

Resolution

Question Q245

Taking unfair advantage of trademarks: parasitism and free riding

Background:

- 1) This Resolution concerns the taking of unfair advantage of trademarks, which is also commonly referred to as "free riding" or "parasitism".
- 2) Article 6bis of the Paris Convention concerns the protection of well-known marks in the case of identical or similar goods against a reproduction, imitation or translation that may create confusion. Article 16 of TRIPS states that Article 6bis of the Paris Convention also applies (i) in the case of services and (ii) in the case of dissimilar goods or services, if the use indicates a connection with the owner of the registered trademark, and if the interests of the owner of the registered trademark are likely to be damaged.
- 3) The WIPO "Joint recommendation concerning provisions on the protection of well-known marks" (1999) includes the following provision: "*4(b) Irrespective of the goods and/or services for which a mark is used, is the subject of an application for registration, or is registered, that mark shall be deemed to be in conflict with a well-known mark where the mark, or an essential part thereof, constitutes a reproduction, an imitation, a translation, or a transliteration of the well-known mark, and where at least one of the following conditions is fulfilled: (...) (iii) the use of that mark would take unfair advantage of the distinctive character of the well-known mark.*"
- 4) For the purposes of this Resolution, the terms **taking of unfair advantage of trademarks**, **free riding** and **parasitism** are used as synonyms, in order to denote the use of a third party trademark in circumstances where advantage is taken of the reputation (or distinctive character) of that third party trademark, and in a manner which is unfair. Notably, this definition is distinguished from the concept of dilution, such term generally concerning the situation where detriment is (or may be) caused to the distinctive character of a trademark.
- 5) In the context of the scope and requirements of any available protection for the taking of unfair advantage of trademarks, the grounds for action, any available defences and the type of proceedings in which the protection can be invoked, harmonisation is favoured to some extent.
- 6) 47 Reports were received from AIPPI's National and Regional Groups and Independent Members providing detailed information and analysis regarding national and regional laws relating to this Resolution. These Reports were reviewed by the Reporter General of AIPPI and distilled into a Summary Report. The individual Reports and the Summary Report are available on the AIPPI website www.aippi.org. At the AIPPI World Congress in Rio de Janeiro, the subject matter of this Resolution was further discussed within a

Working Committee and again in a full Plenary Session, which led to the adoption of the present Resolution by the Executive Committee of AIPPI.

AIPPI resolves that:

- 1) Trademark owners should have the right to take action and secure remedies against a third party in circumstances where unfair advantage of the reputation or distinctive character of their trademark is taken by that third party.
- 2) Under trademark law, such action should be possible at least in civil proceedings and administrative proceedings (including opposition, invalidation or cancellation proceedings).
- 3) For such action, the following requirements should be fulfilled:
 - a. the trademark has a reputation;
 - b. a connection made by the relevant public between the third party sign and the reputed trademark; and
 - c. a taking of unfair advantage by the third party of the reputation or distinctive character of the trademark.
- 4) The burden of proof should be on the trademark owner to show that the requirements in paragraph 3 above are fulfilled.
- 5) The protection afforded to the trademark owner should not be absolute. Limitations and defences should be available in accordance with trademark law generally, and at least in each of the following cases:
 - a. parody and/or freedom of expression, provided the use is for non-commercial purposes;
 - b. lawful comparative advertising.
- 6) The burden of proof for such limitations and defences should be on the party invoking the limitation or defence.

Links:

- Working Guidelines
<http://aippi.org/wp-content/uploads/committees/245/WG245English.pdf>
- Summary Report
<http://aippi.org/wp-content/uploads/2015/10/SR245English.pdf>
- Group Reports page
<http://aippi.org/event/2015-aippi-world-congress/#group-reports>