and services from competing goods and services of another producer.<sup>480</sup> This means that the infringing competitor may propose a lower price that is possible because he has had to invest less in trademark activities. In such circumstances, the non-compensated use of a trademark will allow competitors to sell their goods and products with different levels of quality and specifications from the actual trademark owner's goods and products. As a result, the competing products will fulfil the needs of consumers. Therefore, "free-riding" on another mark will pave the way for a competitor to enter into the market very easily.<sup>481</sup>

Therefore, trademark owners should provide information with regards to the origin and specifications of their products, which is important for competitors as well as consumers.<sup>482</sup> However, a competitor uses another trademark without the consent of that trademark's owner and without compensating said owner, which in turn provides the competitor with "external benefits"<sup>483</sup>. The following three issues will prove "whether this competing proprietary use of a trademark is appropriation or misappropriation":

1- "Impact on encouragement": a competitor's "proprietary" use will prevent the owner of a trademark from investing in said trademark. Use of a trademark against reimbursement safeguards the supplier of the goods and services that only supplies the goods and services which are in conformity with the trademark owner standards. Such encouragement empowers consumers to place trust in the product's reputation and its consistent quality. If in such a case a competitor uses the same trademark, there will be no guarantee that the provided information pertaining to the goods and their origin is correct.

2- "Advantage of free access": even though "free access" probably increases a competitor's income, it will not be possible without causing damage to the producer, the consumer and finally the competition itself. A consumer will take advantage of the existence of more competitors where the competitors facilitate and respond to consumers' needs, for instance by asking for lower prices, increasing the variety and diversity of product specifications and qualities on the market, and finally by making it

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<sup>480</sup> -John F. Coverdale, Trademark and Generic Words: An Effect-on- Competition Test, The University of Chicago Law Review, Vol. 51 (1984), p. 869. [hereinafter John F. Coverdale, Trademark and Generic Words: An Effect-on- Competition Test]. Available at: <http://www.jstor.org/stable/1599488>

<sup>481</sup> - David W. Barnes, Trademark Externalities, Yale Journal of Law and Technology, Vol. 10: 1 (2008), p. 32. [hereinafter, David W. Barnes, Trademark Externalities]. Available at: <http://digitalcommons.law.yale.edu/yjolt>

<sup>482</sup> - ATML, Art. 12 (3).

<sup>483</sup> - External benefits are those advantages that are granted to others without payment or reimbursement. See David W. Barnes, Trademark Externalities, p. 3.

easier for consumers to get desired products that will be satisfactory for them in terms of price, quality and other specifications.

3- Pure advantages from “internalization”: If a competitor pretends that he uses another trademark legally, this action, in fact, will not be considered competition. In such circumstances, a competitor is using another trademark by “passing off”. This kind of “competing proprietary use” makes it more troublesome for consumers to distinguish the original products from the imitated products.<sup>484</sup>

As described above, trademark protection will motivate producers to offer quality goods and will reduce the purchaser’s search costs by relying on a trademark that shows the source and origin of the products. One noteworthy issue is that “trademark and unfair competition law are dealing with the rule of communicative” conduct. This means that, when a competitor commits an act that is deemed to be “public deception”, the trademark owner becomes eligible for certain protective rights and can ask for legal protection and relief. One common point between trademark and unfair competition law is the existence of “confusion” and “deception” for consumers. Therefore, there will be no form of trademark infringement without the presence of a probability of “consumer confusion”.<sup>485</sup>

The European Court of Justice (ECJ) has acknowledged that trademark rights constitute the natural element of fair competition. In the absence of trademark rights and “protection against the risk of confusion”, “undistorted competition” cannot be secured.<sup>486</sup>

In Afghanistan, unfair competition law stems from specific pieces of legislation or specific provisions within another law, such as the Commercial Code of 1955, which are examined in the following section.

### **3.7.2. The Afghan legal system and the protection of trademarks against unfair competition**

Historically, the protection of a trademark owner against unfair competition dates back to 1955, when the ACOMC was enacted. Chapter six of the ACOMC (Articles 55 to 64) addresses actions that are deemed illegal competition. After that, in 2010, the new law titled Law of Protection of Competition (LPC) was enacted.<sup>487</sup> This new competition law addresses unfair competition in a broader context. In other words, it covers unfair competition in a very broad and wide range of commercial actions.

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<sup>484</sup> - David W. Barnes, Trademark Externalities, p. 32.

<sup>485</sup> - Greg Lastowka, The Trademark Function of Authorship, p. 1189.

<sup>486</sup> -Roland Knak, Trade Mark Protection and Undistorted Competition, Max Planck Institute for Intellectual Property and Competition Law, Research Paper No 11-12, (2009) p. 4. [hereinafter Roland Knak, Trade Mark Protection and Undistorted Competition]. Available at:

[https://papers.ssm.com/sol3/papers.cfm?abstract\\_id=1935291&rec=1&srcabs=1492032.&alg=1&pos=5](https://papers.ssm.com/sol3/papers.cfm?abstract_id=1935291&rec=1&srcabs=1492032.&alg=1&pos=5)

<sup>487</sup> - Ministry of Justice, Law on Protection of Competition, Official Gazette, Issue # 1010, (2010). [hereinafter LoPC]. This law has 35 Articles and the source of the law is Article 11 of Afghanistan 2004 constitution as a commercial clause.

In particular, the ACOMC addresses the issues of confusion, misuse and violation of provisions of the code. Article 55 of the law touches upon the misuse of a trademark and commercial names as follows: “If the marks or names used by a merchant interfere with those used by another merchant, and cause doubts, the use of such marks and names is not allowed for the first-mentioned merchant. In case a person uses such interfering signs, though not through any fault, the court can order the removal of names and designation if the interested party so requests”.<sup>488</sup> This is the only Article in the Commercial Code of Afghanistan pertaining to the misuse of a mark or commercial name with regards to unfair competition in the context of trademarks.

In the legal history of Afghanistan, the LPC was the first independent piece of legislation. However, only Article 12 of the law deals with intellectual property rights. This Article states that the holder of IP rights and privileges cannot disregard the provisions of Articles 7 to 9 of this law. Article 7 lists the anti-competition manners and cases. Article 8 addresses the “unfair commercial manner of competition” while Article 9 is about the prohibition of indirect activities that are considered part of unfair competition. Among those articles, Articles 7 and 8 are most related to the prohibition of competition and those Articles, in general, list the actions that are counted as unfair competitions. A full assessment of the LPC would go beyond the scope of this study, but should be subject to independent research.

### **3.8. Trademarks as an indicator of the source of goods and services**

In the history of trademark development, initially the notion predominated that trademark aimed to guarantee and protect the interests of consumers and to improve the “quality of information” for possible consumers. However, at the moment, the functions that trademark serves have changed in light of the recent and current economic and social developments. Therefore, one of the important purposes of a trademark is to indicate the source of goods and services.<sup>489</sup> The current trademark laws around the world have been affected by the Industrial Revolution. In particular, trademarks have become an important bridge between producers and consumers that is vital for the former. According to this model, a trademark indicates the original source of the goods and services that are “passed” from the producer via the “middleman to ultimate purchasers”.<sup>490</sup> For instance, producers who attach trademarks might be

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<sup>488</sup> - ACOMC, Art. 55.

<sup>489</sup> -Kalistratova Zhanna, *Modern Concept of Trademark Protection and Their Application to Internet Use*, Central European University, *Legal Studies International Business Law* (2007), p. 16. [hereinafter Kalistratova Zhanna, *Modern Concept of Trademark Protection and Their Application to Internet Use*].

<sup>490</sup> - Raveen Obhrai, *Traditional and Contemporary Function of Trademarks*, *Journal of Contemporary Legal Issues*, Vol 12:16, (2001), p. 16. [hereinafter Raveen Obhrai, *Traditional and Contemporary Function of Trademarks*].

hundreds or thousands of kilometres away from their customers, and by affixing a mark to their goods and services, the producer informs the purchasers about the source of said goods and services.

Historically, this notion was created by the practice of American courts in the 19<sup>th</sup> century. For example, in 1871 and 1916, in different cases US courts asserted that the most common function of a trademark is to indicate the source of goods and services. Therefore, trademarks in the late nineteenth and early twentieth centuries functioned as indicators of both the source and ownership of the goods and services.<sup>491</sup>

Moreover, the producers assure the consumer that the goods and services coming into the hands of consumers derive from the same sources. Consumers are also assured that, if there are two or more kinds of articles or products which bear the same mark, those products come from a single or the same source.<sup>492</sup> Therefore, according to Frank Schechter, the accurate function of a trademark is “to identify a product as satisfactory and thereby to stimulate further purchase by the consuming public”, and ultimately the “manufacturer or importer [actions] may reach over the shoulder of the retailer”. However, if a trademark is unable to achieve this purpose, the result will be in contrary to the interests of the producer or the owner of a mark and the competition will benefit. As a result of such misuse of products or goods, on the one hand the product will lose its credibility and validity among the consumers, and on the other hand, unfair competitors will take illegal advantage and consumers will no longer rely on the goods and services.<sup>493</sup>

However, according to Elmer William, the fundamental “function” of a trademark in the current era is to show the “degree of quality”. Therefore, the original purpose of a trademark is to prove the “degree of quality” for the consumer or purchaser. From this perspective, the consumer’s concern is not about the producers who made the product, but is rather about their desires and hopes. In other words, they consider their own interests, the product quality and how long it will last. According to William, indicating the source of goods or services is a secondary function of trademarks.<sup>494</sup>

Unlike Elmer William, Raben Obhrai does not prioritize the importance of quality and favours the source identification function of trademarks. He explains that if there is no “product identification”, the actual “competition over quality among producers” would be considerably damaged. As a result of lack of distinguishing features between goods and services on the market, the producer will have no incentive

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<sup>491</sup> -Kalistratova Zhanna. Modern Concept of Trademark Protection and Their Application to Internet Use, p. 5.

<sup>492</sup> - Frank I. Schechter, The Rational Basis of Trademark Protection, Harvard Law Review, Vol. 40, (1927), p. 815-818. [hereinafter Frank I. Schechter, The Rational Basis of Trademark Protection].

<sup>493</sup> - Frank I. Schechter, The Rational Basis of Trademark Protection, p. 818.

<sup>494</sup> -Elmer William Hanak III, The Quality Assurance Function of Trademarks, Fordham Law Review, Vol. 43:3, (1974), p. 364. [hereinafter Elmer William Hanak III, The Quality Assurance Function of Trademarks].



to produce high-quality products.<sup>495</sup> Therefore, in this view, source indication is the first and primary function of trademarks.

In this regard, however, there is the question of whether trademark owners can use different marks to identify one source and product, or in contrast whether one mark should be used for one product, the so-called “single-signal rule”.<sup>496</sup>

It should be mentioned that the source identification function does not distinguish a product from another class of products. For instance, according to the Nice Agreement, milk is included in class 29, whereas fruit juice and water are included in class 32. Therefore, if a water company uses the Panjshir (a province in the north of Kabul) mark to identify mineral water (which falls under class 32 of the Nice Agreement), then such use is correct and it indicates the source of mineral water which is produced in Panjshir. In contrast, if the company uses the Panjshir name as a mark for milk products, which falls under class 29, the Panjshir mark will not be protected against the milk product or some other sort of related class, like jam, unless the Panjshir water company has registered the Panjshir mark on milk or jam products in advance. This should be clearly stated during the registration process at the CBR office.

However, there is the idea of “one mark per source” or “the single signal rule”.<sup>497</sup> There is the question whether one product or service needs to use different words, logos and signs as marks to identify and distinguish them from other goods and services. For instance, according to Afghanistan Official Gazette issue number 830, 2004, the company “AVENTIS PHARMA S. A. ANOTY – FRANCE” applied to register and use the following on its class 5 goods: “NUSEPTIL”, “BENASIA”, “REGIVAS”, and “LUILAT”.<sup>498</sup> According to David W. Barnes, trademark law should protect only one mark for one source including the licensee, subsidiary and other legally permitted users. Under the “the single-signal rule”, in Afghanistan the AVENSTIS PHARMA S. A. ANOTY company would not have the trademark rights for all categories of its class 5 goods, even if the AVENSTIS PHARMA company uses all those words on all of its class five goods. Therefore, according to this notion, one mark “NUSEPTIL” would be used for one source of goods. Another practical example is the “KAYABAI INDUSTRY CO. LTD. JAPAN, Company” that in 2004 applied to register “KAYABA”, “K Y B”, “KYB” and “Excel-G” in class 12. In this case, the CBR office permitted registration of the marks for

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<sup>495</sup> - Rabeen Obhrai, Traditional and Contemporary Function of Trademarks, Journal of Contemporary Legal, Vol. 12:16 (2001), p. 19.[hereinafter Rabeen Obhrai, Traditional and Contemporary Function of Trademarks].

<sup>496</sup> - The term “single signal rule” has been used in the article of “One Trademark per Source” written by David W. Barnes who is professor of law at Seton Hall University, New York, USA.

<sup>497</sup>-David W. Barnes, One Trademark Per Source, Texas Intellectual Property Law Journal, Issue No 1, (2009), p. 7.

<sup>498</sup> - Class 5 covers “the pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides”. See the Nice Agreement at: <http://www.wipo.int/wipolex/en/details.jsp?id=12617>.

one class. Moreover, the ATML allowed the registration of different words, logos, signs and pictorial marks for ADVENTIS PHARMA S. A. Company. While the ATML has not articulated these issues explicitly, in practice, as Official Gazette issue number 830 2004 has proven, “the single-signal rule” has not been accepted in the legal system of Afghanistan.<sup>499</sup>

The “the single-signal rule” theory would serve to enhance competition, “reduce consumer search cost” and inform the purchaser of the actual source of the goods. From a competition perspective, it would be easy for a rival producer to describe their goods to the purchasers. For instance, the producer of Chaika Milk (which is a Pakistani company) could very easily compete with Milk Pike products, another Pakistani Company. In the above example, if “AVENTIS PHARMA” were to select only one of the desired marks (for example “NUSEPTIL”), other pharmaceutical companies could and likely would choose the remainder. This would impact negatively on the advertising and marketing of “AVETIS PHARMA” in the pharmaceutical industry. Trademark laws do not adhere to “the single-signal rule” in practice. A company can register as many marks for one source as it pleases. For example, the Coca-Cola Company has registered more than 500 different trademarks.<sup>500</sup>

In Afghanistan the ATML, as has been mentioned, does not follow “the single-signal rule.” As Article 4 of the ATML explains: “Trademarks consist of (one or more than one) names, words, signatures, letters, figures, drawings, symbols, titles, seals, pictures, inscriptions, advertisements or packs or any other mark or a combination thereof”.<sup>501</sup> Therefore, based on the ATML, a person who wants to select a trademark for the purpose indicating the source or quality of goods or services, or for any other reason for that matter, then he can register different names, words, drawings or other symbols for one product or service. For instance, according to Afghanistan Official Gazette issue No 1192/2015, a Korean company by the name of *GM KOREA 1-199 Cheongcheon Gu, Incheon* Korea registered a trademark which is composed of the same word but with some changes at the end of those marks for its class 12 products.<sup>502</sup> Thus, it can be concluded that, in Afghanistan, a company can select different marks for one product or service.

Consequently, to indicate the source of goods and services and inform the consumers of the quality of the goods and to maintain product consistency, the advertising function of trademarks was

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<sup>499</sup> - Ministry of Justice, Official Gazette, Issue No 830, (2004).

<sup>500</sup> - Refer to USPT Office at : <http://www.uspto.gov/main/trademarks.htm>.

<sup>501</sup> -The English translation of the ATML is based on an unofficial translation provided by WIPO, Available at: [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=235961](http://www.wipo.int/wipolex/en/text.jsp?file_id=235961). The English translation of the law, partially, is not in consistency with the original Dari official text that has been issued in the Official Gazette Issue No 995, (2009).

<sup>502</sup> - RAVON R2, RAVON R3, RAVON R4, RAVON R5X, RAVON R7, RAVON R7X, RAVON R7V and RAVON NEXIA R3. Official Gazette Issue No 1192 (2015), p. 22-23.

proposed by scholars. The next section addresses the importance and function of advertising for indicating the source and quality of products and services in the market.

### **3.8.1. Advertising as a means for indicating the source of goods**

According to some scholars,<sup>503</sup> in addition to performing their primary functions, trademarks also have a “secondary function”, the “advertising and marketing” function. At the moment, the emergence and development of the internet and other technological advances play a fundamental role in delivering the message of producers to the consumers. One of the ways in which this message is delivered is the usage of trademarks. Trademarks indicate the source and quality of the product to which they are affixed as well as inform the consumers about the product’s quality and validity. Advertising facilitates the process of introducing goods and services into the market and ultimately “sells the goods and services”.<sup>504</sup>

The advertising function of a trademark serves two main purposes: firstly, it shows consumers that the products belong to a particular company, and consequently proves the “goodwill” of a company. Secondly, it provides the facilities for companies to communicate information pertaining to their goods and services to the consumers. The truth is that both of these functionalities are interrelated.<sup>505</sup> In other words, advertising performs two different functions. The first is “informative” and the second is “persuasive”. From the economic point of view, streaming information about the product or goods is the most vital function of advertising. However, sometimes advertising is not only used to inform the consumers of the quality and source of goods and services. It also persuades and impacts the consumer. Moreover, advertising provides incentives for the seller and producer to sell and produce more, and stimulates producers “to work longer and harder” to find markets for their products. And consequently, advertising speeds up the dissemination of goods and services.<sup>506</sup> Therefore, the basic rationale for using advertising to introduce goods and services is the economic value of advertising. As a result of using such tools in commerce, the producer can reach the consumers easily.

The advertising function of a trademark “acts as a commercial magnet”. If a trademark does not serve the purpose of standing for consistent quality, the advertising function will be of no value. Accordingly, there is a close relationship between the advertising function of a trademark and the consistency of quality of the goods and services. For example, a company advertises its trademarked

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<sup>503</sup> - For example Mohammad Amin Naser, in his article Re- Examining the Function of Trademark Law, acknowledged the secondary function of trademark.

<sup>504</sup> - Mohammad Amin Naser, Re- Examining the Function of Trademark Law, p. 101.

<sup>505</sup> - Jerome Gilson, Brinks Hofer Gilson and Lione, Trade Marks: The Future of the Advertising Function, University College London Institute of Brand and Innovation Law, London (2011), p.1.

<sup>506</sup> -Ralph S. Brown Jr., Advertising and Public Interest: Legal Protection of Trade Symbols, The Yale Law Journal, Vol. 57:1165 (1948), p. 1169. Available at: [http://digitalcommons.law.yale.edu/fss\\_papers](http://digitalcommons.law.yale.edu/fss_papers)

products through different channels and media, and consequently the public will be convinced by the advertising to use the advertised goods and services for the first time. If the consumer, after using the trademarked products, concludes or perceives that the product is of low quality or is inconsistent with the quality of previously used goods and services, the trademark's advertising function will fail to achieve its objectives and thus lose value. If the advertising function of a trademark is not consistent with the quality of the product to which it is affixed, the advertising function of the trademark will not be beneficial.<sup>507</sup>

The advertising function of trademarks has been reflected neither in the laws and regulations of Afghanistan, nor in the practice of the Commercial Court. The Commercial Court has devoted no attention to the advertising function of trademarks. Nor does the ATML contain any clauses or sentences that explicitly or implicitly touch upon the advertising function of trademarks. Moreover, in practice, the advertising-related dimension of trademark effects will not work in Afghanistan, because trademarks and matter pertaining to them are not yet well developed and have not been institutionalized in Afghanistan. Furthermore, most the people have no access to different tools of advertising, especially in the rural and countryside areas.

In industrial countries in which trademarks have been institutionalized, producers provide more information about the components, ingredients and other specifications of the products that are not considered trademarks, and which are instead referred to as "labels". Therefore, labelling in general is not counted as a trademark.

### **3.8.2. Labelling and other information are not trademark source indicators**

In the previous section, the different purposes and functions of trademarks were discussed. In this section, we have to distinguish between the functions of trademarks on the one hand and labels or tags on the other. The former indicate the source of goods and products, distinguish different products from each other, show ownership of the goods or advertises them. The latter provide information about the goods and services. The concept of labelling is wider than the notion of trademarks. The concept of trademarks indicates the relationship between a product or service and its producer or seller (in case of selling by an agent or other retailers). In addition, a trademark stands for the quality of previously used goods or services as well as ownership of the products. The label or tag provides all necessary information not only about the owner of the goods or services, but also about the goods and services themselves and gives explanations about their quality. It provides information about the product components, instructions for usage, date of production and date of expiry, conditions for keeping or

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<sup>507</sup> - Patricia Kimball Fletcher, Joint Registration of Trademarks and the Economic Value of Trademark System, p.321-22.

storing the product, the country that product was made in, side effects of the product, slogans and so on.<sup>508</sup> Moreover, labelling informs the consumer about the size, dosage, quantity, price of products as well as the company name, usage warnings and so on. Consequently, labels do not function as trademarks do, and should thus not be equated to them.<sup>509</sup>

A trademark may be printed jointly with a label or it may be attached to a product or service separately from the label. However, both trademarks and labels are used for introducing the quality, ownership and components of products.<sup>510</sup>

Distinguishing between trademarks and labels is mostly relevant in the context of their legal protection. Trademarks have traditionally been protected against misuse and protect the owner of a mark against unfair competition, while labelling provides necessary information about the quality, components and ways to use goods and safeguards the users of a product. Labelling has no legal function. Rather its function is to provide more information about the product. If there are similarities and resemblances between the same goods in terms of the information that the first producer of the product already provided, the first producer cannot impede the later producer from providing the same information with regard to the same type of product. In contrast, in a trademark case, a competitor cannot use the same or similar mark to identify his products. The ATML makes no provision for legal support or mechanisms via which labels are protected.

As mentioned in the previous sections, trademarks serve multiple functions. Initially, trademarks protected the interests of the consumers. From this point of view, the legal function of trademarks was to indicate the source of products. From an economic point of view, trademarks serve to reduce consumer search costs and the trademark owner is obliged to maintain the quality of his goods and services and save the consumer's time. The consumer does not need to enquire about the quality because he has already used the products and relies on their reliability. Moreover, another function of trademarks is to protect the producer or owner of a trademark. At the same time, according to some scholars, trademarks distinguish products from one another.<sup>511</sup> In addition, they also have a secondary function, the advertising and marketing function. According to this notion, essentially the trademark sells the product

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<sup>508</sup>- W. L. P. A. Molengraaff, *The Nature of the Trade-Mark*, Yale Law Journal, Vol. 29 (1920), p.306. [hereinafter W. L. P. A. Molengraaff, *The Nature of the Trade-Mark*].

<sup>509</sup>-Shoen Ono, *Overview of Japanese Trademark Law*, Chapter one, 2nd Edition, Tokio: Yuhikau, (1999), p.17. [hereinafter Shoen Ono, *Overview of Japanese Trademark Law*].(available at: [http://www.iip.or.jp/e/e\\_publication/ono/index.html](http://www.iip.or.jp/e/e_publication/ono/index.html). Last visited October 15.

<sup>510</sup>-W. L. P. A. Molengraaff. *The Nature of the Trade-Mark*, p. 306.

<sup>511</sup> - Sidney A. Diamond, *The Public Interest and the Trademark System*, Journal of Patent Office Society, Vol. 62 (1980), p. 528. [hereinafter Sidney A. Diamond, *The Public Interest and the Trademark System*].

and informs consumers of the quality of products. However, recent debate has focussed on dilution and interest confusion, issues which are now briefly examined.

### **3.9. Dilution and initial interest confusion argument**

It seems that the word “dilution” was first used in this context in Germany (“verwässert”) by a German Court,<sup>512</sup> and was later translated into English. The term “dilution” also is used in an article in the Harvard Law Review written by Frank Schechter in 1927. Frank Schechter borrowed the term from the German courts. Moreover, the Supreme Court of the German Empire provided legal protection against dilution in the German Unfair Competition Act (1909).<sup>513</sup>

In the context of trademark law, the term “dilution” refers to “unauthorized acts that tend to blur the distinctiveness of a famous mark or to tarnish the mark by using it in a disparaging or unsavoury way”.<sup>514</sup>

#### **3.9.1. How dilution impairs the interests of trademark owners**

Initially, it would be useful to know what “dilution” is and when it comes into existence. To date, there is no consensus amongst commentators and the courts regarding the definition of “dilution”.<sup>515</sup>

Some commentators have considered the impairments caused by dilution “as one of internal search costs”. It is generated when “distinctive marks” are used by multiple users and forces consumers to memorize the original mark and “to connect it with its associated goodwill”. Diverting the consumer from the original product to a similar or identical product causes dilution and reduces market efficiency.<sup>516</sup> One of the most important reasons for prohibiting dilution in the field of trademark law is that doing so intends to prevent subsequent, later users of trademarks (junior users) from “free-riding” on the work and investment of “prior users” or “senior users”<sup>517</sup> of a trademark.<sup>518</sup> Trademark law forbids the use of a well-known mark on “non-competitive goods”. Based on the modern concept of trademark protection, preventing “trademark dilution” serves to protect a famous trademark against any

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<sup>512</sup> -Mohammad Amin Naser, Re-Examining the Function of Trademark Law, p. 104.

<sup>513</sup> - Mathias Strasser, The Rational Base of Trademark Protection Revisited: Putting the Dilution Doctrine into Context, Fordham Intellectual Property Media & Ent L.J., Vol. 10: 375 (2006), p. 405. [hereinafter Mathias Strasser, The Rational Base of Trademark Protection Revisited: Putting the Dilution Doctrine into Context].

<sup>514</sup> - Deborah E. Bouchoux, The Law of Trademarks, Copyrights, Patents, and Trade Secrets, p. 133.

<sup>515</sup> - Alexander F. Simonson, How and When Do Trademark Dilute: A Behavioral Framework to Judge Likelihood of Dilution, Trademark Report, Vol. 83 (1993), p. 150. [hereinafter Alexander F. Simonson, How and When Do Trademark Dilute]. Available at: <http://heinonline.org/HOL>

<sup>516</sup> -Laura R. Bradford, Emotion, Dilution and the Trademark Consumer, p. 1242.

<sup>517</sup> - The prior user is referred to as the “senior user” while the subsequent, later or next user is called a “junior user”. Traci L. Jones. Remedy Holes and Bottomless Rights: A Critique of the Intent-to-Use System of Trademark Registration. Law and Contemporary Problems , Vol. 59, No 2, 1996, p 165.

<sup>518</sup> - Irina D. Manta. Hedonic Trademarks, p. 261.

kind of infringement.<sup>519</sup> Accordingly, “trademark dilution” is also referred to as the “infringement of a famous mark”.<sup>520</sup>

Trademark laws prevent dilution since their aim is to protect the interests of producers or trademark owners and to safeguard the legal rights of senior trademark holders.<sup>521</sup> In other words, preventing dilution aims to keep safe the “uniqueness” and “singularity” of a trademark.<sup>522</sup> Dilution, in contrast to confusion, does not concern consumer benefits. Instead, preventing dilution intends to protect trademark owner’s interests and conserves the trademark itself.<sup>523</sup>

In Afghanistan, Article 8 (8) and (10) of the ATML, touches upon the dilution and confusion of trademarks. Article 8 (8) states that geographical reputation (renown) advertisement which may confuse consumers regarding the source of goods may not be used or registered as a trademark: “the following symbols may not be used or registered as trademark: 8- Geographical advertisement where the use therefore may cause confusion as to the origin or source of the goods, products or services”.<sup>524</sup> The order of wording in the ATML shows that the focus of the law is on the confusion of the source of products resulting from geographical advertisement. These sub-sections address geographical advertisement which may be construed as constituting part of dilution. Since dilution concerns well-known trademarks in particular, geographical advertisement possibly is considered a form of dilution that reduces and diminishes the “distinctive quality” of a product or service.

Article 8 sub-sections (10) and (11) also touches upon the circumstances that diminish the distinctiveness of goods or services: “marks which may mislead the public or which contain false or deceptive information as to the origin, source, or any other characteristics of the goods, products or services”. Sub-section 11 refers to “marks containing an imaginary, imitated or forged trade name”.<sup>525</sup>

Generally, trademark dilution issues come into existence in two different ways:<sup>526</sup> “tarnishment” and “blurring”.<sup>527</sup> The Black Law Dictionary defines trademark tarnishment dilution as “[a] form of

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<sup>519</sup> - In Afghanistan, no particular law is devoted to regulating trademark dilution. However, the ATML addresses the issue partially. For instance, the ATML, Art. 8 implicitly touches upon this issue.

<sup>520</sup> - William O. Hennessey. *The Role of Trademarks in Economic Development and Competitiveness*, Franklin Pierce Law Center, p. 9.

<sup>521</sup> - Maximiliano Marzetti, *Speechless Trademark? Dilution Theory Meets Freedom of Speech*, Latin American and Caribbean Law and Economic Association (2005), p. 3. [hereinafter Maximiliano Marzetti, *Speechless Trademark? Dilution Theory Meets Freedom of Speech*]. Available at: [http://works.bepress.com/maximiliano\\_marzetti/4](http://works.bepress.com/maximiliano_marzetti/4)

<sup>522</sup> -Mohammad Amin Naser, *Revisiting the Philosophical Foundations of Trademark in the US and UK*. Cambridge Scholars Publishing, (2010), p. 4.

<sup>523</sup> - Maximiliano Marzetti. *Speechless Trademarks? Dilution Theory Meets Freedom of Speech*, p. 3.

<sup>524</sup> -ATML, Art. 8 (8).

<sup>525</sup> -ATML, Art. 8 (10).

<sup>526</sup> -Mark P. McKenna, *A Consumer Decision Making Theory of Trademark Law*, p. 106. The different types of dilution were first elaborated by Professor Frank Schechter in his article titled “The Rational Basis of Trademark Protection” published in *Harvard Law Review*, Vol. 40 (1927).



dilution that occurs when a trademark's unauthorized use degrades the mark and diminishes its distinctive quality".<sup>528</sup> Tarnishment has normally been recognized as the relationship of a well-known mark with goods and services of inferior quality.<sup>529</sup> In other words, tarnishment is also called "evaluation dilution". In this sense, tarnishment constitutes a key element of dilution. Evaluation dilution entails a diminishing of the rating of the original mark as a result of the appearance of a new brand or recently established mark in the market. From this perspective, new products or goods carry previously established names and marks or similar/identical mark names. The behaviour and performance of the newly established name or trademark inherently decreases the evaluation of the previous established name or mark.<sup>530</sup>

In the legal system of Afghanistan this kind of dilution has not been articulated in the ATML and other regulations. The equivalent meaning of "tarnishment" in Dari is *Mukadar* or *Maghshosh Shudan*, which have been used in the legal terminology of Afghanistan.<sup>531</sup> This goes to show that the legal system of Afghanistan for the protection of trademarks from misuse is still in its infancy and not well developed.

However, on the flipside of the coin, "blurring" implies the introduction of identical products in a different class of goods. Blurring has been defined as "[a] form of dilution in which goodwill in a famous mark is eroded through the mark's unauthorized use by others on or in connection with dissimilar products or services".<sup>532</sup> Commentators still regard blurring-related dilution as a problematic issue. Blurring targets the use of well-known marks, for example Google, "by unrelated users on a new class of goods and services, for instance, Google Petroleum". In such a circumstance, buyers doubtfully consider that the oil production is conducted by the same company that runs the Google search engine. The appearance of a new or second trademark (Google Petroleum) harms and reduces the capability of the first established trademark (Google Search Engine) to function as a "distinctive identifier" for the Google search engine.<sup>533</sup> Here this thesis wants to mention a practical example in Afghanistan.

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<sup>527</sup> -Laura R. Bradford, *Emotion, Dilution and Trademark Consumer*, p. 1243.

<sup>528</sup> -Rayan A. Garner, Editor of Chief, *Black's Law Dictionary*. Eight Edition, Thomas West (2004), p. 1495.

<sup>529</sup> -Laura R. Bradford, *Emotion, Dilution and Trademark Consumer*, p. 1243.

<sup>530</sup> -Alexander F. Simonson, *How and When Do Trademark Dilute: A Behavioral Framework to Judge Likelihood of Dilution*, Trademark Report, Vol. 83 (1993), p. 159. [hereinafter Alexander F. Simonson. *How and When Do Trademark Dilute: A Behavioral Framework to Judge Likelihood of Dilution*]. Available at: <http://heinonline.org/HOL>

<sup>531</sup> -ATML, Art. 8. (8).

<sup>532</sup> -Rayan A. Garner, Editor of Chief. *Black's Law Dictionary*, p. 184.

<sup>533</sup> - Laura R. Bradford. *Emotion, Dilution and Trademark Consumer*, p. 1243. Generally, tarnishment and blurring are two kinds of dilution. The first occurs when the "attractiveness of a mark to customers is impaired" occasionally through a "negative or derogative" relationship. The second type arises when the "distinctiveness" of a trademark is eroded [deteriorated] or watered down." See Maximaliano Marzetti. *Speechless Trademarks? Dilution Theory Meets Freedom of Speech*, p. 6.



Recently, the Emirate trademark emerged in the ink or colour selling market to be used for painting houses and buildings. At the same time, the Emirates airline company also uses the Emirate trademark to provide services for its passengers around the world.

As mentioned before, the damage caused to trademark owners by dilution is not that it makes consumers stop and think for a moment, but rather that the cease and desist will cause the consumer to be disappointed with the desired mark and put the mark aside. As a result, the consumer may respond less positively to the senior trademark because it has been deemed less reliable due to the junior mark.<sup>534</sup> Tarnishment as defined above is sometimes considered to be a “subset” of blurring. The general hypothesis is that using identical marks on non-associated products causes “blurring by disassociating the mark from the senior owner”. As a matter of fact, it would be more truthful “to say that blurring is a subset of the ways in which a mark may be tarnished”. Therefore, as a consequence the “inconsistency” between the original goods and the junior identical product, blurring might gently cause a “negative change in affective valence” that occurs in close connection with tarnishment.<sup>535</sup>

The process for blurring, also called “typicality dilution”,<sup>536</sup> consists of three different steps: First, there is a prior established mark or senior user in the marketplace. Someone sees or hears of the senior trademark or trade name and then combines the earlier mark with their own particular category of goods or product. The second step is the introduction of a new trademark which is identical to a previously established trademark. The third step is the making of a connection by the junior trademark owner between his mark or trade name and the trademark or name of the user of the senior trademark.<sup>537</sup>

### **3.9.2. When and how confusion diverts the interest of the trademark owner**

As mentioned above, trademark law forbids the illegal use of a trademark in order to protect the rights of senior trademark owners. It also protects consumers from the “likelihood of confusion” of the original products and services by “misleading uses of another’s trademark”. It also supports producers to maintain and increase their “goodwill”, and as a result of such support, producers will be encouraged to compete and consequently, consumers receive better products and services of superior quality.<sup>538</sup>

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<sup>534</sup> - Laura R. Bradford. *Emotion, Dilution and Trademark Consumer*, p. 1278.

<sup>535</sup> - Laura R. Bradford. *Emotion, Dilution and Trademark Consumer*, p. 1279.

<sup>536</sup> - Alexander F. Simonson, *How and When Do Trademark Dilute: A Behavioral Framework to Judge Likelihood of Dilution*, p. 152.

<sup>537</sup> - Alexander F. Simonson. *How and When Do Trademark Dilute: A Behavioral Framework to Judge Likelihood of Dilution*, p. 154.

<sup>538</sup>- Graeme W. Austin. *Tolerating Confusion About Confusion: Trademark Policies and Fair Use*. *Trademark Law and Theory*, edited by Graeme. B. Dinwoodi and Mark D. Janis. *EE. Arizona Law Review*, Issue no 50 (2011) p. 369.

“Consumer confusion”<sup>539</sup> diverts the interests of producers or trademark owners. However, it is important only to the extent that it eventually weakens the capability of consumers, which depends on the information provided about the product or services by a trademark.<sup>540</sup> According to Mark A. Lemley and Mark McKenna, trademark law should pay close attention to the confusion that is essentially related to “purchasing decisions”. In particular, the focus should be on the “actual source” of a trademark owner’s goods or services. The various kinds of confusion are generally connected to buyer decision-making.<sup>541</sup> Therefore, trademark law should deem any form of use that is “likely” to induce or create confusion as to the real source of a product or service as an act of infringement.<sup>542</sup>

The main rationale for focusing on consumer confusion in trademark law is that consumers are confused about the actual producer of services and goods.<sup>543</sup> It can happen in different ways. In one case, plaintiff and defendant sold the same types of goods and services. At the same time, the defendant sold products and services that were closely related to the plaintiff’s goods and services. Another aspect of consumer confusion is that consumers think that the competitor has affiliated or guaranteed the quality of goods and products with the original or actual goods or products. One of the most prominent examples of such confusion is “franchising”.<sup>544</sup> In this case, the consumer’s understanding is that the franchisor “[stands] behind the goods and services” sold by the franchisee.<sup>545</sup> Since one purpose of trademarks is to reduce search costs for the consumer, it should also address any kind of confusion that a consumer may be damaged by.

Recently, courts in the United States have accepted different types of confusion: “confusion as sponsorship or affiliation”, “initial interest confusion” and “post-sale confusion”.<sup>546</sup> These sorts of confusion are briefly outlined in the next paragraphs.

### **3.9.2.1. Sponsorship or affiliation confusion**

This type of confusion not only protects the benefits and interests of trademark owners, but also protects the consumers’ interests.<sup>547</sup> Sponsorship and affiliation confusion occurs when consumers conceive that

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<sup>539</sup> - “A consumer’s mistaken belief about the origin of the goods or services”. See Black’s Law Dictionary, p 320.

<sup>540</sup> - Mark P. McKenna. Consumer Decision Making Theory of Trademark Law, p. 82. McKenna called “Confusion” as “deception”.

<sup>541</sup> - Mark A. Lemley and Mark McKenna. Irrelevant Confusion, Stanford Law Review, 62(2), (2010) p. 414. [hereinafter Mark A. Lemley and Mark McKenna, Irrelevant Confusion]. Available at: <http://ssrn.com/abstract=1407793>

<sup>542</sup> - Mark A. Lemley and Mark McKenna. Irrelevant Confusion. p. 415

<sup>543</sup> - Mark A. Lemley and Mark McKenna. Irrelevant Confusion. p. 428.

<sup>544</sup> - It is a commercial model in which the franchisor (*imteazdehenda*) grants a sole right to the franchisee (*imteazgereda*) to conduct certain business and to use the trademark and trade name in certain areas in lieu of compensation paid by franchisee. See Muhsen Safari and Shahab Mashhadian, Trademark and Franchise Contract, 1<sup>st</sup> edition, Tehran: Jangal Pulibcation, (2010/1389), p. 5. *Farsi Version Qarardad-e Barhabardari Az Alamat Tujarati, Chap Awal, Tehran, Jangal.*

<sup>545</sup> - Mark A. Lemley and Mark McKenna. Irrelevant Confusion. p. 428.

<sup>546</sup> - Mark P. McKenna, Consumer Decision Making Theory of Trademark Law, p. 78.

the trademark affixed to the goods or services were actually produced or provided by the real trademark owner. Sponsorship and affiliation confusion extends to products or goods that have not been made by the senior trademark owner, and for which the consumer believes that the real trademark owner stands behind the junior user of the trademark. In such instances, the consumer may also think that the real trademark owner has guaranteed the product or goods of the junior user of the mark and that ultimately there is a “business relationship” between the senior owner of the mark and the producer or manufacturer of the articles and provides services, when in fact no such relationship exists.<sup>548</sup>

Source confusion mostly arises when it induces consumers to “think either (1) that the plaintiff actually produced the defendant’s goods”, and that (2) the plaintiff in some way supported “the defendant’s products or is affiliated with their producer”.<sup>549</sup> The ATML does not directly mention confusion as a result of “sponsorship” or “affiliation.” However, Article 8 sub-sections (8), (10) and (11) of the law prohibits the registration of symbols as a trademark that mislead or confuse the public as it states: “Marks which may mislead the public or which contain false or deceptive information as to the origin, source or any other characteristics of the goods, product or services...”.<sup>550</sup> This sub-section shows that the registration of a mark which confuses the public or which provides false information about the source of the goods and services is prohibited. This Article as well as some other Articles that touch upon confusion, deception and infringement, makes no mention of affiliation and sponsorship confusion. Therefore, the law needs to be revised and amended so as to include affiliation and sponsorship confusion.

### **3.9.2.2. Initial interest confusion**

Courts, especially in the United States of America, have recognized another sort of confusion, namely when one party, by using a trademark, wants to draw the attention of consumers initially.<sup>551</sup> Initial interest confusion implies that a consumer is confused at the beginning of his/her choice pertaining to the purchase of certain products. However, the confusion disappears before the consumer takes any action.<sup>552</sup> The main attribute of this idea is that the consumer does not make a decision to buy certain product because he is still confused about the product and it would be difficult to take the step forward and purchase the goods. The theory of initial interest confusion is considered as a tool “to bait and

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<sup>547</sup> - Irina D. Manta. Hedonic Trademark, p. 269.

<sup>548</sup> - Mark A. Lemley and Mark McKenna. Irrelevant Confusion. p. 427.

<sup>549</sup> - Mark P. McKenna. Consumer Decision Making Theory of Trademark Law, p. 95.

<sup>550</sup> - ATML, Art. 8 (10) and (11).

<sup>551</sup> -The notion of “initial interest confusion” was first conceived around 1980 and was further developed between 1990 and 2005. It first came to be used for trademarks in the context of the internet. See Mark P. McKenna, The Normative Foundations of Trademark Law, p. 1905.

<sup>552</sup> -Irina D. Danta, Hedonic Trademarks, p. 272.

switch schemes”. It is enforced when a junior user of a trademark uses an already established trademark to draw the attention of consumers. If the junior party had not connected his product to the senior user of the trademark, the consumer would not have purchased the goods or services.<sup>553</sup> This doctrine has been criticized. First, it mainly applies to the internet context. Second, “when the junior user is making associative or referential uses of a trademark”, he or she is “committing the cardinal sin of enabling a finding of trademark infringement”.<sup>554</sup>

There is another argument against initial interest confusion, namely that through initial interest confusion the consumer obtains less satisfaction “out of goods” since he or she “wasted [...] time and energy buying those goods” and services.<sup>555</sup>

According to McKenna, the junior user, in creating this interest, obviates any confusion regarding the indication of the source of goods and services<sup>556</sup>. However, the majority of initial interest confusion engages “no attempted bait and switch”. In the United States, in the most serious or acute initial interest confusion cases, the courts conceded that there is “liability based on the defendant’s use of a mark to make available competitive information and where there was no likelihood of confusion at all”. According to him, this kind of instance deals with “a trademark itself as the exclusive property of a mark owner”. Therefore, in such a case a trademark owner might only use the mark to create business.<sup>557</sup>

This type of confusion has neither been articulated in Afghan trademark law provisions, nor in the practice of the Commercial Courts of Afghanistan. None of the cases which have been analysed touch upon initial interest confusion. The legal system of Afghanistan, including court precedents, has not recognized initial interest confusion.

### **3.9.2.3. Post-sale confusion**

The notion of initial interest confusion has concentrated on attracting the consumer’s attention. The main focus of post-sale confusion is on “non-purchasers based on their post-sale interaction with a product”.<sup>558</sup> Based on this theory, the purchaser of “counterfeit goods are not confused themselves”, but

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<sup>553</sup> - Mark P. McKenna, *The Normative Foundations of Trademark Law*, p. 1906.

<sup>554</sup> - Irina D. Danta, *Hedonic Trademark*, p. 272.

<sup>555</sup> - Irina D. Danta, *Hedonic Trademark*, p. 272.

<sup>556</sup> - Junior intention is that “the consumer will decide, for lack of time or interest or because she has been persuaded of the junior user’s superior product”. Mark P. McKenna, *The Normative Foundations of Trademark Law*, p. 1906.

<sup>557</sup> - Mark P. McKenna, *The Normative Foundations of Trademark Law*, p. 1906.

<sup>558</sup> - Mark P. McKenna, *The Normative Foundations of Trademark Law*, p. 1907.

the people are confused when they are faced with those kinds of goods and products. In this case, the public or purchaser knows that the product is not the real product.<sup>559</sup>

Post-sale confusion mostly concerns “luxury goods”.<sup>560</sup> In this kind of confusion, when a consumer buys an expensive branded product at lower price, it shows that the consumer understands that the product he or she bought was not made by the senior owner of a mark. For example, if a consumer purchases a “Rolex” watch for twenty dollars from a retailer on Deh Afghanan Street, in Kabul city, he/she knows that the watch is not genuine.<sup>561</sup> In such a case, the harm is transferred to the senior producer, because whenever a non-purchaser sees “Rolex” watches on the wrists of so many people, they will become discouraged from purchasing a genuine Rolex watch.<sup>562</sup> As a result of this kind of confusion, senior producers lose customers, their reputation suffers and the prestige of their products amongst to consumers decreases. Moreover, the consequences of such action will not become visible or tangible straight away. The negative consequences will take months, even years to come into existence, and it is very difficult to indemnify the losses suffered by another producer.<sup>563</sup> All of these types of confusion are potentially related to the probability of confusion that is assessed in the next section.

### **3.9.3. Likelihood of confusion**

A senior user of a trademark will only be entitled to legal protection against different kinds of trademark misuse (sponsorship or affiliation confusion, initial interest confusion and post-sale confusion) when there is a likelihood of confusion. A plaintiff who has already registered a trademark should prove that the junior owner’s use of a product is identical or similar to the senior trademark and will cause confusion or deception. To establish a likelihood of confusion, it is essential and sufficient to prove that a secondary user has infringed a senior user’s legally recognized trademark rights.<sup>564</sup> Therefore, senior trademark owners have to prove that, as a consequence of “allegedly infringing behaviour there is likelihood” of consumer confusion. This confusion may occur when “alleged infringer are affiliated or linked to other” source of the goods or products. The competitors sell the affiliated goods and products under the endorsement of another product that has been affixed with the mark of a senior trademark owner.<sup>565</sup> It will not be required to indicate that the infringer or junior user of a trademark intended to

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<sup>559</sup> -Irina D. Danta, Hedonic Trademark, p. 268.

<sup>560</sup> - Mark P. McKenna, Consumer Decision Making Theory of Trademark Law, p. 102.

<sup>561</sup> - Irina D. Danta, Hedonic Trademark, p. 268.

<sup>562</sup> - Mark P. McKenna, Consumer Decision Making Theory of Trademark Law, p. 105.

<sup>563</sup> - Irina D. Danta, Hedonic Trademark, p. 269.

<sup>564</sup> -Charles R. McManis, Intellectual Property and Unfair Competition, Thomsom West (2000), p. 170. [hereinafter Charles R. McManis, Intellectual Property and Unfair Competition].

<sup>565</sup> -Mathias Strasser, The Rational Basis of Trademark Protection Revisited: Putting the Dilution Doctrine into Context, p.398.

cause consumer confusion regarding the origin of the product or services. Any intentional efforts to establish confusion should be proven.<sup>566</sup>

As mentioned earlier, to establish confusion and deception, the junior user of a trademark uses a senior trademark for an identical and similar product or service. Otherwise, confusion will not be established. Accordingly, there is the question of defining and recognizing the criteria for “identical” and “similar” products and services, as has already been discussed.

### **3.10. Collective and quality function of trademarks**

In the current context of global transactions, it will not be an easy task to distinguish between different, similar and identical products and services if a trademark was not created and recognized to indicate the source of goods and products. Moreover, the consumer will not make a choice amongst various similar products. If a consumer goes to a TV market to buy a TV, he or she will see a variety of TVs that all function in the same way, but that differ in terms of quality, size, colour, design, shape and other features and attributes. In such a process, different consumers prefer different kinds, forms or colours of TVs. What all consumers have in common, however, is their attention to quality.<sup>567</sup> In addition to quality, they will also consider the product’s origin, as in who produced the product, and where. For instance, there are some trademarks that belong to national or foreign collective entities and associations that the consumer is interested in the characteristics and specifications of their products that have been affixed with their respective marks. This section concentrates on examining the collective and quality functions of marks.

#### **3.10.1. Collective function of a trademark**

In Afghanistan, there is little theoretical literature and material on the collective and quality functions of trademarks. The ATML only defines the term “collective marks”, but does not articulate it into the provisions of the law. Therefore, we cannot find any direct and indirect provisions about the legal status of collective trademark protection within the legal system of Afghanistan. In 2015, some Articles of the 2009 Trademark Law were amended and added. In the amendment of Article 3 (8), a collective mark is defined as follows: “a collective mark is a sign, owned by an association responsible for ensuring user’s compliance with applicable standards, which distinguishes the geographical origin, material, mode of manufacture or other common characteristics of goods or services of different enterprises using the collective mark”.<sup>568</sup>

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<sup>566</sup> - Charles R. McManis, *Intellectual Property and Unfair Competition*, pp. 170-171.

<sup>567</sup> - Kalistratova. Zhanna, *Modern Concept of Trademark Protection and Their Application to Internet Uses*, p. 19.

<sup>568</sup> - ARATML, Art. 3 (8).

From another angle, the collective trademark “is a Trade Mark owned by an organization or an association, used by its members to identify themselves with a level of quality or accuracy, geographical origin, or other characteristics set by the organization”.<sup>569</sup> A collective mark will be used on both products and services, and shows the commercial source of products and services. Therefore, the usage of a collective mark is restricted to the members of the association. One of the most common examples of collective marks can be found in the field of agricultural cooperatives, in that the main objective of this organization is to bring advantages for all the members of the cooperative. The trademarks of such entities also belong to the members of the cooperative.<sup>570</sup>

It seems that collective marks achieve and follow the same rules as ordinary or individual marks. However, collective marks are used by individual members of associations or companies, provided that those individuals belong to the association. Collective trademarks have some specific attributes. Their main function is to “indicate the origin of the product”<sup>571</sup>, quality and respect for certain rules as well as distinguish the member of the organization which has been given legal authority to use a trademark.<sup>572</sup> Notwithstanding, collective marks foster the association’s products that are related or depend on the traits of a certain society or region. The products that have been affixed with a collective trademark have certain specifications and are associated to the historical, traditional and social situation of the given region or area.<sup>573</sup> As a result of such uniqueness, a collective trademark shall be registered by an association or a group of enterprises which come together and produce under coverage of one mark. Individual members of a collective mark are not permitted to register a collective mark as their own.<sup>574</sup>

As already mentioned earlier, collective marks function like ordinary marks, as they are also trademarks. However, there are some distinctions between a collective mark and an ordinary mark:

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<sup>569</sup> -Prachi Gupta, *Collective Trade Marks: An Overview*, Manupatra Intellectual Property Reports, Vol. 3 (2013), p. 147. [hereinafter Prachi Gupta, *Collective Trade Marks: An Overview*]. “Collective marks are trademarks or service marks used by members of a cooperative, an association, or other collective group or organization, and include marks indicating membership in a union, association, or other organization”. Minde Glenn Browning. *International Trademark Law: A Pathfinder and Selected Bibliography*. *Ind. Int’L & Comp. L. Rev.*, Vol. 4:339 (1994), p. 339.

<sup>570</sup> -Dev Gangjee, *Protecting Geographical Indications as Collective Trademarks: The Prospect and Pitfalls*, *IP Bulletin* (2006), p. 117. [hereinafter Dev Gangjee, *Protecting Geographical Indications as Collective Trademarks: The Prospect and Pitfalls*].

<sup>571</sup> -Elizabeth Ferreira da Silva and Patricia Pereira Peralta, *Collective Marks and Geographical Indications Competitive Strategy of Differentiation and Appropriation of Intangible Heritage*, *Journal of Intellectual Property Rights*, Vol. 16 (2011), p. 248.

<sup>572</sup> -Maria Gabriela Contreas Aulilera, *How Collective Marks Can Help Protect the Products of Guatemalan Artisans’ Small Business in the Local and International Market*, Lund University, Master Thesis (2007), p. 31. [hereinafter Maria Gabriela Contreas Aulilera, *How Collective Marks Can Help Protect the Products*].

<sup>573</sup> - Prachi Gupta, *Collective Trade Marks: An Overview*, p. 148.

<sup>574</sup> -Sheldon W. Halpern Craig Allen Nard Kenneth L. Port, *Fundamentals of United States Intellectual Property Law: Copyright, Patent, Trademark*, Third Edition, Walters Kluwer (2011), p. 313. [hereinafter Sheldon W. Halpern Craig Allen Nard Kenneth L. Port, *Fundamentals of United States Intellectual Property Law: Copyright, Patent, Trademark*].

1- The purpose of a collective mark is not to differentiate the product of the owner, but to distinguish that the product is owned by the members of the enterprise or organization. In a collective mark, all the members produce the exact same or identical products, while an ordinary trademark is exclusively used for goods and services provided by one enterprise.

2- Collective marks have two aspects. The first one is to serve as an ordinary trademark and differentiate the “geographical origin” and other attributes of the products or services of a different number of enterprises that are using the same mark. These enterprises are working in the same geographical areas under one charter. Secondly, as collective marks belong to an association of enterprises or a “cooperative”, each member of the association is permitted to benefit from the mark. The ownership of a collective mark belongs to one organization as a legal entity, but in general all members have the right to use the mark to distinguish their products.

The criteria and conditions for use of a collective mark by each member is organized by specific regulations and guidelines – articulated into the regulation or charter of the organization – that each member should adhere to. The content of the regulations mostly differs from state to state, but there are some commonalities amongst those regulations.<sup>575</sup> Therefore, a collective mark gives a “reputation for the product” and consequently the consumer will make a decision to purchase the product that the collective mark.<sup>576</sup>

### **3.10.2. Quality function of a trademark**

As mentioned in the previous section, trademarks have different functions. One of the most popular and predominant functions of trademarks is indicating the source of goods. However, the functions of trademarks have been modified in the course of economic and social development at the global level. In 1879, the United States Supreme Court acknowledged that a trademark, in addition to source indication, also has a quality assurance function. The quality function of trademarks can be historically traced to the “Industrial Revolution”. At that time, consumers and producers both depended on the brand name, which was later called “quality assurance mark”. Trademarks in this regard provide people with a guarantee that the product in question originally depends on the specific enterprises that have affixed a

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<sup>575</sup> - Those common elements are: 1- commonality of product and service quality for the purpose of distinguishing the source by affixing the mark on the specific goods and products. 2- permission for the member of an association to use the mark. 3- Members are connected with the association. 4- Considering the requirement to ensure and control the use of the trademark. 5- Failing to consider the provisions of the regulation will be punished and. 6- a list of the members of the association is available. See Maria Gabriela Contreas Aulilera, *How Collective Marks Can Help Protect the Products of Guatemalan Artisans’ Small Business in the Local and International Market*. Lund University, Master Thesis (2007), p. 30. [hereinafter Maria Gabriela Contreas Aulilera, *How Collective Marks Can Help Protect the Products of Guatemalan*]. See also *Collective Trademark*, Estudio Colmenares & Asociados, Patent and Trademarks of Argentina p 3.

<sup>576</sup>-Maria Gabriela Contreas Aulilera, *How Collective Marks Can Help Protect the Products of Guatemalan*, p. 30.



certain symbol or a mark. However, we have to be aware that the quality function of a trademark does not assure the consumer that the goods and services have always been embodied with the highest standard of quality. Rather, it provides assurance for consumers that the products are in conformity with the previous quality.<sup>577</sup> Therefore, every single product and service has its own qualities and attributes. These attributes are apparently hidden to the consumer, before consuming. In such a situation, the only person who understands the degree of quality is the producer of the product.

It is said that, according to this function, the consumer is not concerned about understanding the source of a product or who made it, but rather his concern is with the quality of goods and services. Therefore, trademarks perform the task of indicating reliable quality.<sup>578</sup>

Recently, trademarks have been associated with a “secondary function” that gives consumers a guarantee of “uniformity and quality” of the product and services on which the trademark is affixed. However, it is not clear when this function was first recognized or who recognized it for the first time. Currently, almost all trademark scholars accept the “quality assurance function” of trademarks.<sup>579</sup> In short, the quality function of trademarks mostly relies on the notion that consumer satisfaction is the first priority for the producers. The reputation of a trademark from a quality perspective is more important for the people. Therefore, trademark embodies a steady degree of quality.<sup>580</sup>

According to Elmer, consumers are not interested in the origin or source of goods, and they are not aware of the source of a product and do not know who produced the products and services. However, the consumer focus is on the quality of goods rather than source indication. Therefore, at the moment, the main purpose of a trademark is to indicate the quality of goods and services. From this perspective, the aim is to satisfy consumer needs and to keep them happy as permanent/returning consumers of different products that bear the desired trademark.<sup>581</sup> The quality function of a trademark is also important for trademark licensing and franchising.<sup>582</sup> If the owner of a trademark is not willing to monitor the quality of the product produced by the licensee and franchisee, the owner of a trademark will lose reputation in the marketplace. Accordingly, a trademark owner’s aspiration is to extend different aspects of their enterprises such as “recognition” and “reputation” via licensing and franchising

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<sup>577</sup> - Patricia Kimball Fletcher, *Joint Registration of Trademarks and the Economic Value of a Trademark System*, p. 318.

<sup>578</sup> - Kalistratova, Zhanna. *Modern Concept of Trademark Protection and Their Application to Internet Uses*, Central European University Legal Studies International Business Law (2007), p. 2.

<sup>579</sup> - Elmer William Hanak, III, *The Quality Assurance Function of Trademark*, p. 363.

<sup>580</sup> - Rabeen Obhrai, *Traditional and Contemporary Functions of Trademarks*, p. 17.

<sup>581</sup> - Elmer William Hanak, III, *The Quality Assurance Function of Trademark*, p. 364.

<sup>582</sup> - Franchise: “To grant [to another] the sole right of engaging in a certain business or in a business using a particular trademark in a certain area”. This is mostly conferred by an agreement which is called “franchise agreement” which is “the contract between a franchisor and franchisee establishing the terms and conditions of the franchise relationship”. See Bryan A. Ganer, *Black’s Law Dictionary*, p. 683.

activities. In addition to those benefits, the owner of a trademark may look for extra “royalties” without extra effort. Licensing and franchising activities may not work properly under the source indication of trademark. The rationale might be the inability of the licensee and franchisee to produce and offer goods and services of equal quality to those produced and offered by the trademark owner. In other words, the quality and attributes of two products that are respectively offered by the owner of a trademark and the licensee and franchisee may be different. Generally, the trademark owner wishes to retain power over both the quality and the nature of the product and services that are produced or offered by his licensees. A lack of control over the licensee’s production may damage the higher quality products and services that bear the same trademark. However, some commentators believe that a trademark should serve both the quality function and the source indication function at the same time, and that these functions are interrelated.<sup>583</sup>

Unlike Elmer, Mohammad Amin Nasser, in his article “Re-Examining the Function of Trademark law”, states that the key function of a trademark is the “source and origin function of trademarks”. According to him, the secondary functions of trademarks are quality indication, advertising and supplying the necessary information about the goods and services. He points out that there are differences between the quality function and the source indication function. The latter is necessary and essential for all trademarks, whereas the quality function is not, since the quality function serves to transfer the information naturally to the consumer that the product has high or low quality.<sup>584</sup>

Afghan trademark law and the practice of the Commercial Court of Afghanistan have not recognized the quality assurance function of trademarks. The ATML has not articulated the issues pertaining to the licensing and franchising of trademarks. The law is silent in this regard and we cannot even find any Articles that touch upon the “licensing and franchising” matters indirectly. Thought should be devoted to reflecting the licensing and franchising issue in the law.

In conclusion, there is no doubt that trademarks not only perform protection and indication functions, such as consumer protection, producer protection and source indication of the product, but also give assurance for the purchaser that the product bears a certain quality.

From a historical perspective, trademarks protect the consumer interests. From this point of view, the legal purpose of trademarks was to indicate the source of products. From an economic point of view, the purpose of a trademark is to reduce consumer search costs and to motivate trademark owners to maintain the quality of their goods and services. The consumer does not need to enquire about the

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<sup>583</sup> - Patricia Kimball Fletcher, Joint Registration of Trademarks and the Economic Value of a Trademark System, p. 320-21. See also - Kalistraatova Zhanna, Modern Concept of Trademark Protection and the Application of Internet Uses, p. 18.

<sup>584</sup> -Mohammad Amin Naser, Re-examining the Function of Trademark Law. p. 101.

quality, because he/she has already used the products previously. Moreover, another purpose of trademarks is to protect the producer or owner of a trademark. At the same time, according to some scholars, trademarks serve to distinguish one product from another.<sup>585</sup>

Therefore, at the moment, from a development perspective, the purpose of trademarks is not limited or constrained to their traditional function (consumer protection). There is no doubt that trademarks have a significant impact on the development of an economy. As economic impact increases, the functions and purposes of trademarks also expand. It seems that developments in the world economy and in the volume and number of commercial transactions results in a widening of the functions and purposes of trademarks in every developed economy. Therefore, legal protections have been increasingly provided at both the national and international levels. At the national level, every single country has its own laws and regulations. At the international level, WIPO has made and continuous to make efforts to harmonize and stabilize legal protection for economic development. Trademarks serve as a tool to protect the benefits and interests of the consumer and to communicate to the consumers that the goods and services that they are using are original, trustable and consistent. When consumers see the trademark, they do not need to conduct more research about the quality and originality of the goods. Finally, the purpose of trademark law is not just to protect producers and the owners of trademark rights, but also to protect everyone who is directly or indirectly involved in trademark usage, such as trademark owners, producers, competitors and consumers or the public.<sup>586</sup> There are also collective trademarks which belong to associations. Collective marks also have their own attributes. The Afghan legal system has recognized most of those purposes and functions. In the legal system of Afghanistan, the ATML has mainly followed the source indication purpose of trademarks.

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<sup>585</sup> - Sidney A. Dimond, *The Public Interest and the Trademark System*, p. 528.

<sup>586</sup>-Steven Wilf, *Who Authors Trademarks*, *University of Connecticut School of Law, Cardozo Arts & Entertainment Law Journal*, Vol. 17: 1 (1999), p. 15 .Available at: [http://digitalcommons.uconn.edu/cgi/viewcontent.cgi?article=1073&context=law\\_papers](http://digitalcommons.uconn.edu/cgi/viewcontent.cgi?article=1073&context=law_papers). [hereinafter Steven Wilf, *Who Authors Trademarks*].

## **CHAPTER FOUR**

### **CONSEQUENCES FOR THE FUTURE OF AFGHAN TRADEMARK LAW**

#### **4.1. Introduction**

In the previous chapter, the purpose and function of trademark law were examined. As was alluded to, one of the core objectives of trademark law is to regulate the right of ownership of a trademark. A trademark right will not be acquired unless the trademark law provides a legal framework for such acquisition. Therefore, a trademark right is composed of three main elements: The first element is to obtain the right of the ownership and acquisition of a trademark. The second is concentrated on the right of usage of a trademark by the proprietor, in some instances by a third party, and preventing others from the illegal use of a mark. The third element is concerned with the termination of legal protection of trademark rights, which may occur by misuse and non-use of a mark and violating the trademark law rules. The underlying question is how and when a firm or trader obtains trademark rights and will be eligible for legal protection. To protect the rights of a trademark's owner, it is necessary to provide legal instruments to secure the right to use, produce, transfer and acquire the legal possession of that trademark.

This chapter has been allocated to study the current legal status for the acquisition (ownership), usage and termination of a trademark. These issues are first described from a general point of view and, at the same time, the position of the Afghan legal system regarding the acquisition, usage and termination of trademarks is examined.

Ownership of a trademark can be acquired in three different ways. Trademark ownership is created based on an official registration. In such cases, the granted right is “registration-based”. The second model of acquisition of trademark rights is created based on “actual use”, also referred to as “use-based”. The third system is affected by both a registration and use-based system, which is called a mixed model. It must be noted that, according to the legal system of Afghanistan, the acquisition of trademark rights is based on both (registration and use-based) systems. The ATML in Article 7 follows the registration model. At the same time, Article 21 also follows the use-based system. Generally, the legal system of Afghanistan for trademark protection tends to be gauged towards the registration-based model. It should be noted that the acquisition of trademark rights in Afghanistan for both national and foreign commercial entities is subject to the same rules and regulations. However, there are some extra procedures and formalities for foreign companies.

Both systems have their own merits and limitations. For instance, in the registration system, an exclusive right is created by applying for trademark registration, and that right is certain and provable. This means that trademark registration provides “legal certainty” and an exclusive right to the owner of the trademark. Whereas, in the “first-to-use” system, trademark “squatting may not take place”, and the first use of a trademark establishes ownership for the entity that initially owns the trademark right.

After a person has acquired a trademark right or the ownership of a trademark, the next issue that is significant for the owner of a trademark is the usage and the assignment of a trademark. When a company or a person has legally acquired ownership of a trademark, the owner obtains an exclusive right to that trademark. Therefore, the proprietor may use the trademark by himself or may transfer use of it to another person. This transformation takes place through the sale and donation of a trademark or via licensing. Transferring a trademark via licensing is much more common and is widely used in the current market economy. Various types of licensing have been incorporated into national laws to define these kinds of licensing, such as “exclusive”, “non-exclusive”, “sole”, “compulsory” and “sub-licensing.”

It should be noted that the use of a trademark will not be indefinite, but rather will be terminated under certain circumstances. Rights to use a trademark can be terminated under different conditions, such as “opposition”, “cancellation” and “revocation.” Finally, if a trademark is not used for three consecutive years, it will be removed from the CBR office and the trademark will be returned to the public domain.

The method used in this thesis for assessing the abovementioned issues is based on a descriptive and legal analytical approach. It focuses on the respective provisions of the ATML, and other legal documents.

However, this research provides more arguments in favour of the registration model, which might work more efficiently and be more applicable in the context of Afghanistan. Furthermore, the ATML provides insufficient provisions regarding the ownership, assignment, licensing and termination of trademarks. This chapter reveals those shortcomings and proposes that it would be useful for the Afghanistan legal system to be amended based on these findings.

## **4.2. The acquisition of trademark rights**

Conventionally, a trademark can be obtained both by a real person and a legal person as well as by both national and foreign entities. The ownership of a trademark creates an exclusive right to its proprietor. Trademark rights are formed in three different ways: registration, use, and a mixture of both.<sup>587</sup> In some countries, trademark rights arise from the registration of a trademark in a governmental office. However, this is not the case for all countries. In some countries trademark rights stem from commercial use of a trademark and the acquisition of trademark rights is created based on “actual use,” a model also referred to as “use-based” acquisition.<sup>588</sup> In this system, it is not required to obtain authorization from a governmental department in advance.<sup>589</sup> At the same time, a mixture of both systems is also possible to acquire the ownership of a trademark. In the following, the nature and function of each model of trademark acquisition is studied, first from a wider and then from a global point of view. At the same time, the Afghan legal system’s position and stance on each model is also examined.

### **4.2.1. Trademark registration model**

In this system, the party who first files an application for the registration of a trademark has priority over another party who uses a trademark without having registered it. For instance, if (A) registers *RESHANY*<sup>590</sup> as a mark on January 2016 for an internet service provider, yet at the same time company (B) has already used *RESHANY* as a mark since January 2014 for the same service, however without having registered the mark in the CBR office, then based on the registration system, (A) obtains priority

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<sup>587</sup> - William M. Landes and Richard A. Posner, Trademark Law: An Economic Perspective, Chicago Journal of Law and Economics, Vol. 30. No. 2, (1987), p. 281. [hereinafter William M. Landes and Richard A. Posner, Trademark Law: An Economic Perspective]. Available at: <http://www.jstor.org/stalbe/725498>.

<sup>588</sup> Shoen Ono, Overview of Japanese Trademark Law, Fifth Chapter, 2<sup>nd</sup> edition, Tokyo: Yuhikau, (1999), p.1. [hereinafter Shoen Ono, Overview of Japanese Trademark Law]. (available at: [http://www.iip.or.jp/e/e\\_publication/ono/index.html](http://www.iip.or.jp/e/e_publication/ono/index.html). Last visited October 15, 2014.

<sup>589</sup> - Deborah E. Bouchoux. The Law of Trademarks, Copyrights, Patents, and Trade Secrets, Fourth edition, Delmar, p. 23. [hereinafter Deborah E. Bouchoux. The Law of Trademarks, Copyrights, Patents, and Trade Secrets].

<sup>590</sup> - It is a hypothetical trademark

rights over (B) for legal protection of the trademark. The registration or “first to file” system is adhered to in civil law systems.<sup>591</sup>

The rationale behind the registration system is that the official registration of a trademark provides legal confidence for the owner of a trademark. Additionally, the registration and publication of a trademark provides information about the ownership of a trademark and answers the question of who possesses and owns it as a form of property.<sup>592</sup>

According to the registration-based system, at the time of filing for registration of a trademark, there is no need for the trademark to actually be in use, nor for use to be intended. An exclusive right is given to the applicant only after the registration of a trademark is completed. In this system, there might be the possibility for similar trademarks to exist at the same time. However, to obviate the possibility of the existence of similar trademarks, there is the “first to file” preference that the first applicant acquires the trademark rights. A first to file applicant gains priority over other applicants.<sup>593</sup> Thus, a registration-based system implies that trademark rights will not be bestowed unless the trademark in question is registered in the related office.<sup>594</sup>

In this system, the legal protection of a trademark is provided with regards to particular and related goods and services. For instance, the trademark of “*ROSHAN*” for an Afghan mobile company does not cover unrelated services, such as aviation (airline) and other different lines of products. Therefore, the same or similar trademarks can be used by different owners in different product categories.<sup>595</sup> The process in the registration-based system is more flexible, because every individual and company or enterprise that wants to use a trademark for identification of their goods and services will be eligible for registration of its mark.<sup>596</sup> The registration procedures for a national and foreign trademark have already been discussed in chapter one of this dissertation.

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<sup>591</sup> -Sheldon W. Halpern, Craig Allen Nard and Kenneth L. Port, *Fundamentals of United States Intellectual Property Law: Copyright, Patent, Trademark*, 3<sup>rd</sup> edition, Wolters Kluwer, (2011), p. 289. [hereinafter Sheldon W. Halpern, Craig Allen Nard and Kenneth L. Port, *Fundamentals of United States Intellectual Property Law*].

<sup>592</sup> -Radcharda Amrangkul, *Legal Measures Against Trademark Registration in Bad Faith*, Thammasat University, Faculty of Law , a master degree thesis, (2012), p. 17. [hereinafter Radcharda Amrangkul. *Legal Measures Against Trademark Registration in Bad Faith*].

<sup>593</sup> -Shoen Ono, *Overview of Japanese Trademark Law*. Chapter 5, p. 4.

<sup>594</sup> - Bruce R. Parker, *Intent to use: On the Road Toward Adoption of a Registration-based system of Trademark Protection*. Vol. 79 TMR, (1989), p. 320. [hereinafter Bruce R. Parker, *Intent to use: On the Road Toward Adoption of a Registration-based system of Trademark Protection*].

<sup>595</sup> - Nicholas Economides, *Trademarks Forthcoming in the New Palgrave Dictionary of Economic and the Law*, Stern School of Business, New York University, (1997), p. 2. [hereinafter Nicholas Economides, *Trademarks Forthcoming in the New Palgrave Dictionary of Economic and the Law*].

<sup>596</sup> - Kitsuron Sangsuvan, *Trademark Squatting*, *Wisconsin International Law Journal*, Vol. 31: 2, (2013), p. 264. [hereinafter Kitsuron Sangsuvan, *Trademark Squatting*].

Within this system, there are two kinds of registration – registration that “effective rights” are established, and registration that “effective rights” are “presumptively” created.<sup>597</sup> In the first instance, legal protection for trademark rights is granted as soon as a trademark has been registered. In the second instance, legal protection for trademark rights depends on the use of the trademark. In this case, if a trademark, after a certain period of time has elapsed, is not used, the owner of the trademark will lose its exclusive rights to the duly registered mark.<sup>598</sup> Therefore, trademark registration does not provide an absolute “positive right” to use a trademark under all circumstances or on all goods and services. Rather, it is constrained to certain uses concerning a specified class of goods and services.<sup>599</sup>

The scope of the registration of a trademark is mainly administered by the registration office based on the applicable rules and laws. Therefore, the description of the registration in relation to a class of goods or services depends on the registration office.<sup>600</sup>

As already mentioned, the registration system creates legal certainty for the trademark owner, because it simplifies the searching process to recognize and understand the actual number of registered trademarks, which in turn will avoid conflicts of interest between trademark right holders. Furthermore, this system creates a certain degree of “peace of mind” for the owner of a mark. The owner will not be worried about claims from third parties or other competitors.<sup>601</sup> In this system, if a person seeks information about all registered trademarks, it will be easy to refer to the registration office and thus be aware of all the existing marks that have been registered. One more advantage for the registration system is that the owner of a trademark obtains an exclusive right across the country. As a result of such an exclusive right, if a person infringes a registered trademark in any part of the country, the owner has the right to prevent the infringer of his/her trademark nationwide.<sup>602</sup> Moreover, trademark registration will give confidence to consumers and prevents the “likelihood of confusion” regarding the source of goods and services.<sup>603</sup>

Additionally, registration of a trademark in the registration office has a number substantive and procedural advantages which will not be seen in the use-based system. First, registration of a trademark

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<sup>597</sup> - The first example is seen in German trademark law while the second instance is seen in the English and US legal systems. See Ono, Overview of Japanese Trademark Law, Chapter 5, p.1

<sup>598</sup> - Ono, Overview of Japanese Trademark Law. Chapter 5, p. 1.

<sup>599</sup> - Susy Frankel, Trademark and Traditional Knowledge and Cultural Intellectual Property Rights. Victoria University of Wellington Legal Research Papers, Vol.1: 6, (2011), p. 3. [hereinafter Susy Frankel, Trademark and Traditional Knowledge and Cultural Intellectual Property Rights]. Available at: <http://ssrn.com/link/victoria-U-wellington-LEG.html>.

<sup>600</sup> - Susy Frankel. Trademark and Traditional Knowledge and Cultural Intellectual Property Rights, p.3.

<sup>601</sup> - Radcharda Amrangkul, Legal Measures Against Trademark Registration in Bad Faith, p. 18.

<sup>602</sup> - Irina D. Danta, Privatizing Trademark, Arizona Law Review, Vol.51, (2009), p. 384, [hereinafter Irina D. Danta, Privatizing Trademark].

<sup>603</sup> - Neha Mishra, Registration of Non-Traditional Trademarks, Journal of Intellectual Property Rights, Vol. 13, (2008), p. 43. [hereinafter Neha Mishra, Registration of Non-Traditional Trademarks].



at the registration office is considered as “*a prima facie* evidence” for the validity of the ownership of a trademark. The owner of a trademark obtains an exclusive right for using the mark in the course of commerce and trade. Second, at the national level, trademark infringement disputes will be resolved in a Commercial Court under whose jurisdiction a trademark has already been registered. Thus, the authority and power of a competent court will be determined based on the registration of a trademark to which the registration office is located. Third, registration of a trademark at the registration office will prevent the importation of similar and identical products. This is because the customs authorities already have official information about the registered trademarks as well as the number of trademarks in need of legal protection.<sup>604</sup>

However, the registration system is not consistent with the “nature of trademark protection” and limits the “free-riding” of trademarks. Also, a third party may abuse registration of a trademark or may register a trademark in “*bad faith*”. In such a case, the owner will never use a registered mark in the course of his/her business or even plan to use the mark, while at the same time his/her registration enables him/her to legally prevent others from using the trademark. In this situation, registration is used as a tool for preventing others from using a mark. Therefore, to tackle this problem, it is proposed that “*bona fide*” use of a trademark should be addressed during the registration of a trademark.<sup>605</sup>

Trademark registration occurs on three different levels: national registration, regional registration and international registration. Most countries have a national registration system for trademark registration. The national registry office, CBR, for trademark registration in Afghanistan is a branch of the MoCI. The CBR office is part of the civil service in Afghanistan and provides registration facilities. According to the ATML, all trademarks shall be protected from the date that the application is submitted to the CBR office. The registration of a trademark in the CBR office provides exclusive legal rights for the applicant within the national territory of Afghanistan.<sup>606</sup>

Regional registration of a trademark occurs within a group of countries that together constitute a unitary system for granting an exclusive right for the applicant of member states.<sup>607</sup> One of the most popular examples of a regional registration office for intellectual property rights is the European Union Intellectual Property Office EUIPO.<sup>608</sup> Even though Afghanistan is a member of a certain number of

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<sup>604</sup> - Elmer William Hanak, The Quality Assurance Function of Trademark, Fordham Law Review, Vol. 43: 3, (1974), p. 370-71. [hereinafter Elmer William Hanak, The Quality Assurance Function of Trademark].

<sup>605</sup> - Radcharda Amrangkul. Legal Measures Against Trademark Registration in Bad Faith, p. 18.

<sup>606</sup> - ATML, Art. 19.

<sup>607</sup> - Jeremy Phillips. Trademark Law A Practical Anatomy. p. 44.

<sup>608</sup> - <https://euipo.europa.eu/ohimportal/en/trade-marks>. Last visited on June 4, 2016. Another example of such regional organization is the “General Inter-American Convention for Trade Mark and Commercial Protection”. This convention has been concluded between the governments of Peru, Bolivia, Paraguay, Ecuador, Uruguay, the Dominican

regional economic organizations, none of them articulate trademark regional protection within the territory of the member state.<sup>609</sup>

The international trademark registration system is administered by WIPO. The Madrid Agreement and Madrid Protocol provide a single particular mechanism for the registration of trademarks within the jurisdiction of member states.<sup>610</sup> Based on the Agreement, a trademark owner that has already registered a mark in the country of origin or domicile may obtain legal protection for such a mark in all other contracting states. A single application for registration of a trademark in all contracting countries will be sufficient to establish legal protection at an international level.<sup>611</sup> The position of the Madrid Agreement, the international registration system for trademarks and the Afghan legal system have already been discussed in chapter two of this thesis in this regard.

In the registration system, trademarks must fulfil certain requirements in order to be eligible for registration. In other words, in order to be eligible for registration, a mark should have the registerable attributes that are addressed in the following section.

#### **4.2.2. Registerable attributes of a trademark**

By virtue of the provisions of Articles 4 and 8 of the ATML, there are some established requirements and criteria for the registration as well as non-registration of a trademark.

According to Article 4 of the ATML, a trademark shall have at least one of the following characteristics in order to be registered:

- a) The name of an individual or a company which is represented in a special manner. For instance, the name of a person such as *Ahmad* or the name of business such as *Afghan Biseem Company* is registerable as a trademark. Company names and trade names are registerable, provided that they are distinctive and not deceptive.<sup>612</sup>
- b) Words that have no meaning within the dictionary or words that have no direct relation to the characteristics and nature of goods and services are register-able. The mark should not refer to any

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Republic, Chile, Panama, Venezuela, Costa Rica, Cuba, Guatemala, Haiti, Colombia, Brazil, Mexico, Nicaragua, Honduras and The United States of America, adopted on February 15, 1928. Information available at: <http://www.wipo.int/wipolex/en/details.jsp?id=12625>, last visited: June 18, 2016.

<sup>609</sup>- Afghanistan is member and observer of the following regional organizations: South Asian Association for Regional Cooperation SAARC (2007), see the link: <http://www.saarc.com/the-south-asian-association-for-regional-corporation-saarc/>. Shanghai Cooperation Organization, SCO, (observer status) (2012). Central Asia Regional Economic Cooperation Program, CAREC, (2005).

<sup>610</sup>- Jeremy Phillips. Trademark Law A Practical Anatomy. p. 44.

<sup>611</sup> - Ian Jay Kaufman, Treaties and Trademarks, Int'l Bus Law, ( 1991), p. 532. [hereinafter Ian Jay Kaufman, Treaties and Trademarks].

<sup>612</sup> - WIPO, Intellectual Property Handbook, WIPO publication, No. 489, (E), (2004) p. 73.

aspects of the product.<sup>613</sup> In other words, it should not be or comprise “generic”,<sup>614</sup> “descriptive”,<sup>615</sup> and “laudatory”<sup>616</sup> words. The ATML Article (4) mentions the term “words”, but does not provide more description in terms of what makes a word or words generic, descriptive and laudatory.

The fundamental objective of a mark is to identify the product. Therefore, if a mark is generic, it will not be eligible for registration. Generic words belong to the public domain and granting protection would prevent other competitors from using them.<sup>617</sup> Another barrier for the registration of words as a trademark is the descriptiveness of the mark, being one of the attributes of a well-developed trademark system.<sup>618</sup> A descriptive mark is not registerable and will not be eligible for legal protection. A descriptive mark is a mark that provides information pertaining to “qualities, characteristics, or ingredients” of the products and services. In other words, descriptive marks are those marks that serve in commerce “to designate the kind, quality, intended purpose, value, place of origin, time of production or any other characteristic of the goods for which the sign is intended to be used or is being used.”<sup>619</sup> Therefore, descriptive marks are not register-able since they are comprised of information that other companies and people also need from them. In this regard, a descriptive mark will not achieve the distinguishing/identifying function of a trademark. In such a case, if a descriptive mark were eligible for registration, other producers would also use a “repetitive certification process” which would in turn prevent the senior owner of a trademark from using the descriptive mark exclusively. That would ultimately restrict competition. This rule is also applicable to the abbreviation of terms. An abbreviated term that only describes a product and has an association with the characteristics and qualities of the goods will be classed as a descriptive term.<sup>620</sup>

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<sup>613</sup> - Ahmad Aziz Bin Zulkefli and Sumah Ramachandran. Trademark Protection in Malaysia- A Basic Guide, Malaysian Biotechnology Corporation, SDN BHD, (2009), p. 7.

<sup>614</sup> - “Generic terms are marks that function as names for whole classes of products and services and consequently deemed wholly unsuitable for use as a mark”. See Charles R. McMamanis, Fifth edition, Thomson West, 2004, p 148. For example, the word “scent” is a generic term which covers perfumes and aftershave lotions. The term of “ship” is not allowed to use for ship. Therefore, when a term is a generic it will and cannot be registered as a trademark for products and service to which it is directly related. However, it is permitted to use generic terms for those goods and services that have no connections to the product. Jeremy Phillips, Trademark Law: A Practical Anatomy, p. 172.

<sup>615</sup> - “Descriptive marks convey an immediate idea of the product.” For instance, “a dish washing soap called “Pleasant-detergent” requires further association to transform the descriptive term “pleasant” into a particular product name” which is soap. See Steven Wilf. Who Authors Trademarks? University of Connecticut School of Law, Cardozo Arts & Entertainment Law Journal, Vol. 17: 1 (1999), p. 34. Available at: [http://digitalcommons.uconn.edu/cgi/viewcontent.cgi?article=1073&context=law\\_papers](http://digitalcommons.uconn.edu/cgi/viewcontent.cgi?article=1073&context=law_papers)

<sup>616</sup> - “Terms which praise a product or service in a direct manner”. See Jeremy Phillips. Trade Mark Law: A Practical Anatomy, p. 84.

<sup>617</sup> - Sheldon W. Halpern, Craig Allen Nard and Kenneth L. Port, Fundamentals of United States Intellectual Property Law: Copyright, Patent, Trademark, p. 336.

<sup>618</sup> -Jeremy Phillips. Trade Mark Law: A Practical Anatomy, p. 98.

<sup>619</sup> - WIPO. Intellectual Property Handbook. WIPO Publication, No.489 (E), (2004) p. 73.

<sup>620</sup> - Sheldon W. Halpern, Craig Allen Nard and Kenneth L. Port, Fundamentals of United States Intellectual Property Law: Copyright, Patent, Trademark, (2011) p. 333.

Additionally, terms and words that praise and commend a product in a direct way, such as “beautiful, good, nice, and handsome,” so-called “laudatory terms,” are not register-able as a trademark. The reason behind this prohibition is that these terms are usually used in business by people with regards to particular products, regardless of whether these terms are descriptive or generic in nature. Moreover, these are terms that belong to all people and should be available for their future use.<sup>621</sup> The ATML imposes no conditions for generic, descriptive and laudatory attributes of word trademarks. In practice, the CBR office has registered the words of *khoob* and *khooban* (good) for mineral water and non-alcoholic drinks products.<sup>622</sup>

c) The ATML also recognizes a personal signature of the applicant as a trademark, such as “*Gulahmad Naikzad*”. A signature is a particular form of sign of a person which may be derived from the name of a person or other signing which is drawn by the applicant.<sup>623</sup>

d) Letter or letters. It is not important that the letter stems from Dari, Pashto, Arabic, English, German or any other language. Even though the ATML is silent in this regard, in practice there have been some instances in which the CBR office registered English letters in addition to Dari letters.<sup>624</sup> Regarding the number of letters, the ATML provides no instructions and it is not clear whether one letter, for instance (A) or (X), can be used as a trademark, or whether more than one letter is needed, such as AFBC or XXTP.<sup>625</sup>

e) “Figures, drawings, symbols, titles, seals, pictures, inscriptions, packs or any other marks or combination of those marks”<sup>626</sup> will be accepted as a trademark and obtain legal protection after the registration process has been legally accomplished in the CBR office, provided that those marks have not already been registered or do not depend on a particular person. For instance, a company cannot select a picture of *King Amnullah Khan*<sup>627</sup> or ex-president *Karzai* as a trademark for distinguishing their products from other similar products.<sup>628</sup> It should be noted that the legal system of Afghanistan makes no provision regarding the visual perceptiveness of a mark. The ATML is silent in this regard and does not mention the condition that signs be visually perceptible, as mentioned in the definition of trademarks in the TRIPS Agreement.<sup>629</sup>

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<sup>621</sup> - Jeremy Phillips. Trade Mark Law: A Practical Anatomy, p. 84.

<sup>622</sup> - CBR Office, Trademark Registration Book, Registration Number, 12007, (1391/2011.)

<sup>623</sup> - Jeremy Phillips, Trade Mark Law: A Practical Anatomy, p. 139.

<sup>624</sup> - Official Gazette, issue number 1183, (2015).

<sup>625</sup> - WIPO. Intellectual Property Handbook, p. 74.

<sup>626</sup> - ATML, Art. 4.

<sup>627</sup> - He was king of Afghanistan from 1919 to 1929 and died in 1962. See Andrew Chua, The Promise and Failure of King Amanullah’s Modernization Program in Afghanistan. The ANU Undergraduate Research Journal, Vol.5,( 2013), p. 35.

<sup>628</sup> - ATML, Art. 8 (9).

<sup>629</sup> - WTO. TRIPS Agreement, Art. 15 (1).

All of the aforementioned marks are also called traditional trademarks, which comprise a name, word, letter, symbol, picture etc., as articulated in Article 4 of the ATML. Nevertheless, there are other kinds of trademarks, termed “non-traditional trademarks”, which have played an important role in recent times for the development of trademark legal protection. Non-traditional trademarks include “sound marks, odour marks, colour marks, shape marks and test marks”.<sup>630</sup> The legal system of Afghanistan does not provide legal protection for non-traditional trademarks and the ATML is silent in this regard. Currently, it may not be pertinent for Afghanistan to articulate the registration of non-traditional marks, because Afghanistan, as a least developed country, does not have a well-functioning or well-established administrative capacity to manage the registration of non-traditional marks. Likewise, companies do not use non-traditional marks for the purpose of indicating the source of goods and services. Moreover, the owner of a non-traditional mark should allocate some additional money, time and effort to foster a non-traditional trademark so that the public becomes familiar with the mark as an identifier of the source of goods and services.<sup>631</sup> However, in some developed countries, such as the USA, the situation is different. According to the US Patent and Trademark Office USPTO, “any non-traditional mark can be registered as long as it distinguishes the source of the product and is not functional and descriptive”.<sup>632</sup>

It can be concluded that trademark rights pertaining to name, word, letter, signature, picture and symbol are granted under certain circumstances by the administrative authorities. However, a well-functioning trademark system mainly depends on the “transparent and accountable administration operation” and not merely on a well written trademark law.<sup>633</sup> This function is absent in Afghanistan, and the operation of the CBR office as a key administration office for the legal protection of trademarks is not consistent with a well-functioning operation system in Afghanistan.

#### **4.2.3. Non-registrable attributes of trademarks**

A trademark will be registrable only if it addresses the criteria of registerability, the conditions and requirements of which are based on the socio-cultural values of domestic trademark law. According to Article 8 of the ATML, the following marks shall not be qualified for use and registration:

1. “National flag, State emblems and other symbols pertaining to domestic or foreign organizations or institutions, international organizations or institutions, or any foreign country unless their use is authorized in writing”. This provision provides very broad legal protection for the symbols of

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<sup>630</sup> - Neha Mishra, Registration of Non-Traditional Trademarks, p. 43.

<sup>631</sup> - Amanda E. Compton, Acquiring a Flavor For Trademarks: There’s No Common Taste in the World, *Northwestern Journal of Technology and Intellectual Property*, Vol. 8: 3, (2010), p. 342. [hereinafter Amanda E. Compton, Acquiring a Flavor For Trademarks]. Available at: <http://scholarlycommons.law.northwestern.edu/njtip/vol8/iss3/1>

<sup>632</sup> - Neha Mishra, Registration of No-Traditional Trademarks, p. 44.

<sup>633</sup> - Jeremy Phillips. *Trademark Law: A Practical Anatomy*. 37.

governments and national and international organizations. According to this Article, it is not relevant whether Afghanistan has multilateral and bilateral agreements with these governments and foreign organizations or institutions or not.

2. “Adytum and pulpit or any marks which are identical or similar to symbols of a purely religious nature.” In this instance, religious values hinder the registration of religious marks which resemble an Islamic altar and pulpit.<sup>634</sup>

3. “The pictures of national leaders and high-ranking authorities of the State”.

4. Terms and phrases that could be mistaken in relation to the government departments of Afghanistan.

5. Marks of official organizations such as: the Red Crescent, the Red Cross, or any other similar symbols as well as any mark which is an imitation thereof.

6. Any marks repugnant to chastity, morality and public order.

7. Marks which are not specific in character or quality or where the mark includes names commonly given by tradition to goods, products or services, or familiar drawings and ordinary pictures of goods and products. Such marks may be used generally, but may not be registered, and shall not be supported as a trademark.

8. Geographical names, where the use of which may cause confusion as to the origin or source of the goods, products or services

9. The name, surname, photograph or emblem of a third party, unless he/she or his/her heirs' prior consent to use has been obtained

10. Marks which may delude the public or which contains false or deceptive information as to the origin, source, or any other characteristics of the goods, products or services.

11. Marks belonging to legal or real persons and the use of which is prohibited.

12. “Identical or confusingly similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered, unless such use or registration is by or with the authorization of the owner of the registered mark”.<sup>635</sup>

13. “The registration of a mark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark deemed well-known in Afghanistan for identical or similar goods.

14. Marks which are used for specific purposes”.<sup>636</sup>

Generally, these non-registerable trademarks can be divided into two categories. The first category (items 1, 2, 3, 4, 5, 6) is non-registerable on grounds of the public interest. Therefore, these are

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<sup>634</sup> - ATML, Art. 8, (2).

<sup>635</sup> - ATML, Art. 8 (12).

<sup>636</sup> - ATML, Art. 8 (23, 14).

also called “absolute bars.” The second category (items 7, 8, 9, 10, 11, 12, 13, 14) is not registerable because of a conflict of interests between a private senior and junior user of a trademark; this also referred to as “relative bars”.<sup>637</sup> The “absolute bars” are to be interpreted strictly, and this is also reflected in Article 6ter of the Paris Convention.<sup>638</sup> However, with respect to “relative bars”, there can be exceptions about the registration of a trademark under certain circumstances. For instance, according to Article 8 (9) and (12) of the ATML, a trademark is registerable provided that the consent of the senior trademark owner has been obtained in advance.<sup>639</sup> This occurs when a duly registered trademark owner sells or gives permission for a licensee to use an already registered trademark.

Neither the ATML nor any other legislative documents in Afghanistan define relative bars and absolute bars. It is important to provide legal provisions concerning the use of the national flags of other countries, even if the government of Afghanistan has no diplomatic ties with these governments. Final administrative decisions regarding the registration and non-registration of a mark may be judicially reviewed via one of two routes:

- 1) By appealing directly to the Commercial Court, which will review the closed administrative record of the trademark registration office and,
- 2) By filing a civil action in the Commercial Court for litigation of infringement claims and introduce new evidence with respect to issues raised in the trademark registration office.<sup>640</sup>

It is worth mentioning that, in some legal systems, “actual use” of a trademark is necessary when trademark registration is requested. These systems are still called “use-based systems,” though registration is required. However, there are systems in which registration is permitted based only on “intent to use”, without proving “actual use at the time of registration”. For instance, this model is applicable in English, German and Japanese law. Nevertheless, these legal systems are still referred to as “registration-based”.<sup>641</sup>

In Afghanistan, Article 7 of the ATML does not require “actual use” of a trademark at the time of registration. It only provides that the owner of “commercial, industrial, communication and other professional services” will benefit from this law, provided that they have registered their trademark in accordance with its provisions. At the same time, Article 22 (4) of the ATML, which is about the termination and lapse of a trademark, states that: “If it is proved that the trademark has not been used for three consecutive years, the relevant Commercial Court may issue an order concerning termination

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<sup>637</sup> -Shoen Ono, Overview of Japanese Trademark Law, p. 28.

<sup>638</sup> - WIPO, Paris Convention. Art. 6ter.

<sup>639</sup> - ATML, Art. 8.

<sup>640</sup> - Charles R. McManis. Intellectual Property and Unfair Competition, p. 115.

<sup>641</sup> - Shoen Ono. Overview of Japanese Trademark Law, p. 1.

thereof, unless the owner of the trademark [the first person] provides justification for the non-use thereof within the specified period of time. Under such circumstances, the trademark shall, upon application by the person in whose name the trademark has been registered, be registered taking into account the provision set forth in clause (2) of Article (12) of the present law”.<sup>642</sup> In such a case, if a new applicant applies for the registration of a mark that has already been registered, but which has not actually been used in commercial practice, the Commercial Court, upon application of a new applicant, will order the registration of the mark to the name of the new applicant. Consequently, due to non-use of a registered trademark, the owner of a trademark loses his rights to an already duly registered trademark. This means that the ATML indirectly adheres to the notion of actual use.<sup>643</sup>

### **4.3 . Trademark use-based model**

Historically, the use of trademarks had been recognized and protected by the law before any trademark registration systems came into existence. If we refer to such legal recognition as a “use-based system”, the use-based system of trademark protection was the first type of trademark protection.<sup>644</sup> Previously, this model had been adopted in most trademark laws. For instance, France’s trademark law of 1857 adopted this model and later on, due to some defects in this system, it was abandoned and replaced by the registration system.<sup>645</sup> From a substantive point of view, an unused mark is merely a symbol and not a trademark. Therefore, only under the use-based system does a trademark obtain a “legitimacy basis”.<sup>646</sup> The first to-use system, however, is common in common law legal systems.<sup>647</sup>

As previously mentioned, legal rights to a mark also emanate from the use-based system, which is also called the common law basis.<sup>648</sup> Some scholars call this system “first possession” or “traditional approach of the common law”.<sup>649</sup> By the application of common law, a company will receive trademark

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<sup>642</sup> - ATML, Art .22 (4).

<sup>643</sup> - ATML, Art. 7.

<sup>644</sup> - Shoen Ono. Overview of Japanese Trademark Law, p. 2.

<sup>645</sup> - Radchada Amarangkul. Legal Measures Against Trademark Registration in Bad Faith, Thammasath University, Faculty of Law, Master thesis, (2012) p. 16. [hereinafter Radchada Amarangkul. Legal Measures Against Trademark Registration in Bad Faith ].

<sup>646</sup> - Radcharda Amrangkul. Legal Measures Against Trademark Registration in Bad Faith, p. 17.

<sup>647</sup> - In the United States, “actual use” of a trademark is a prerequisite for granting an exclusive right to a trademark. It means that, in the USA, a trademark should be used by an applicant prior to applying for protection of the mark. International Trademark and Copyright Protection. Loy. L.A. Int’l And Comp. L. J vol. 8:721(1986), p.722.

<sup>648</sup> - Traci L. Jones, Remedy Holes and Bottomless Rights: A Critique of the Intent-to-use system of Trademark Registration, Law and Contemporary Problems, Vol. 59: 2 , (1996), p. 162. [hereinafter Traci L. Jones, Remedy Holes and Bottomless Rights].

<sup>649</sup> - William M. Landes and Richard A. Posner, Trademark Law: An Economic Perspective, Journal of Law and Economics, Vol. 30: 2, (1987), p. 281. [hereinafter William M. Landes and Richard A. Posner, Trademark Law: An Economic Perspective].



rights regardless of actual registration in the related office. The first user of a mark has a priority right over all other subsequent users of a mark on the national level.<sup>650</sup>

According to the use-based model, trademark rights and legal protection will not emerge from the registration of a mark, but rather it will emanate from the actual use of a mark in commerce. The registration of a trademark in the use-based model provides evidence of the “*good faith*” of the first user<sup>651</sup>. However, in this system, if a mark, after its registration, is used for a certain amount of time, for example five years<sup>652</sup>, the registration system provides an “incontestability” situation for the owner of a trademark.<sup>653</sup>

This system is based on the “objective fact” of trademark use. Ownership of a trademark will belong to the person who has used it for the first time. The main rationale for this system is that “without use, the mark cannot be known among the public”.<sup>654</sup> In this model, ownership of a trademark belongs to the person or entity who used it for the first time, regardless of whether the trademark was registered or not. Countries such as Australia, the United Kingdom, Canada, Malaysia, New Zealand, Singapore and the USA follow this system.<sup>655</sup>

As mentioned above, the legal right to a trademark can emerge from both common law and statutory law.<sup>656</sup> By the application of common law, a person acquires legal rights to a mark regardless of actual registration.<sup>657</sup> Under use-based principles, trademark rights do not derive from registration, but rather the creation of legal rights is based on actual use, “such that registration in a use-based system provides a *prima facie* presumption of first use”.<sup>658</sup> The “first user” of a mark has a right to use the

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<sup>650</sup> - Traci L. Jones, *Remedy Holes and Bottomless Rights: A Critique of the Intent-to-use system of Trademark Registration*, p. 162.

<sup>651</sup> - The ATML and the CBR office have not recognized the concept of use of trademarks in “*good faith*” and “*bad faith*”. However Article 39 of the Afghan Commercial Code directly refers to the “*bad faith*” of a registrant with regards to registration of all commercial issues in the registration office as it states: “Individuals who, in bad faith, commit fraudulent acts in registering are subject to a cash fine or imprisonment or both. These people for a period of time, are deprived of the right of membership in Chambers of Commerce and Industry, and are not allowed to carry out transactions in stock exchanges”. According to this Article, the CBR office has no authority to make a judgment about the existence of “*bad faith*”. However, the commercial court has authority concerning to existence of “*bad faith*” with regards to registration of a trademark. See Afghan Commercial Code, Official Gazette, issue no 89 (1955), Art. 39.

<sup>652</sup> - The five years of use are based on the American common law system.

<sup>653</sup> - Shoen Ono. *Overview of Japanese Trademark Law*, p. 3.

<sup>654</sup> - Radcharda Amarangkul, *Legal Measures Against Trademark Registration in Bad Faith*, p. 16.

<sup>655</sup> - Radcharda Amarangkul. *Legal Measures Against Trademark Registration in Bad Faith*, p. 16,

<sup>656</sup> - Common law legal systems mostly rely on the use of a mark, while statutory legal systems rely on the registration of a trademark in the trademark registration office.

<sup>657</sup> - Traci L. Jones, *Remedy Holes and Bottomless Rights: A Critique of the Intent-to-Use System of Trademark Registration*, p. 162.

<sup>658</sup> - Shoen Ono. *Overview of Japanese Trademark Law*. Chapter 5, p. 3.

trademark and has priority over all other prospective users of a mark in the related goods, services and market.<sup>659</sup>

The procedures and formalities for acquiring legal protection in use-based and registration-based models are in some ways different. However, the substantive “pre-conditions” for acquiring trademark protection are comparable and alike. For a person to create and preserve use-based legal rights to a mark, the mark should be: “1-in actual use in association” with goods and services,<sup>660</sup> 2- have “sufficient inherent or acquired distinctiveness” to distinguish and identify the goods and services, and 3- be appropriate for use as a trademark or “be affixed”.<sup>661</sup>

#### **4.3.1. Actual use**

Conventionally, common law countries such as the USA, Australia and Canada mostly follow the use-based model.<sup>662</sup> In order to establish and enforce a trademark right, it would be significant to create a priority for the use of a trademark right.<sup>663</sup> Consequently, the first person who uses<sup>664</sup> a trademark “in the ordinary course of trade, will have priority over others who may want to use the same or similar mark on the same or similar goods”. In other words, the use of a trademark should be based on “actual use” and not on the “intent to use”. It should be noted that it would not be enough to establish legal protection for the ownership of a trademark to only select and create a mark without actually using the mark in business.<sup>665</sup> “The exclusive right to a distinctive mark belongs to the individual who first uses the mark in connection with a particular line of business or class of goods or services”. Therefore, the first use of a trademark is basically equal to ownership of a trademark.<sup>666</sup>

Additionally, priority often affects the result of a trademark dispute. For example, the CBR office will not register a new trademark that is similar or identical to a mark that is already in use.<sup>667</sup> In

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<sup>659</sup> - Traci L. Jones, Remedy Holes and Bottomless Rights: A Critique of the Intent-to-Use System of Trademark Registration, p. 162.

<sup>660</sup> - A service mark is a mark that is used in the sale or advertising of services.

<sup>661</sup> - Charles R. McManis, Intellectual Property and Unfair Competition, Fifth edition, USA: THOMSON WEST, (2004), p.119. [hereinafter CHARLES R. McMANIS, Intellectual Property and Unfair Competition].

<sup>662</sup> - Kitsuron Sangsuvan, Trademark Squatting, p. 262.

<sup>663</sup> - W. L. P. A. Molengraaff, The Nature of The Trademark, p. 305. Available at: <http://www.jstor.org/stable787165>.

<sup>664</sup> - There is no difference between “first use” and “prior use”. Both refer to the first person who uses a trademark in commerce. See Traci L. Jones. Remedy Holes and Bottomless Rights: A Critique of the Intent-to-Use System of Trademark Registration, p. 165.

<sup>665</sup> - Sheldon W. Halpern, Craig Allen Nard and Kenneth L. Port, Fundamentals of United States Intellectual Property Law, p. 337.

<sup>666</sup> - Traci L. Jones, Remedy Holes and Bottomless Rights: A Critique of the Intent-to-Use System of Trademark Registration, p. 165.

<sup>667</sup> - ATML, Art. 11 (3) 2.

general, the “prior user” of a mark will predominate in “opposition or infringement proceedings against a subsequent user of a confusingly similar mark”.<sup>668</sup>

The criteria for determining the priority of use of a trademark will be based on the first date that a mark has been used in business.<sup>669</sup> According to the common law approach, use which consequently grants ownership of a trademark is defined as actual use in commerce.<sup>670</sup>

Accordingly, the concrete and perpetual use of a mark to distinguish goods and services is an essential condition for obtaining and maintaining common law rights to a trademark. The degree and duration of use of a mark on a certain class of goods and services are not required to be used in huge amounts of goods and products. As trademarks are used in domestic and foreign markets by different consumers, it would be advisable that the sales and offer of the goods and products be enough/ sufficient and not based on a periodical time frame.<sup>671</sup>

#### **4.3.2. Inherent distinctiveness**

The second condition for acquiring ownership of a trademark in the use-based model is the inherent distinctiveness of a trademark. In this model, a trademark is eligible for legal protection when it is “inherently distinctive”.<sup>672</sup> If a mark is not “inherently distinctive”, then the owner of the mark must create a “secondary meaning”<sup>673</sup> for the mark in order for it to be eligible for legal protection. Therefore, the question of whether a trademark is protectable or not mostly depends on the distinctiveness of the trademark. Inherently distinctive trademarks fall within three categories: “fanciful”, “arbitrary”, and “suggestive”.<sup>674</sup>

1. A fanciful trademark is an invented word or symbol that usually has no other meaning.<sup>675</sup> Alternatively, fanciful marks are words that do not exist in a language. They are completely made up or

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<sup>668</sup> - Traci L. Jones. Remedy Holes and Bottomless Rights: A Critique of the Intent-to-Use System of Trademark Registration, p. 165.

<sup>669</sup> - Traci L. Jones. Remedy Holes and Bottomless Rights: A Critique of the Intent-to-Use System of Trademark Registration, p. 162.

<sup>670</sup> - Willima M. Lands and Richard A. Posner, Trademark Law: An Economic Perspective, Journal of Law and Economic, Vol. 30: 2 (1987), p. 281.

<sup>671</sup> - Charles R. McManis, Intellectual Property and Unfair Competition, p. 120.

<sup>672</sup> - In common law it is also called “technical trademarks”. See Charles R. McManis, Intellectual Property and Unfair Competition, p. 124.

<sup>673</sup> - “Secondary meaning recognizes that the public is granting a right through its creative association of the object with the mark.”. See: Steven Wilf. Who Authors Trademarks? University of Connecticut School of Law, Cardozo Arts & Entertainment Law Journal, Vol. 17: 1 (1999), p. 34. Available at: [http://digitalcommons.uconn.edu/cgi/viewcontent.cgi?article=1073&context=law\\_papers](http://digitalcommons.uconn.edu/cgi/viewcontent.cgi?article=1073&context=law_papers). More details about the secondary meaning will be provided in the forthcoming paragraphs.

<sup>674</sup> - Sheldon W. Halpern. Fundamentals of United States Intellectual Property Law, p. 330. Also see Charles R. McManis, Fundamentals of United States Intellectual Property Law, p. 124.

<sup>675</sup> - Nicholas Economides. Trademarks Forthcoming in the New Palgrave Dictionary of Economic and the Law. Stern School of Business, New York Univerisity, 1997, p2

imaginary words that did not exist before the trademark owner created them. For example, the *Kam* mark, which is used by an Afghan airline company, has no meaning in native languages (*Dari* and *Pashto*). Another example is the *MTN* mark, which is an Afghan telecommunications company. It also has no meaning in the native languages.<sup>676</sup> For a fanciful mark, there is no need to establish a “secondary meaning”, because it is already considered as an inherently distinctive mark.<sup>677</sup>

2. Arbitrary marks are words or symbols that have no other meaning when applied to the specific goods and services.<sup>678</sup> In other words, arbitrary marks are words that are “found in ordinary language, but are used in connection with goods or services that are not associated with the words”. For instance, famous worldwide examples are “APPLE”, which is used for a computer company, or “CAMEL”, which is used for a brand of cigarettes.<sup>679</sup> Good examples for arbitrary trademarks in Afghanistan are the mark of a deer or *Ahoo*, which was used by a shoe-making company, and the mark of a horse, or *Asp*, as used by a sock manufactory in Afghanistan.<sup>680</sup> An arbitrary mark usually does not describe the “characteristics, specifications, ingredients and function” of a product. There is no need to establish a secondary meaning for arbitrary marks in order to receive legal protection, since an arbitrary trademark is inherently distinctive.<sup>681</sup>

3. Suggestive trademarks are marks that describe the goods and services, but the description is not an actual explanation of the characteristics of the products. Suggestive marks create an incentive for the consumers to “think about a particular quality or characteristic of the goods or services”,<sup>682</sup> for example the mark “FRIDEGEDAIRE” (which is used for refrigerators), or *Post Saree Bakhter* (*Dari* name), which means *express or speed* and is used by a private postal company. In a suggestive trademark, the inferred meaning does not carry a direct and explicit meaning; intellectual or mental effort on behalf of the consumers is required in order to create a connection between a product and a word which is selected as a trademark.<sup>683</sup>

Sometimes “non-inherently distinctive” trademarks can be protectable. For instance, if a non-inherently distinctive trademark obtains a “secondary meaning”, it is legally protected.<sup>684</sup> Generally, a

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<sup>676</sup> -Amanda E. Compton. Acquiring a Flavor for Trademark: There’s No Common Taste in the World, *Northwestern Journal of Technology and Intellectual Property*, Vol 8, issue No 3, (2010), p. 342. Available at: <http://scholarlycommons.law.nortwestern.edu/njtip/vol8/issue3/1>.

<sup>677</sup> - Sheldon W. Halpern. *Fundamentals of United States Intellectual Property Law: Copyright, Patent, Trademark*, third Edition, Walters Kluwer, 2011, p 331

<sup>678</sup> - Nicholas Economides, *Trademarks Forthcoming in the New Palgrave Dictionary of Economic and the Law*, p. 2.

<sup>679</sup> - Amanda E. Compton, *Acquiring a Flavor for Trademark*, p. 342.

<sup>680</sup> - CBR, *Trademark Registration Book*, registration number 1242/ 1342 or 1967.

<sup>681</sup> -Sheldon W. Halpern. *Fundamentals of United States Intellectual Property*: p. 330.

<sup>682</sup> Amanda E. Compton, *Acquiring a Flavor for Trademark*, p. 342.

<sup>683</sup> - Nicholas Economides. *Trademarks Forthcoming in the New Palgrave Dictionary of Economic and the Law*, p. 2.

<sup>684</sup> - Nicholas Economides. *Trademarks Forthcoming in the New Palgrave Dictionary of Economic and the Law*. p. 2.

trademark is created through a “two-step” process. The first step is that a producer attaches a word or a symbol to its product, and in the second step the public and consumers connect the word and symbol to the product. The first step is the “primary meaning” of a trademark, whereas the second step is called the “secondary meaning” and incorporates the notion of “public association”. This “association” occurs in the marketplace and, therefore, the producers and the consumers, in a general sense, are “joint author and the owner of a mark”.<sup>685</sup>

The secondary meaning will be established by presenting certain evidence, such as how long the mark has been used (based on the common law system, mostly for five years), wide-ranging sales of goods and services, extensive advertising and its costs, and any other efforts in the marketplace, such as participation in commercial exhibitions and consumers’ observations and reviews. Moreover, the use of a trademark should be in the commercial sphere.<sup>686</sup>

Afghanistan’s TML does not define fanciful, arbitrary and suggestive trademarks. Nor does the law in Afghanistan stipulate the attributes of the “secondary meaning” of trademarks. However, in practice, the distinctiveness of a word or symbol is taken into account during the registration of a mark. For instance, a Semiayn production company has registered the mark of Mahee (fish) for its salty Semiayn product.<sup>687</sup>

Under the ATML, to protect a mark under the use-based system, the mark should continuously be used by its owner, otherwise it will not be protected by the law. If the owner of a trademark proves that the mark has continuously been in use, then the Commercial Court will not register the trademark to the name of the later/junior applicant.<sup>688</sup>

#### **4.3.3. Affixation**

To maintain the legal right of a trademark in a use-based system, a mark not only needs to be used in connection with the sale of goods or services, but should also practically be affixed to these products. In the use-based model, it is necessary that a mark be physically attached to the goods or services.<sup>689</sup>

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<sup>685</sup> - Steven Wilf. Who Authors Trademarks? University of Connecticut School of Law, Cardozo Arts & Entertainment Law Journal, Vol. 17: 1 (1999), p. 34. Available at: [http://digitalcommons.uconn.edu/cgi/viewcontent.cgi?article=1073&context=law\\_papers](http://digitalcommons.uconn.edu/cgi/viewcontent.cgi?article=1073&context=law_papers)

<sup>686</sup> - Amanda E. Compton, Acquiring a Flavor for Trademark, p. 347.

<sup>687</sup> - Official Gazette, Commercial Announcements, Issue No. 1183, (2015), p. 7.

<sup>688</sup> - ATML, Art. 29.

<sup>689</sup> - Sheldon W. Halpern, Craig Allen Nard and Kenneth L. Port. Fundamentals of United States Intellectual Property Law, p. 339.

Affixation means that a trademark has to be used by its owner on particular classes of goods and services to indicate their source.<sup>690</sup>

Under the legal system of Afghanistan, the term “affixation” has not been used in the ATML. According to the ATML, use of a trademark is not mandatory in order for it to be legally protected. Rather, use is optional unless the government authorities make use of such a mark obligatory. In this regard, Article 5 of the ATML states: “Use of each one of the trademarks specified in Article (4) is optional except that the Ministry of Commerce and Industry or the Central Business Registration Office has made their use mandatory”.<sup>691</sup> The non-mandatory use of a trademark by a company has already been discussed in section 2.5 of this dissertation.

In Afghanistan, even though the use-based system enjoys legal recognition, the ATML does not provide the condition that the mark be affixed on the products. Article 29 of the ATML refers to continuous use of a trademark, and resolves the question of conflict between a company that continuously uses a mark and another company that has registered the same trademark for the same or similar goods and services. Based on Article 29 of the ATML, in such a case, priority is given to the company that has used the trademark in practice. The ATML does not require that a trademark be affixed to the goods or services, because usage of a trademark is optional, i.e. it does not have to be used in practice. However, Article 22 (4), under the title of termination of ownership of a trademark, provides that the right of ownership of a trademark will end under the following circumstances: “if it is proved that a trademark has not continuously been used for three years”. In this case, it can be concluded that a company may or may not use a trademark as a sign for the identification of goods and services. However, if a company registers a mark for specified goods and services and then does not use it continuously for three years, the registration of the mark will no longer be valid, and the mark loses its legal protection.<sup>692</sup>

#### **4.4. Advantages and disadvantages of both systems**

Each model has its own advantages and disadvantages. The following are the merits and limitations of both:

First, the consistency of a right with the nature of the trademark is reasonable: It is argued that the “use-based system” is an old system for acquiring trademarks. Therefore, the use-based principle is rational as it is in consistency with the nature of a trademark. The significance of a trademark depends

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<sup>690</sup> - Sheldon W. Halpern, Craig Allen Nard and Kenneth L. Port. Fundamentals of United States Intellectual Property Law, p. 340

<sup>691</sup> - ATML, Art. 5.

<sup>692</sup> - ATML, Art. 22 and 29.

not only on the mark itself but is also related to the reputation garnered by the mark. In contrast, in the registration model, there is no identifiable relationship between the nature of the trademark and protected rights.

Second, proof of a trademark's use: one basic disadvantage of a use-based system is the instability or uncertainty of mark-owners' rights. Rationally, it is a good idea to protect the senior user of a trademark. However, in reality it is difficult to determine who was the first to use a trademark, especially when numerous people claim that they used it first. Therefore, under the use-based system, the stability of trademarks and their respective protection cannot be assured.<sup>693</sup>

In contrast, under the registration-based system, it is easy to understand who the "first-to-file applicant" would be. Based on that, the registration office will give "priority rights" to the first person to apply and he or she will hold the rights to the trademark. Therefore, it will not be difficult to reach a decision as to whom the trademark legally belongs to by referring to the records of the trademark registration office. Accordingly, the potential of the use-based system for solving these problems and disputes is constrained particularly in less or least developed countries like Afghanistan. Therefore, to resolve these disputes, the registration-based system will fill the gaps.<sup>694</sup>

Third, public awareness of the registration of a mark: The effects of publishing registered trademarks in the Official Gazette and other local newspapers are more visible in the registration system compared to the use-based system. In the latter, a trademark user cannot easily ascertain whether or not there is a prior user of the trademark that he himself is using. However, under the registration system, it is possible for a person to know which marks are in use. The applicant can carry out research in order to prevent conflicts with other users of a trademark. Likewise, in the registration system it would be easy to determine to whom a mark belongs by just looking at the applications and records of the registration office.<sup>695</sup>

Fourth, the coverage scope of rights: According to the use-based system, the coverage scope of trademark rights is only limited in a specific region where the actual use of a trademark occurs. Whereas in the registration system, the scope of legal protection for a trademark is not constrained by the actual use the trademark. Rather, it depends on the exact region and territory in which registration takes place whether it will be effective on the international level, provided that the trademark has been registered in accordance with international agreements.<sup>696</sup>

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<sup>693</sup> - Shoen Ono, Overview of Japanese Trademark Law, Chapter Five, p. 4.

<sup>694</sup> - Shoen Ono, Overview of Japanese Trademark Law, Chapter Five, p. 4.

<sup>695</sup> - Shoen Ono. Overview of Japanese Trademark Law, Chapter Five, p. 5.

<sup>696</sup> - William M. Landes and Richard A. Posner, Trademark Law: An Economic Perspective, p. 283.

Fifth, the process and costs: Under the registration system, the process for obtaining trademark rights is easier and less costly, whereas in a use-based system the process is longer and incurs more costs. For instance, in a registration-based system, any person, organization, enterprise or business entity that intends to use a trademark to distinguish their goods and services is eligible to register a mark for use and submits its application to the registration office. The applicants only pay a certain fee that is determined by law, and after publication in the Official Gazette the trademark is legally protected for at least ten years. In the use-based model, the user should prove that the mark is actually in use, so the process of providing such evidence is longer. It requires a certain period of time and lot of advertising to get consumers to memorize and remember the mark.<sup>697</sup>

Afghan trademark law provides trademark rights via both use-based and registration-based trademark acquisition systems, as provided in Articles 7 and 21 of the ATML.<sup>698</sup>

At the moment, worldwide business is growing and efforts have been continued to harmonize the legal systems in the area of trade. There may be countries which follow either a registration-based system or a use-based system, and both systems can serve to effectively protect trademarks. Nowadays, both registration and use-based systems work together to provide legal protection for trademarks. The Paris Convention asks the members states to make arrangements for trademark registration. As a result of this demand, almost all member states to the Convention have fulfilled this obligation, and trademark legal protection has been secured there by establishing registry offices.<sup>699</sup> However, in Afghanistan, according to the ATML, in the case of conflict between the use-based and registration-based system, the former takes precedence over the latter.<sup>700</sup> However, in practice the registration system is privileged, as is explained in the following section.

#### **4.5. Trademark acquisition using a mixed model**

Under the mixed model of trademark rights acquisition, in order to obtain trademark rights, it should be both used and registered in the national registration office. The current American legal system, and to a certain degree the Afghan legal system for establishing trademark rights, are examples for a mixture of state and common law rights and a registration system. According to this model, the registration of a trademark in the national registration office alone will not provide legal protection for a trademark. To obtain legal protection, in addition to registration, the owner of a mark should prove and provide

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<sup>697</sup> - Kitsuron Sangsuvan, Trademark Squatting, Wisconsin International Journal, Vol. 31:2, (2013), p. 264.

<sup>698</sup> - ATML, Art. 7 and 21.

<sup>699</sup> WIPO, Intellectual Property Handbook, WIPO Publication, No 489 (E), Second Edition, (2008), p. 77.

<sup>700</sup> - ATML, Art. 21.



evidence for the “actual use” of or “intent to use” a trademark in the course of trade.<sup>701</sup> If a registrant does not use a trademark after it has been registered, the legal protection of the associated trademark rights become void, for example on the basis of a request by a third party who is legally interested in using the trademark. In this case, the owner of a registered trademark should prove the rationale behind not using it.<sup>702</sup> Based on the American legal system, the mere registration of a trademark does not grant a property right to a trademark owner unless the mark owner has used the mark since registering it.<sup>703</sup> In such a case, if the “registration” model is adopted, the creation of trademark rights for the owner will be simple, “since registration is the method of publication and the right owner does not have to preserve the evidence of prior use effortlessly”.<sup>704</sup>

As has already been alluded to, the ATML has adopted both the registration and the use-based models. The evidence for this statement is in Articles 7 and 21 of the ATML. Article 7 states that the owner of a trademark in Afghanistan will benefit from the provisions of this law, provided that the owners or its representatives have already registered their trademark in Afghanistan in accordance with the provisions of this law. According to this Article, the only condition for benefiting from the provisions of the ATML depends on the registration of a trademark in Afghanistan. Otherwise the owner will not be granted legal protection in Afghanistan. However, at the same time, according to Article 21 of the ATML, “ownership of a trademark belongs to the person who used it for the first time, unless proven otherwise in the court”. It seems that Article 21 acknowledges the use-based system and grants ownership of a trademark to the person or company that has used the trademark for the “first time”. The purpose of “first time use” is the use of a mark before its registration and not after registration. Articles 7 and 21 stipulate two different issues, but are intertwined. Article 7 grants legal protection of a trademark to its owner after registration, whereas Article 21 grants ownership of a trademark to the person who used the mark for the first time. Article 21 addresses the issue of “how” ownership is obtained, while Article 7 addresses the issue of “when” ownership is obtained, i.e. after registration at the CBR office. In such a case, if a legal right has already been established outside of Afghanistan, it will not be protected in Afghanistan unless the mark has been registered in the CBR office. In this case, Article 21 will not be applicable.<sup>705</sup>

It is now prudent to outline the issue of “use-based” and “registration-based” systems of a trademark legal protection by posing the question of priority in the case of a conflict between these two

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<sup>701</sup> - William M. Landes and Richard A. Posner, *Trademark Law: An Economic Perspective*, p. 282.

<sup>702</sup> - WIPO, *Intellectual Property Handbook*. WIPO Publication, No 489 (E), Second Edition, 2008, p. 78.

<sup>703</sup> - William M. Landes and Richard A. Posner, *Trademark Law: An Economic Perspective*, p. 282.

<sup>704</sup> - Shoen Ono, *Overview of Japanese Trademark Law*, p. 2.

<sup>705</sup> - ATML, Art 7 and 21.

Articles (7 and 21). In a hypothetical case, for instance, imagine Ahmad Corporation has used the word trademark “AHHP” for a cheese product since January 2014. At the same time, the Jaweed Corporation, based on Article 7 of the ATML, registered the AHHP trademark for the same type of product in January 2015. In this case, the question arises as to who is eligible for trademark protection, Ahmad or Jaweed, who respectively rely on Articles 7 and 21 of the ATML. This question is clarified in Article 29 of the ATML, according to which priority is given to Article 21 of the law in such cases, provided that the mark has been used continuously and the trademark user has proven such use.<sup>706</sup>

It can be concluded that the ATML has been affected by both the use-based and registration-based systems. However, the ATML places greater emphasis on the use-based system, as illustrated in Articles 21 and 29 in the previous paragraphs. However, the use-based system is not the most suitable model for Afghanistan due to the following reasons: First, in the use-based system, there is a stronger likelihood of trademark duplications, as not every individual user of a trademark can be aware of other users thereof on the national level, and so it will be difficult to prove who used the trademark for the first time.<sup>707</sup> Moreover, there is no well-functioning legal and administrative system in place to prove use of a trademark based on the good faith of a trademark user. At the same time, in this system, the exact number of trademarks that are in use nationwide is not ascertainable and the CBR office does not know how many trademarks are used at the national level. In contrast, the CBR office has information about the number of trademarks that have been registered in the CBR office.<sup>708</sup>

#### **4.6. Acquisition of a trademark for foreign companies and traders in Afghanistan**

As has already been mentioned, even though Afghanistan has signed only a few international conventions pertaining to the legal protection of intellectual property rights, foreign trademark rights are still protectable in Afghanistan. According to Article 4 of the Afghanistan Private Investment Law (APIL), all foreign investors can invest in different sectors of Afghanistan, except those sectors that have already been prohibited by the law.<sup>709</sup> In addition, Articles 7 and 10 of the ATML allow foreign

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<sup>706</sup> - Article 29 of the ATML in this regards states: “In case the objecting person has proved that the trademark being objected to has been continuously used by him/her, in such a case the commercial court shall issue an order concerning registration of the trademark in his/her name. In case the trademark has already been registered in the name of the person applying for registration, its registered name shall be deleted and the commercial court shall issue order concerning registration of the trademark in the name of the objecting person.” ATML, Art. 29.

<sup>707</sup> - Shoen Ono, Overview of Japanese Trademark Law, Chap Five, p. 4.

<sup>708</sup> - As has already been mentioned, according to information gathered from the CBR office authorities on October 24, 2016, from 1964 up to October 2016, a total of 18,000 national and foreign trademarks have been registered in the CBR office.

<sup>709</sup> - As it states: “(a) Except as otherwise set forth in Article 5 below, all persons, foreign or domestic, may make investments in all sectors of the economy.(b) Except as otherwise provided by this law, a foreign person may only make an investment in Afghanistan through a foreign investment in a registered enterprise or through reinvestment from an existing registered enterprise”. APIL, Art. 4. Afghanistan Private Investment Law, Official Gazette, Issue No 869, 2005/1384, Art 4.

companies and investors to benefit from the provisions of said law. Consequently, the trademark rights of foreigners are protectable in Afghanistan. The protection of foreign trademark rights is subject to certain substantive and procedural requirements. The first substantive requirement for a foreign enterprise or natural person is that the person should have the nationality of a country other than Afghanistan. With regard to legal persons, it shall be legally established under the laws of the country of origin or other than Afghanistan.<sup>710</sup>

From a procedural point of view, the business shall be registered in Afghanistan based on Art 4 (16 of) of the Afghan Business Corporations and Limited Liability Companies Law.<sup>711</sup> If a foreign trademark owner wants to obtain legal protection in Afghanistan, the trademark should also be registered in accordance with Article 7 of the ATML, otherwise it will not be eligible for legal protection. The applicant for legal protection in Afghanistan should prove the validity of the trademark in the country of origin. Moreover, it should have certification and approval from a related department as well as from the Ministry of Foreign Affairs (MoFA) of the applicant country, as well as from the Ministry of Foreign Affairs of Afghanistan.<sup>712</sup> The fees for the registration and other administrative costs, such as the publication of a trademark in the Official Gazette, are also required.<sup>713</sup> Regarding the costs of the fees and administration, there is no difference between a domestic trademark applicant and a foreign applicant.<sup>714</sup> Further details on this issue are provided in chapter one.

At the same time, according to Article 10 of the ATML, an application for the registration of a foreign trademark in Afghanistan will be subject to reciprocal treatment, and after registration in Afghanistan the trademark obtains legal protection. However, for the acceptance of such an application in Afghanistan, it is required that six months have passed since the original application in the country of origin. The application should be for the same mark and same class of goods and services.<sup>715</sup>

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Non-official English translation is available at: <http://www.aisa.org.af/en/documents/category/investment-law>. Last accessed on June 13, 2016.

<sup>710</sup> - Ministry of Justice, Afghanistan Business Corporations and Limited Liability Company Law, ABCLLCL, Issue No 913, 2007. Art 4 (16) and (22). Dari version is available at: [http://moj.gov.af/content/files/Pages/OfficialGazetteIndex\\_D-header.htm](http://moj.gov.af/content/files/Pages/OfficialGazetteIndex_D-header.htm). Last visited on June 20, 2016.

<sup>711</sup> - ABCLLCL, Art. 4 (16).

<sup>712</sup> - More details concerning the procedures and official formalities were discussed in section 1.6.2 of this thesis.

<sup>713</sup> - TMRG, Art. 9.

<sup>714</sup> - This information was acquired from the CBR office on Monday 24, October, 2016.

<sup>715</sup> - Article 20 of the ATML states that: "If the application for trademark registration was filed in a state that treats Afghanistan on reciprocal terms, the applicant or its successors acquiring the rights, may, within a period of six months following the date of filing, submit to the Trademark Office in Afghanistan a similar application concerning the same trademark and including the same goods, products or services of the previous application concerning the provisions of this law regulations related to Central Registration Office (Trade Marks Registration Section). In such a case, priority shall be determined based on the date of the application filed in the foreign country."

According to Article 11 of the ATML, the CBR office is obliged to review the applications from a substantive and procedural point of view, as well as in terms of consistency with the provisions of the ATML. The CBR office shall make a decision about the acceptance or refusal of a trademark within 30 working days. If registration is rejected, the foreign applicant shall be eligible to pursue the matter in the Commercial Court.<sup>716</sup> After the publication of a trademark in the Official Gazette, the CBR office will issue the certificate of registration. However, the CBR office will still hear complaints against the registration of the trademark for one month after the date of publication in the OG. If the registration of a trademark is legally correct, the CBR office will later issue the Trademark Registration Certificate (TRC). The TRC is the same as that issued for national applicants. The registration of a foreign trademark will be achieved personally by the owner of the trademark or by the legal representative of the trademark owner. Therefore, a foreign company can register its trademark personally through the owner or via the legal representative of the company.<sup>717</sup>

#### **4.7. Assignment and licensing of trademark rights**

After a trademark right has been acquired, a trademark, as a type of intellectual property, is transferable from one party to another.<sup>718</sup> The assignment of a trademark, like any other property right, has substantive and procedural requirements. Article 3 (4) of the ATML defines the transfer of a trademark as “an action as a result of which the ownership of a trademark shall transfer from one person to another person and including sale, donation, and inheritance and so on”.<sup>719</sup> Furthermore, Article 17 of the ATML recognizes the transfer of a trademark and states that the transfer of a trademark shall be deemed valid so long as it has been registered in the CBR office in accordance with the provisions of the ATML.<sup>720</sup> These Articles (3 and 17) constitute the legal provisions on the transfer of trademarks. No specific Articles have been allocated to defining and describing the transfer and licensing of a trademark either together with a transfer of trademark rights or without. As the ATML is silent in this regard, it would be better to refer to some other sources regarding the assignment of trademark rights.

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<sup>716</sup> - ATML, Art. 11.

<sup>717</sup> - Article 10 of the ATML states: “Legal and real persons may apply for registration of a trademark either personally or through their respective legal representatives.”

<sup>718</sup> - CHARLES R. McMANIS. Intellectual Property and Unfair Competition, 5<sup>th</sup> edn, THOMSON WEST, 2004, p 158.

<sup>719</sup> ATML, Art. 3 (4).

<sup>720</sup> - Article 17 of the ATML states: “Trademarks are transferable and the transfer shall be valid if recorded separately with the Central Registration Office (Trademarks Registration Section) pursuant to the provisions set forth in this law and their relevant regulations.”

Legally, there are two types of action regarding the assignment of trademark rights – the assignment of ownership of a trademark, and the assignment of rights of use of a trademark. The former implies the transfer of ownership from one person to another person (lawyers also call this assignment). The latter is referred to as licensing.

#### **4.7.1. Assignment**

Assignment<sup>721</sup> of a trademark hands over ownership of a trademark from a trademark proprietor (the assignor) to another person (the assignee).<sup>722</sup> “An assignment consists of an outright transfer of rights”.<sup>723</sup> When a trademark owner transfers the right of property of a trademark to a third party, the previous owner has no further rights to the transferred trademark. In order for transfer of trademark ownership to be legally valid, the registration office that acknowledges the legal right of the owner should be aware of the assignment of the trademark.<sup>724</sup>

Two types of assignment usually exist in practice. The first type is the assignment of a trademark with the assignment of the “goodwill of a business connected with a trademark”.<sup>725</sup> In this method a trademark is not transferable without the “goodwill” of a trademark. The second type is the assignment of a trademark without the goodwill of a trademark, which is also called “assignment in gross”, in the course of which no rights to the business to which the trademark is attached are transferred to the assignee.<sup>726</sup> Put simply, the first type of assignment is a transfer of a trademark with the business to which it has been attached, and the second type implies transfer of a trademark without the business to which it is attached. In civil law systems like Japan, France and Germany, a trademark can be assigned with or without assigning the goodwill associated with the trademark, whereas in the USA, transfers of trademarks without the association of goodwill are not valid.<sup>727</sup>

Article 21 of the TRIPS Agreement acknowledges both types of trademark assignment, as it specifies that “the owner of a registered trademark shall have the right to assign the trademark with or without the transfer of the business to which the trademark belongs”.<sup>728</sup>

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<sup>721</sup> - According to the ATML, Article 3 (5), assignment includes the “sale, donation, inheritance and so on”. See also: G. H. C. Bodenhausen, Guide to the Application of Paris Convention, WIPO Publication No 611 (E), (2007), p. 105.

<sup>722</sup> -Jeremy Phillips, Trademark Law A Practical Anatomy, p. 515.

<sup>723</sup>-Charles R. McManis, Intellectual Property and Unfair Competition, p. 161.

<sup>724</sup> - Jeremy Phillips, Trademark Law A Practical Anatomy, p. 515.

<sup>725</sup>- Sheldon W. Halpern, Craig Allen Nard and Kenneth L. Port, Fundamentals of United States Intellectual Property Law, p. 350.

<sup>726</sup> - Charles R. McManis, Intellectual Property and Unfair Competition, p. 161.

<sup>727</sup> - Sheldon W. Halpern, Craig Allen Nard and Kenneth L. Port, Fundamentals of United States Intellectual Property Law, p. 350.

<sup>728</sup> - WTO. TRIPS Agreement, Art. 21.

As mentioned, Article 17 of the ATML only recognizes and defines the assignment of a trademark, but provides no detailed provisions concerning the different types of assignment mentioned above. Article 17 states that a trademark is transferable, but it is not clear as to whether or not it is with or without the goodwill of the business to which it was originally attached. However, according to Article 17 of the ATML, a trademark will only be valid if it has been registered in the CBR office and subsequently been published in the OG. If there is an objection regarding the assignment of a trademark, the objector can refer to the CBR office or the Commercial Court. The objection process with regards to assignment is also subject to Articles 25 and 26 of the ATML.<sup>729</sup> It can be inferred from the context of Articles 3 and 17 of the ATML that both kinds of assignment are permitted. The lawmakers in Afghanistan did not pay close attention to this issue, which might be due to a lack of legal knowledge, or due to the fact that this has not occurred in practice in Afghanistan.

#### **4.7.2. Licensing**

Before touching upon licensing, in accordance with the Afghan legal system, it would be useful to describe the function of licensing from a development perspective. Generally, a license of a trademark is a permit awarded by a trademark proprietor, who is also called “licensor”, to another person, who is called “licensee”. Once a trademark proprietor issues a license, the owner still has and maintains ownership of the trademark.<sup>730</sup> Currently, trademark licensing as a common business practice has a significant effect on the economic development and extending the domain of legal protection of trademarks. Likewise, in the economic epoch of globalization and foreign investment, trademark licensing has been viewed as one of the most productive aspects for the establishment of intellectual property.<sup>731</sup> A license can be issued for all of the goods and services that a trademark is registered to cover, or the license may cover one or more of the goods and services specified in the registration. Moreover, a trademark proprietor can issue a license to many different people, which may cover all the classes or one or two elements from those classes.<sup>732</sup>

As mentioned earlier, a trademark proprietor can hand over a license to a third party, allowing the latter to use the mark on a certain number of goods and services. However, at the same time, the licensor will retain the right to observe the quality of the products on which the trademark is used. This is referred to as “quality control,” which is usually reflected in the license agreement between the

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<sup>729</sup> - ATML, Art. 27.

<sup>730</sup> -Sheldon W. Halpern, Craig Allen Nard and Kenneth L. Port, *Fundamentals of United States Intellectual Property*, p. 516.

<sup>731</sup> - Vernika Tomar, *Trademark Licensing & Franchising: Trends in Transfer of Rights*, *Journal of Intellectual Property Rights*, Vol. 14, (2009), p. 399.

<sup>732</sup> - Jeremy Phillips, *Trademark Law A Practical Anatomy*, p.518.

licensor and the licensee.<sup>733</sup> Unobserved or “naked” trademark licensing, similar to an “assignment in gross,” will damage the mark’s validity and cause it to lose its importance. In fact, such unobserved transferring of a trademark will be considered as an “abandonment” of the trademark. With regard to the degree of quality control, there is no consensus among scholars. Some argue that simply holding the right to apply quality control will be adequate “even if the licensor exercises no actual control”. Others believe that a licensor may put its faith in the licensee’s “voluntary efforts” to apply quality control himself. However, the most predominant notion is that the quality of goods and services to which the trademark has been attached mostly depends on real control on behalf of the licensor, and not on merely reserving the right to apply quality control or on trusting the licensee. Therefore, the licensor, in order to ensure that the quality of the goods and services is maintained, cannot only determine the specifications of the products or services, but can also manage recurring investigations or assessments and take samples of the product.<sup>734</sup>

Trademark licenses can take many forms, such as “exclusive licenses”, “non-exclusive licenses”, “sole licenses”, “compulsory licenses” and “sub-licenses”.

a. An exclusive trademark license is permission that is given for a “single licensee to use the trademark” exclusively. This kind of license excludes all other parties, sometimes even the trademark proprietor himself. Therefore, the price and value of an exclusive license is greater than other kinds of licenses.<sup>735</sup>

b. A non-exclusive license is a license which permits a different number of licensees to use a trademark for specific classes of goods and services simultaneously.<sup>736</sup> It should be clarified that the terms and conditions for use of a trademark will be determined in the license agreement. It must be noted that the license agreement should provide details as to whether the license is exclusive or non-exclusive, whether it is intended for use in a specific geographical jurisdiction, as well as the issue of quality control provisions.<sup>737</sup>

c. A sole license permits one person to use a trademark license in specified classes of goods and services. In this type of licensing, the owner of a trademark mostly maintains the right of use of a trademark for himself. For example, if a licensee has not been able to produce a certain quantity of

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<sup>733</sup> - Sheldon W. Halpern, Craig Allen Nard and Kenneth L. Port, *Fundamentals of United States Intellectual Property Law*, p. 350.

<sup>734</sup> - Charles R. McManis, *Intellectual Property and Unfair Competition*, p. 163.

<sup>735</sup> - Sheldon W. Halpern, Craig Allen Nard and Kenneth L. Port, *Fundamentals of United States Intellectual Property Law*, p. 521.

<sup>736</sup> - Sheldon W. Halpern, Craig Allen Nard and Kenneth L. Port, *Fundamentals of United States Intellectual Property Law*, p. 521.

<sup>737</sup> - Deborah E. Bouchoux, *The Law of Trademarks, Copyright, Patents, and Trade Secrete*, p. 104.

products within a fixed period of time, and there might be a risk of losing the market for the product, the licensor himself will produce and in doing so use the trademark that been has licensed to a third party.<sup>738</sup>

d. A compulsory license is a mandatory license which is given in contrary to the intention of a trademark proprietor. According to the compulsory license, the competent authority, as the owner of a trademark, will “freely license a trademark to any firm producing a product of the same quality and characteristic”.<sup>739</sup> The ATML is silent on this issue and contains no provisions about compulsory licensing. In practice, there have not been any particular cases that have been solved by the Afghan Commercial Court and the CBR office concerning compulsory licensing.<sup>740</sup>

e. A sub-license is a license that is given by a licensee to another licensee. The conditions as well as the extent to which a licensee can grant a license for use of a trademark are mostly dependent on the terms and conditions provided by domestic law and the license agreement, which may provide some criteria for sub-licensing.<sup>741</sup>

As has already been mentioned, the ATML contains no provisions in regard to the licensing of trademarks in Afghanistan. However, in practice, through the development of foreign and domestic investment, there may be some enterprises and traders that desire to license a trademark to an Afghan company. In such circumstances, it would be better to find a solution for this important issue by drawing on the general principles previously mentioned.<sup>742</sup> It would be better for the legal authorities, at the time of revising the ATML, to take the issue of trademark licensing into account in order to improve the ATML.

At the same time, the ATML generally stipulates the assignment of a trademark, yet provides no further provisions about the mechanisms via which that should occur. Whenever there are regulations and procedural guidelines in place for the legal protection of a trademark in the future, it would be pertinent to consider the transfer of a trademark with goodwill or without goodwill.

#### **4.8. Termination of the legal protection of trademark rights based on the ATML**

Generally, legal protection for a trademark can be terminated either by “opposition”, “cancellation” or “revocation”. However, the ATML does not clearly define these circumstances despite implying that each has its own specifications.

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<sup>738</sup> - Sheldon W. Halpern, Craig Allen Nard and Kenneth L. Port, *Fundamentals of United States Intellectual Property Law*, p. 521.

<sup>739</sup> - W. J. Lane, *Compulsory Trademark Licensing*, *Southern Economic Journal*, Vol. 54: 3, (1988), p. 643. Available at: <http://www.jstor.org/stable/1059008>. Last accessed June 15, 2016.

<sup>740</sup> - Mohammad Hamed Hakimi, officer of the CBR trademark registration section. October 24, 2016.

<sup>741</sup> - Sheldon W. Halpern, Craig Allen Nard and Kenneth L. Port, *Fundamentals of United States Intellectual Property Law*, p. 522.

<sup>742</sup> - According to information provided by the CBR office on October 24, 2016.



#### **4.8.1. Opposition**

Opposition is a formality brought by a third party that aims to impede an applicant from registering a trademark.<sup>743</sup> According to Article 25 of the ATML, the opposition or objection procedure will be requested by the owner of a trademark or any person who claims that a trademark to be registered is similar or identical to his mark, which will confuse consumers.<sup>744</sup> The procedure for opposition is defined by Articles 11 and 26 of the ATML. The ATML distinguishes between objections against registration of a trademark after the submission of an application, and objections filed after the registration of a trademark in the CBR office has been completed. In the first stage, the CBR office has the authority to review registration applications and to confirm their conformity with the applicable laws and regulations. At this stage, the CBR office is obliged to reach a decision within 30 working days whether it will accept or reject the application. Where an application is rejected, the CBR office should explicitly explain the reasons for the rejection. If the application is correctable, the applicant has 30 working days to rectify and adjust the application, otherwise the mark will not be registered and the application is deemed rejected.<sup>745</sup> According to Article 11 of the ATML, if the applicant is not satisfied with the decision of the CBR office, he can refer to the Commercial Court. However, at this stage, the senior trademark owner is not involved in the rejection of an application, because a trademark proprietor will not know about the application that has been submitted to the CBR office. Furthermore, there is no functioning procedural system in place to inform the senior trademark owner.<sup>746</sup> However, in the second stage, the CBR office has no objection. In contrast, the previously registered trademark owners or their representatives can submit their objections to the CBR office. At this stage, after a newly registered trademark has been published in the Official Gazette, the senior user of a trademark has to submit his objection to the CBR office. The CBR office examines the objection and informs the junior trademark applicant about the objection. If the objector or senior user of a trademark is not satisfied with how the CBR office resolves the matter, he can refer to the Commercial Court.<sup>747</sup>

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<sup>743</sup> -Jeremy Phillips. Trade Mark Law A Practical Anatomy, p. 424.

<sup>744</sup> - Article 25 states that: “The following persons may object to trademarks in respect of which registration application is made or registered: 1) Person claiming that the trademark is his/her own. 2) The person that the mark is similar to his/her trademark to the extent that consumers mistake it.”

<sup>745</sup>- ATML, Art. 26.

<sup>746</sup>- Article 11 of the ATML states that: “The Central Registration Office (the Trademarks Registration Section) shall be obliged to review the applications from the point of view of their form, nature and their compatibility with the provisions of the present law and shall either accept or reject the application within 30 days from the day of the receipt of the application.” In case of rejection, the Central Registration Office shall be obliged to clearly mention the reasons for rejection. In such a case, the applicant may, within 15 days seek remedy and resubmit his application to the Central Registration Office (the Trademarks Registration Section) or appeal the rejection to the local commercial court.

<sup>747</sup> - ATML, Art. 26.

#### **4.8.2. Cancellation**

A cancellation proceeding is a situation in which a trademark has been registered but should not have been. Cancellation mostly occurs after the registration of a trademark in the CBR office. The registration might be a consequence of negligence on behalf of the official authorities or ignorance of the interested persons that a given time-period for opposition has passed. For example, by virtue of Article 26 (1) of the ATML, if the interested person was not able to present its objection within 30 days after the publication of a trademark in the Official Gazette, the trademark will be registered in the name of the new applicant.<sup>748</sup> During this period, a trademark will be “contestable”. The ATML provides no specific provisions to address the contestability of a trademark. However, the context of Article 30 implies that any kind of dispute regarding the registration of a trademark will not be heard after the passing of one year from the registration of a trademark. This Article is called the “statute of limitation” for trademark disputes. Therefore, an interested party has the right to refer to the competent court and ask the court to cancel or annul the registration of a trademark. If an interested party does not issue a complaint within one year of the registration of a trademark, the newly registered trademark becomes “uncontestable”.<sup>749</sup>

Nonetheless, it will be difficult to remove a trademark for which the objection period has already expired, as the legal status of the trademark is not in the application stage (before the registration and publication of a trademark in the OG). However, cancellation of a trademark is possible when it is “inherently unregistrable” or there is “likelihood of confusion” with an already registered trademark or the registration of a mark is based on the “bad faith”<sup>750</sup> of an applicant (these issues have already been examined in the previous section of this chapter). At the same time, under certain circumstances cancellation is not contestable. For instance, if an interested party does not submit its objection within one year after the publication of a trademark in the Official Gazette, its registration will not be cancelled. In such a case the trademark will be “uncontestable”.<sup>751</sup>

#### **4.8.3. Revocation**

Basically, a trademark is protected so long as the owner of a trademark wants to use it in the course of trade. A trademark is deemed “abandoned” when its use has ceased. The rationale behind this abandonment is to release or return a mark to the “public domain”, obviate the exclusivity of a

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<sup>748</sup> - ATML, Art. 26 (1).

<sup>749</sup> - Article 30 of ATML states that: “The period of time elapse for hearing the lawsuit related to registration of trademark shall be one year, and the claim of those who fail to object thereto within the said period following the registration date of the trademark shall not be valid.”

<sup>750</sup> - For instance, a person has stolen another person’s trademark and wants to register it in his own name. In this instance, the application is based on bad faith. See also, Jeremy Phillips, Trade Mark Law A Practical Anatomy, p. 445.

<sup>751</sup> - Jeremy Phillips, Trade Mark Law A Practical Anatomy, p. 426.

trademark right of the owner and let people use the mark again.<sup>752</sup> Therefore, revocation implies that a registered trademark is not in use. A trademark will be revoked either due to “non-use” or “misuse behaviour”. Misuse behaviour is conduct that causes a trademark to lose its distinctiveness.<sup>753</sup> Article 22 of the ATML, under the title of “termination of ownership of the trademark”, lists different issues that can lead to the removal of a legally registered trademark by the CBR office. These instances are as follows:

“1- Cessation of trade, industry, agriculture and services, which may relate to ownership of specific trademarks.

2- Sale or other transfers of the right of ownership to a third party in accordance with provisions of law.

3- Failure to apply for renewal of the trademark registration right within six months of expiration of the registration, according to clause (2) Article (19) of the present law.

4- If it is proved that the trademark has not been used for three consecutive years, the relevant Commercial Court may issue an order concerning termination thereof, unless the owner of the trademark [the first person] provides justification for the non-use thereof within the specified period of time. Under such circumstances, the trademark shall, upon application by the person in whose name the trademark has been registered, be registered taking into account the provision set forth in clause (2) of Article (12) of the present.

5- Issuing the competent court’s order related to revocation of ownership right”.<sup>754</sup>

With regard to the non-use of a trademark for three years, situations may arise in which a trademark owner only begins to use the trademark in the last weeks or days before the grace period for revocation or the statute of limitation has expired. In such a case, if the owner is permitted to cut the three years of non-use of a trademark, one or two weeks before the expiring date of non-use of a trademark, then what would the legal status of a trademark be. For instance, the ATML provides no details for situations in which trademark proprietors suddenly understand that they will lose ownership of the trademark on grounds of non-use for more than two and half years and then suddenly initiates its use. Moreover, there are no other instructions or guidelines within the Ministry of Commerce and the CBR office to address this issue. However, according to Jeremy Phillips, this kind of use “will not avail him [trademark owner] unless he started using his mark more than three months before the applicant for revocation commenced his action”.<sup>755</sup> Nevertheless, it is still not clear why Jeremy Phillips proposed the

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<sup>752</sup> - Stacey L. Dogan and Mark A. Lemley, A Search Cost Theory of Limiting Doctrines in Trademark Law, Vol. 97, TMR, (2007), p. 1249. Available at: [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=977320](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=977320). Accessed on June,17, 2016.

<sup>753</sup> - Charles R. McManis, Intellectual Property and Unfair Competition, p. 158.

<sup>754</sup> -ATML, Art. 22.

<sup>755</sup> - Jeremy Phillips, Trade Mark Law A Practical Anatomy, p. 437.

three month time frame. The rationale behind this may lie in “bona fide” use, as well as the continuous use of a trademark, which are the principle components of trademark usage. Furthermore, it suggests misbehaviour on behalf of the trademark owner who wants to keep his exclusive rights to the trademark, even though it is not used in practice, in order to prevent others from using it.<sup>756</sup>

Another situation that can arise is when three years have lapsed and no one has applied for the revocation of the trademark. In such cases, the trademark will automatically be removed or remain in the CBR office record or the CBR office has the authority to remove the trademark from the list of protected trademarks. The ATML contains no provisions to address the issue of what the procedure and mechanism for such revocation would be. However, according to the CBR office, the CBR will not look beyond each registered trademark to whether the registered trademarks are used by the owner or not. The CBR office has no authority to remove a registered trademark from the CBR office, even if it knows that the trademark has not been used for three years. According to Article 28 of the ATML, the revocation of a trademark from the registration office falls within the jurisdiction of the Commercial Court.<sup>757</sup> Therefore, the CBR office should send a letter to the Commercial Court requesting the revocation of a trademark. According to the CBR office, the CBR office does not have an electronic database to indicate how many trademarks have not been used and should be removed from the registration list of the CBR office.<sup>758</sup>

Moreover, there is also the question of the re-registration of a trademark after it has been removed or revoked from the CBR office on grounds of continuous non-use for three consecutive years. The ATML is also silent in this regard and provides no answer to this question. The *Benelux Court of Justice*<sup>759</sup> in 1981 re-registered a revoked trademark in the name of the previous owner of a trademark.<sup>760</sup>

Concerning non-use of a trademark for three year after its registration, the ATML is consistent with the TRIPS Agreement, as it stipulates: “If use is required to maintain a registration, the registration may be cancelled only after an uninterrupted period of at least three years of non-use, unless valid reasons based on the existence of obstacles to such use are shown by the trademark owner”.<sup>761</sup>

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<sup>756</sup> - Jeremy Phillips, Trade Mark Law A Practical Anatomy, p. 437.

<sup>757</sup> - According to the CBR authority, June 2016.

<sup>758</sup> - Interview with Mohammad Hamed Hakimi, head of the trademark registration department at the CBR office, October 24, 2016, Kabul.

<sup>759</sup> - It was established between Belgium, Netherlands and Luxembourg. The organization was established by a treaty in 1944. For more information see the link: <http://www.pict-pecti.org/courts/beneluxCJ.html>. Accessed on June 17, 2016.

<sup>760</sup> - Jeremy Phillips. Trade Mark Law A Practical Anatomy, p. 443.

<sup>761</sup> - WTO. TRIPS Agreement, Art. 19 (1).

In the aforementioned instances, a trademark will not be registered or, if it has already been registered, it will be cancelled or removed from the CBR office record. As a consequence, the owner of a registered trademark will lose ownership and thus the exclusive right to use the trademark. Likewise, the trademark status at the stage of termination is also important, namely whether the trademark is in a pre-publication stage or post- publication stage. If a trademark is at the pre-publication stage, the CBR office has the authority to reject the application for the registration of a trademark based on reasonable notice.<sup>762</sup> If a trademark is at the post-publication stage, the Commercial Court has authority to revoke the trademark from the CBR office record.<sup>763</sup>

It can be concluded from this chapter that trademark legal protection is mostly associated with the acquisition, the legal assignment and termination of a trademark. The legal protection of a trademark is a basic issue for every legal system. A trademark is generally acquired through the registration of a trademark, use of a trademark, or both. To acquire ownership of a mark, the owner needs to register or use it. Obtaining a trademark right through registration or use are the two main legislative models for granting trademark rights. The registration-based model, in fact, is in according to the “efficiency” and it grants trademark rights based on who registers a mark first. The use-based model is based on the objective facts of trademark use and grants ownership of a trademark to the person entity who first used it. The mixed system applies both the registration and use-based models together.

In civil law countries, to achieve ownership of a mark, the prospective trademark owners are required to register their marks at the related registration office. Trademark registration protects marks against counterfeiters. More importantly, registration can be used to prevent original (senior) marks from trademark infringements and stabilizes the use of trademarks as a form of property. However, the legal effects and consequences of trademark registration are only limited to the country of registration.

The significance of a trademark depends not only on the mark itself, but is also related to the reputation gathered by its use. Therefore, a close relationship between the mark and the products is created by the use-based model. On the other hand, an unused mark is just a pure symbol and not a trademark, in the sense of substantial meaning. Only under the “use-based” system will the establishment of a trademark right receive a “basis of legitimacy”. In order to legally protect a trademark, it should be used, and such use must be sufficient. Moreover, in order for a mark to be legally protected in the use-based system, it needs to be inherently distinctive. Distinctiveness appears in three forms: fanciful, arbitrary and suggestive. If a mark is not distinctive, it should have or embrace a secondary meaning.

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<sup>762</sup> - ATML. Art. 11. (1).

<sup>763</sup> - ATML. Art. 22 and 32. (1).

Afghanistan's trademark law has been affected by both use-based and registration-based acquisition systems. This is testified to by Articles 7 and 21 of the ATML, which recognize trademark rights based on both the registration and use-based models. However, in the legal system of Afghanistan, the legal protection for a national and international trademark holder is the same and there is no discrimination between them, apart from a formal and procedural point of view.

One more consequence of the legal protection of trademarks is the assignment and termination of a trademark. According to the ATML, the owner of a mark has the right to transform their mark via selling, donating and any other legal actions. However, one of the most predominant forms of trademark transformation in the current global economic climate is licensing, which plays a significant role for the economic development of a country, particularly in the developed economy. Different types of licensing agreements are concluded between a licensor and a licensee. The ATML does not cover trademark licensing. It is expected that, in the future, by the development of business in Afghanistan it would be vital for the legal system of Afghanistan to provide and define the legal framework for trademark licensing.

Trademark rights, as a sort of property, will not be maintained by the owner of a trademark forever. The legal protection of a trademark can be terminated under certain circumstances. There are three kinds of termination: First, a trademark can be terminated as a result of opposition, which must occur at the registration stage. Second, it can be cancelled at the request of a third party after the registration of a mark and its publication in the official gazette if certain conditions are fulfilled. Third, a duly registered trademark can be revoked by the registration office under certain circumstances, such as non-use of a trademark for more than three consecutive years. Cessation from trade and failure to apply for renewal of trademark registration within six months of expiration of the registration amounts to a *de facto* trademark revocation.

## **5. CONCLUSION**

In the current commercial global economy, trademarks are considered important and valuable assets. Products and services cross borders, and consumers in different parts of the world need various types of products and services that are not necessarily produced locally. To address these needs and to distinguish one product and service from another identical or similar product and service, marks or symbols play a key role. Afghanistan, as a transitioning economy, has not developed a solid legal and practical foundation for providing comprehensive protection mechanisms for trademarks as have been articulated in developed countries and international agreements. Neither the existence of appropriate

rights nor the need for their protection is clearly understood within the legal structure and broader Afghan society. Accordingly, the Afghan government has not completely integrated these needs into its legal system. The few laws and regulations that exist, and that this research *inter alia* examines, are not sufficient to provide the minimum basic protection of intellectual property rights, particularly for trademarks. A further challenge is the lack of appropriate legal institutions for issuing, managing and protecting trademarks. For example, the registration of a trademark exposes the owner to procedural challenges which increase the required registration time and provide minimum transparency. Additionally, the personnel in the different institutions are incapable of guiding a client through the registration process, as they are not familiar with the rules and regulations. Therefore, the absence of a well-functioning responsible authority and institution will cause more barriers for providing legal protection for trademarks. At this time, there are also no legal guarantees or safeguards against trademark duplications.

Although the Afghan Ministry of Justice publishes the registered trademarks regularly in the Official Gazette for the awareness of the public, most companies and business enterprises do not have access to the Official Gazette and they are not aware of the published trademarks. Furthermore, trademark owners, despite going through an exhausting procedure to register their trademark, ultimately have no effective means for dispute resolution in trademark related cases.

Therefore, trademarks, as part of intellectual property, require legal protection both at the national and the international levels. On the national level, the ATML and other related laws and regulations provide legal protection for trademarks. At the international level, conventions such as the Paris, Madrid and the TRIPS agreements provide such legal protection.

Providing legal instruments for resolving trademark disputes is considered an important means for protecting trademarks that the law can provide. The legal system of Afghanistan recognizes two approaches for trademark dispute resolution. As trademarks are considered part of commercial law, trademark disputes should be resolved by, and are subject to the same rules as apply in commercial disputes. Therefore, in the legal system of Afghanistan, there are state and non-state/ADR mechanisms. Non-state approaches to resolving disputes are more easily accessible for disputants, not least since state institutions lack sufficient legal knowledge, procedures are time-consuming and expensive, and more potentially marred by corruption. Therefore, in practice, most commercial disputes are resolved via ADR. Afghan legislative documents with respect to dispute resolution indicate that all these laws and regulation recognize the ADR approach as the first and preliminary source for dispute resolution that is advantageous for and beneficial to the legal system of Afghanistan.

Afghanistan first applied for WTO membership in 2004, which was approved in December 2015. Likewise, in 2005 Afghanistan signed the WIPO establishment convention. After that, the grounds for the implementation of international principles regarding the legal protection of trademarks were established.

The Paris Convention stipulates the key principles regarding patent, trademark and industrial designs. The Convention addresses three main issues: national treatment, right of priority, and the common rules. The principle of national treatment is reflected in the ATML, though not in the same detail that the Convention provides, but it nevertheless follows these principles. The right of priority and the independence of each registration as well as common rules for trademark protection are thus clearly accepted in the ATML. Additionally, the ATML accepts the reciprocal condition that Afghanistan has with some other countries.

The main purpose of the Madrid Agreement is to regulate the international registration of trademarks, and trademark registration is based on national registration. This means that if a company wants to benefit from international registration, it should first be registered at the national level. According to the 1989 Protocol, international registration is based on both application and registration, while according to the Madrid Agreement international registration is only based on national registration. The ATML is silent and contains no provisions concerning the international registration of trademarks in Afghanistan, nor on the registration of Afghan trademarks at the international registration level. However, there are two general Articles in the ATML that explain the protection of a foreign trademark owner's rights in Afghanistan. According to the ATML, there is no discrimination between domestic and foreign trademarks in the registration process. Both (national and international) trademark owners will benefit from the same rights after the registration of their mark in Afghanistan.

As has already been mentioned, the ATML provides no legal protection and procedures for the registration of international trademarks as provided by the International Bureau of WIPO. The rationale behind this could be the non-membership of Afghanistan to the Madrid Agreement and to its Protocol. Another reason could be that domestic trademark registration is better for small and medium-sized enterprises or local companies which do not need international protection. However, if an Afghan trademark owner wants to protect his/her trademark on the international level, he/she could refer to every individually designated country and register the marks there.

The WTO adopted the TRIPS Agreement in 1994 as an integral part of the Agreement Establishing the WTO. Afghanistan's accession was officially ratified at the tenth WTO Ministerial Conference in Nairobi, in December 2015. Therefore, Afghanistan, based on Article 7 of the Afghan



constitution, is required to abide by the WTO conventions or treaties. The TRIPS Agreement, which is administered by the WTO, is one of the most extensive multilateral agreements on intellectual property rights and provides “minimum standards” for the protection of intellectual property rights.

Articles 15 to 21 of the TRIPS Agreement deal with rules for protecting trademarks. Even though Afghanistan has made some amendments to the ATML, some areas of the ATML still need to be brought into conformity with the TRIPS Agreement. For instance, the definition of a trademark based on TRIPS includes the colour and visual perception of a trademark, however these issues are not mentioned in or covered by the ATML. Moreover, the ATML provides no clear provisions with respect to the licensing and assignment of a trademark, the compulsory licensing of a trademark, and the protection of a well-known trademark.

Concerning the protection of well-known trademarks, due to a lack of legal knowledge, the lower level of economic development and poor communication in Afghanistan, recognizing well-known trademarks in the national market of goods and services will be difficult. Furthermore, the ATML does not touch upon the similarity and dissimilarity of goods or services that a well-known mark is used on. The ATML confers absolute and unlimited legal protection to the owner of a well-known mark regardless of whether it is national or international. Thus, it is not required to be registered in Afghanistan, and the CBR office is obliged to check the similarity and dissimilarity of every individual domestic and foreign application for registration with the international well-known mark. If a trademark for which national registration is requested is similar to a well-known foreign mark, the CBR office’s competent authorities will not register the national application because of its similarity with an internationally registered trademark. Even if someone has already registered a mark which is similar to a foreign well-known mark in Afghanistan, the owner will be prohibited from using it. Due to a lack of data and information, it is a difficult task for the CBR office to understand which marks are well-known.

The provisions of the ATML remain insufficient in some areas. For instance, Afghan trademark law needs to be brought into conformity with international agreements in the areas of the international registration of trademarks, the protection of collective trademarks, defining the likelihood of confusion, the visual perception of a trademark, the colour, sound and taste of trademarks, criteria defining well-known marks, termination of trademarks, licensing, and compulsory licensing.

As mentioned, trademarks serve multiple functions. From a historical point of view, trademark protection basically benefited the consumer. From this point of view, the legal purpose of trademarks was originally to indicate the source of products. However, from an economic point of view, their purpose is to reduce consumer search costs and obliging trademark owners to maintain the quality of

their goods and services and save the time of consumers. Consumers do not need to enquire about the quality of a product because they have already used it, and through the trademark, they know that they can rely on the quality of the product. Moreover, another purpose of trademarks is to protect the producer or owner of a trademark. At the same time, according to some scholars, a trademark distinguishes one product from another product. In addition, trademarks have a secondary purpose – advertising and marketing. According to this notion, trademarks essentially sell products and inform consumers about their quality.

Article 2 defines the main purpose of the ATML as the regulation of the use of trademarks for the purpose of identifying and distinguishing goods, products or industrial, commercial, telecommunications and agriculture services. This Article merely refers to the very general purposes of identifying and distinguishing trademarks. It does not mention distinguishing similar and identical products from each other, which are important criteria. In addition, Article 6 of the ATML states that any person who wants to have the exclusive right of use of a trademark for distinguishing his or her goods and products can apply for the registration of such a trademark based on the provisions of this law. Again in this Article, the legislature emphasized the distinguishing function of trademarks, while no reference is made to the causes of or reasons for distinguishing the products which are similar or identical to one another.

The current trademark laws in the world have been affected by economic and legal developments. Especially the role of trademarks as a connector or communication tool between producers and consumers (advertising function) has become vital for producers. According to this model, a trademark indicates the original source of the goods and services that are “passed” from the producer via the hands of “middlemen to ultimate purchasers”.

The advertising function of a trademark serves two main purposes: Firstly, it shows the consumers that the products belong to a particular company and consequently proves the “goodwill” of a company. Secondly, it provides the facilities for companies to communicate information with regards to their goods and services to the consumers. The truth is that both of these functionalities are interrelated.

Looking at the ATML, there are no clauses or sentences that explicitly or implicitly touch upon the advertising function of trademarks. Moreover, in practice the advertising function of trademarks does not work in Afghanistan because trademark protection is not yet well enough developed and has not been institutionalized in Afghanistan; most people have no access to different tools of advertising, especially in the rural and countryside areas.

The ATML follows the purpose of identifying and distinguishing goods, products and services. For Afghanistan, it would be better if the law also followed the purpose of producer and consumer protection, not least since Article 11 of the 2004 constitution recognizes the market economy and the current economic development tendency is to provide more facilities and legal protections for producers and consumers' needs. The decision to purchase particular goods and services actually depends on the marks or symbols attached to them. Therefore, the protection of the benefits and interests of consumers also constitutes a purpose of trademarks. As Afghanistan is a net importing country and most goods and services are imported from abroad, it would be advisable to consider the rights of consumers regarding the goods and services. If multiple similar marks are used for the same goods and services, then consumers will be misled about the source of goods and services. Therefore, the trademark purposes provided in the ATML should be expanded beyond distinguishing goods and services to protecting the trademark owners' rights as well as the consumers who purchase the goods and services.

With regard to the acquisition of trademark ownership, in Afghanistan, the registration-based system works better than the use-based system. Traders mostly rely on the registration of a trademark to show their ownership of a trademark, rather than on the period of usage of a trademark. However, in Afghanistan, in the case of conflict between the use-based and registration-based systems, the ATML states that the former legally takes precedence over the latter. However, in practice, due to a number of reasons, such as registration of a trademark in the CBR office and later the publication of a registered trademark in the Official Gazette as well as the existence of documents to show and prove the registration of a trademark in the CBR office, the registration-based system works better than the use-based system in Afghanistan.

Another reason to support the registration-based system in Afghanistan is the case of legal protection for foreign companies. In such a case, if a legal right has already been established outside of Afghanistan by the usage of a trademark on products or services, it will not be protected in Afghanistan unless the mark has been registered in the CBR office.

Therefore, the use-based system is not the most suitable option for Afghanistan, as there is greater potential for trademark duplication since every individual user of a trademark cannot be aware of another user on the national level, thus making it difficult to prove who used the trademark first. In addition, there is no well-functioning legal and administrative system in place to prove use of a trademark based on the good faith of a trademark user. At the same time, in this system, the exact number of trademarks that are used at the national level is unknown and the CBR office does not know

how many trademarks are in use at the national level. In contrast, the CBR office has information about the number of trademarks that have been registered in the CBR office.

To avoid duplications, in most countries there are internet-based technical search facilities that can help applicants to select a mark that has not already been registered. In Afghanistan there are no such pre-search IT facilities. The CBR office registers all trademarks in a manual manner using a hard copy system. There are no electronic copies of registered trademarks at the CBR office. In addition, the CBR office does not upload registered trademarks to the CBR website. If someone wants to conduct research or inquiry before selecting a mark so as to avoid any duplication of or similarity to other trademarks, that person will not have access to the trademarks that have already been registered. In like manner, the classification of the drawings/illustration of trademarks into “standard” and “special” types has not been articulated in the pertinent legal sources. The ATML contains no provisions on the drawing, illustration or pictorial display of a mark that is required for registration. Articles 8 and 24 of the TMRG only require the applicant to provide a picture or drawing of the logo as well as colour, form and any other attributes of the trademark during the submission of an application, but do not provide more details with regard to these attributes.

One issue at the stage of the examination process that is not entirely clear is the mechanism and methodology applied in examining trademarks and their similarity or dissimilarity to other, previously registered marks. There is no national digital computer-based program for examining the similarity of trademarks or the goods and services they are used on, like the Global Brand Database (GBD) tool that WIPO uses. In practice, the CBR office manually reviews all registered marks and compares the requested marks with previously registered marks. This process is arduous and time consuming for the trademark registration authorities. Moreover, there is the danger that trademark registration officers are unable to find and review all documents that have accumulated since the very beginning up to today. Likewise, it will be difficult for the trademark registration officer to clearly distinguish the similarity of a mark, particularly those marks which are composed of a complicated pictorial design or a combination of letters with other features. These issues notwithstanding, the primary examination is followed by the final stage – the post-examination procedures – for the issuing of a Trademark Registration Certificate (TRC).

In addition to having laws and regulations to provide legal protection for trademarks, the establishment of a well-functioning administrative institution to manage and administer trademark affairs will serve to fulfil the objectives of the laws. Therefore, the CBR office holds the administrative responsibility for processing the registration of trademarks. It assesses registration applications,

examines trademark applications from a substantive and formal/procedural perspective, and reviews their conformity with the law. However, the methods and facilities of the CBR office remain outdated, and the office does not have the capacity to provide applicants with up-to-date administrative and technical facilities. For instance, the similarity of a submitted trademark with previously registered trademarks is assessed or examined by using a paper based system, rather than by drawing on an electronically assisted method.

Likewise, the CBR office has no information on how many of the 18000 trademarks registered from 1964 up to May 2017 are actually being used by the owner and how many are not, how many trademarks have been transferred, and how many have been revoked from the registration list of the CBR office database. Furthermore, the CBR office disposes of no data on the number of trademarks that have been registered but not used. All of these problems are linked to the absence of an efficient and well-functioning administrative office responsible for trademark protection in Afghanistan. The lack of well-functioning and clear administrative procedures and facilities is another rationale for weak trademark protection in Afghanistan.

Furthermore, there is a difference between what is contained in the law and what occurs in practice. For instance, according to the ATML, the registration fee should be determined by the Council of Ministers, but in practice it is determined by the Ministry of Commerce and Industry. At the same time, the ATML tends towards a mostly use-base system, but in practice the registration-based approach is preferred and relied on by the CBR office. Furthermore, Article 27 of the TMRG stipulates the issuance of a certificate, but does not define the content of said certificate. In practice, the certificate is issued not only in two national languages (Dari and Pashto), but also in English, which should be seen as a positive step.

As already mentioned, the Afghan legal system provides insufficient regulations on the assignment, licensing, cancellation and termination of trademarks in Afghanistan. Therefore, in order to improve the Afghan legal system in relation to the protection of trademarks, in addition to establishing an effective and efficient trademark system, there is need for comprehensive research and study by both scholars and the MoCI in order to fill in the gaps that currently mar the Afghan legal system, and to provide a better climate for the legal protection of trademarks in Afghanistan.

Therefore, in order to improve and provide better legal protection for trademarks in Afghanistan, to provide sufficient administrative facilities and to address the requirements stemming from international agreements, it would be advisable for the Afghan government to take more practical steps.

Such actions may include the establishment of an effective and efficient independent administration office for managing the registration and administration of trademark affairs. Providing CBR staff with legal training and raising the legal awareness of trademark owners will likely enhance the legal protection for trademarks in Afghanistan. Drafting and approving the necessary regulations, by-laws or Tarzul amals for filling the gaps of the ATML will pave the way for a better implementation of the ATML. Speeding up the approval process for accession to IP-related conventions, particularly such conventions that provide legal protection for trademarks, will also serve to furnish a suitable climate for legal protection in Afghanistan.

## 6. SUMMARY OF FINDINGS

- The CBR office has no electronic tools for assessing the similarity of a requested mark with an already registered trademark, and thus for making decisions whether marks are similar or dissimilar. The CBR office registers all requested marks and the burden of proof for similarity and dissimilarity lies with the claimant or the company who claims that the requested mark is identical or similar to his duly registered mark. Therefore, the long and complicated mechanisms for the assessment of the similarity of a requested mark and to make a decision in this regard will take more time for the registration of a mark. This issue will discourage national and particularly foreign companies to invest in Afghanistan as well as to register their marks in the CBR office. On the other hand, due to a lack of legal awareness of the registration of a mark, the claimant and owner of a mark has no information about trademarks that have been registered.
- The CBR office has no pre-search facilities or tools for avoiding the duplication of previously registered marks. Likewise, a lack of pre-defined and clear mechanisms for examining the similarity of a trademark will prolong the trademark registration process. The CBR office functions in a customary and traditional way. For instance, the examination of similarity and dissimilarity of a trademark is achieved using traditional manual methods.
- The CBR office does not have a data management system to record the number of trademarks that have already been registered, not been used, and revoked from the registration list of the CBR office. Furthermore, there are also no clear data about how many registered trademarks have been transferred by sale, licensing or any other legal actions such as transfer of a trademark by inheritance as well as lack of procedures and administrative mechanism for the assignment of a trademark. At the same time, the ATML contains no provisions regarding the sale of a trademark with or without the transfer of the business. The CBR office has no clear data regarding how many registered marks are related to domestic owners and how many depend on foreign companies, or how many are used for products and how many are used for services.
- From an Islamic point of view, there are no clear, direct and precise provisions or orders regarding the protection and non-protection of a trademark. However, in practice, contemporary Islamic scholars have acknowledged the legal protection of intellectual property rights and recognized intellectual property as a sort of property or asset that Islamic law protects like the right of a property owner.
- The ATML does not define or explain the issuance of Trademark Registration Certificate (TRC) requirements for trademark registration. Even the Trademark Registration Guideline (TMRG)

names and recognizes the issuance of a TRC, but provides no details or legal framework about the content and form of a TRC. At the same time, the ATML provides no clear and precise provisions regarding the sale, licensing and assignment of a trademark in Afghanistan.

- The ATML does not provide details regarding the registration of words used as a trademark. From a development perspective, the registration of “generic”, “descriptive” and “laudatory” words will not be eligible, because these words are in the public domain. Furthermore, from a development perspective, the ATML - in comparison with the legal provisions of developed countries – does not recognize the registration of non-traditional marks such as “sound”, “odour”, “colour”, “shape” and “taste” marks.
- The ATML does not provide definitions for “fanciful”, “arbitrary” or “suggestive” marks. At the same time, the ATML has not articulated the “secondary meaning” of a trademark, while this concept is very common in industrial and developed countries for the protection, recognition and validation of trademarks.
- According to Article 34 of the ATML, the trademark registration fees shall be determined by the Council of Ministers, but in practice the registration fees are articulated in the TMGL, which is in direct contravention of Article 34 of the ATML
- A lack of legal awareness concerning the publication of a trademark is a gap within the legal system of Afghanistan. The public has no information about the existence of registered trademarks. For instance, if someone wants information about the validity of a mark, the class(es) of goods and services that a mark has been used on, as well as the ownership of a trademark, the CBR office and the MoCI website provide no respective data or information.
- According to the ATML, the purpose of a trademark is to distinguish and differentiate one product or service from other similar products or services. However, from a development perspective and according to current trademark conceptions, the purpose of a trademark could be wider and spreads out to not only distinguish products and services, but also to simultaneously protect the rights of sellers and buyers/consumers. Likewise, this purpose shall protect the consumers from the likelihood of confusion in terms of the source of goods and services. It is suggested that the purpose of the ATML needs to be revised and adjusted according to the current developments in the field of intellectual property rights.
- The Paris Convention recognizes the protection of collective marks and asks the member states to make arrangements for the protection of collective marks. However, the ATML does not provide enough legal protection for such collective marks. The ARATML only provides a



definition of collective marks. Providing legal protection for the function, registration and ownership of a collective trademark is still needed.

- According to Article 7 of the Paris Convention, the nature of goods and products shall not be considered as a barrier for the registration of a trademark. However, this provision is ignored by the ATML. According to the ATML, the nature of goods and products is considered as a barrier during the registration of a trademark. This issue is not problematic, however, because the prohibition depends on Islamic values and Afghan societal customs.
- The TRIPS agreement provides necessary legal protection for well-known marks. The ATML follows this requirement, but there is no clear mechanism and there are no clear criteria for distinguishing a mark as a well-known mark.
- Article 3 (1) of the ARATML merely defines the trade name. It states that “1- Trade name is a name or a title which introduces and specifies the status of natural and legal persons”. Neither the ARATML nor the ATML provide more provisions pertaining to the registration, legal protection, manner or usage of a trade name and how a trade name would be part of a trademark or may form the entirety of a trademark.
- The ATML, as well as other primary sources of trademark law, do not address the question of how to settle disputes between private and state entities regarding the use of state or government logos, badges or other emblems as prohibited by Article 10 of the ATML.

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