

Free Riding – Parasitism

European Union / France

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Free Riding – Parasitism

- **TRADEMARK LAW:** Protection of trademarks having a reputation

CJEU L’Oreal v. Bellure – June 18, 2009 – C 487/07 - §41



Taking UNFAIR ADVANTAGE
of the DISTINCTIVE character or the REPUTE

- **CIVIL LIABILITY:** Parasitism under French law

Article 1382 of the French Civil Code



RIDING THE COATTAILS of a third party
OR
Taking UNDUE ADVANTAGE of a third party’s economic asset that is
the result of investments, know-how, success, etc...

Free Riding – Parasitism

Trademark law: Protection of trademarks having a reputation

European bases

DIRECTIVE 2008: Art. 4.3, 4.4 a) and 5.2

CTMR 2009: Art. 9.1 c), 8.5 and 53.1 a)

Decisions issued by the CJEU

French bases

Article L.713 -5 French IPC

« ... shall be liable under civil law if ... such reproduction or imitation constitutes an unjustified exploitation of the trademark.... »

Trademark law: protection of trademarks having a reputation

DIRECTIVE 2008: Art. 5.2

*Any Member State **may also** provide that the proprietor shall be entitled **to prevent** all third parties not having his consent **from using in the course of trade any sign which is identical with, or similar to, the trade mark** in relation to **goods or services which are not similar** to those for which the trade mark is registered, where the latter has **a reputation** in the Member State and **where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.***

Trademark law: Protection of trademarks having a reputation

Conditions for the action

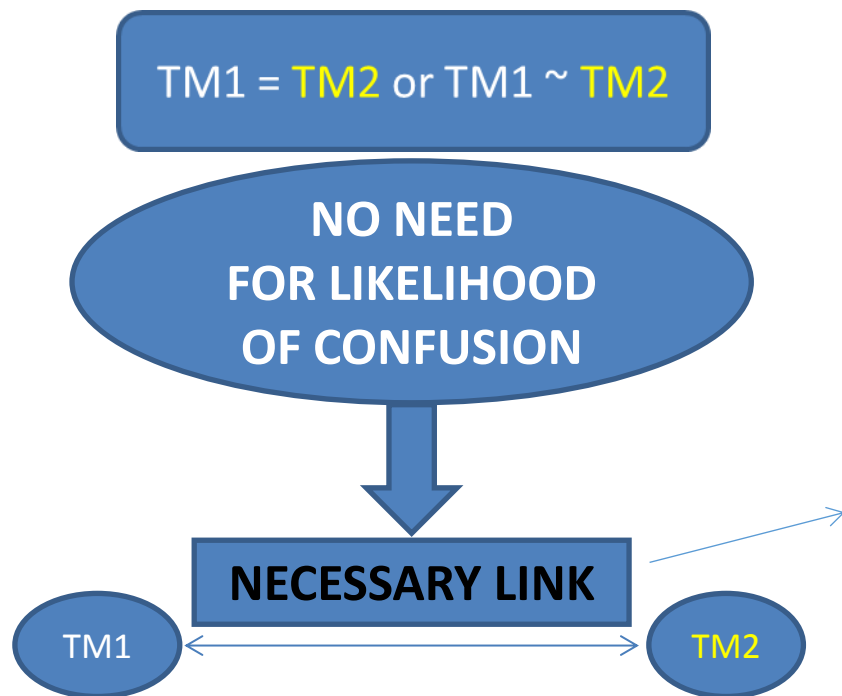
TM1: TRADEMARK THAT
ENJOYS A REPUTATION

GENERAL MOTORS 1999 C-375/97
PAGO 2009 C-301/07

- ➔ Known to a SIGNIFICANT part of the public concerned by the products and services
- ➔ RELEVANT PUBLIC in consideration of the nature of the goods : general public or specialized public
- ➔ Taking into consideration all relevant factors
- ➔ A substantial part of the territory
- ➔ Registered mark or well-known mark as per article 6bis of the Paris Convention

Trademark law: Protection of trademarks having a reputation

Conditions for the action



- DEGREE OF SIMILARITY between the signs
- NATURE of the products and services
- SIMILARITY of the products and services
- INTENSITY of the REPUTE of TM1
- DEGREE OF DISTINCTIVENESS of TM1
- LIKELIHOOD OF CONFUSION ?

CJEU ADIDAS SALOMON 2003 C-408/01

CJEU FERRERO 2011 C-552/09

Lesser degree of similarity

Art. 16-3 TRIPS

"... a connection between those goods or services and the owner of the registered trademark..."

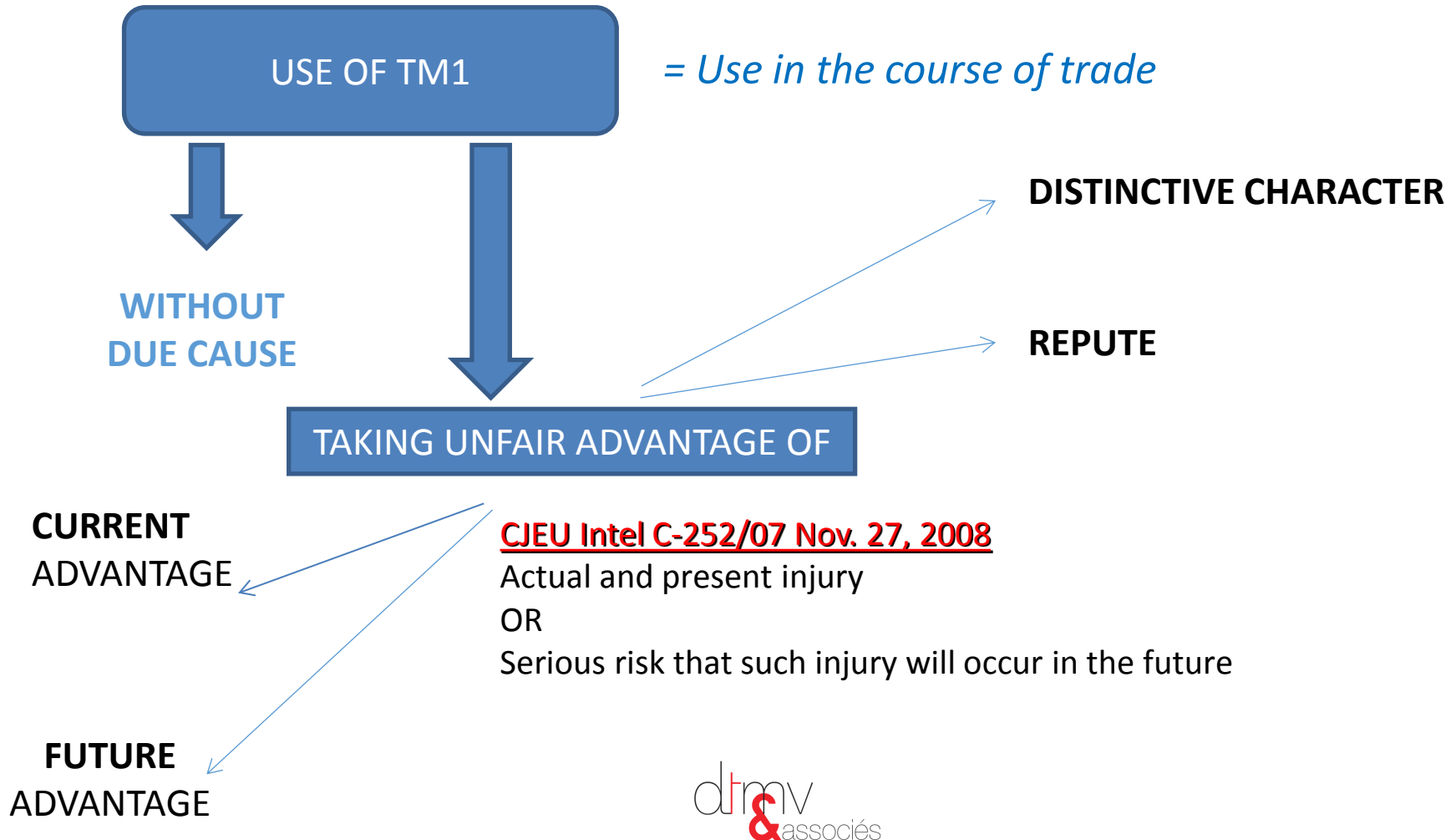
CJEU INTEL 2008 C-252/07

CJEU L'OREAL v. BELLURE 2009 C-487/87

overlapping audiences?

Trademark law: Protection of trademarks having a reputation

Conditions for the action



Trademark law: Protection of trademarks having a reputation

Conditions for the action

NO NEED
TO PROVE DETRIMENT
TO THE DISTINCTIVENESS OR REPUTE
OF TM1



FROM DILUTION BY BLURRING OR TARNISHMENT

[CJEU INTEL Nov. 27, 2008, §28](#)

[CJEU L'OREAL v. BELLURE June 19, 2009, §43](#): « *an advantage taken by a third party of the distinctive character or the repute of the mark may be unfair, even if the use of the identical or similar sign is not detrimental either to the distinctive character or to the repute of the mark or, more generally, to its proprietor.* »

Trademark law: Protection of trademarks having a reputation

Conditions for the action

What is an UNFAIR ADVANTAGE?

CJEU L'OREAL v. BELLURE - June 18, 2009 - C-487/87

§49 where a third party attempts, through the use of a sign similar to a mark having a reputation, to ride on the coattails of that mark in order to benefit from

- 1 → its power of attraction,
its reputation and
its prestige,
- 2 → and to exploit, **without paying any financial compensation** and **without being**
- 3 → **required to make efforts of his own** in that regard, the **marketing effort**
- 4 → expended by the proprietor of that mark **in order to create and maintain the image of that mark,**
= the advantage resulting from such use of the distinctive character or the repute of that mark must be considered as having been unfairly acquired

L'OREAL SA v. BELLURE NV

C-487/07

June 18, 2009

GLOBAL ASSESSMENT OF ALL RELEVANT FACTORS

In order to determine **whether the use of a sign takes unfair advantage of the distinctive character or the repute of the mark,**

it is necessary to undertake a global assessment,

taking into account **all factors relevant to the circumstances of the case, which include:**

the strength of the mark's reputation and the *degree of distinctive character* of the mark,
the degree of similarity between the marks at issue and
the nature and degree of proximity of the goods or services concerned.



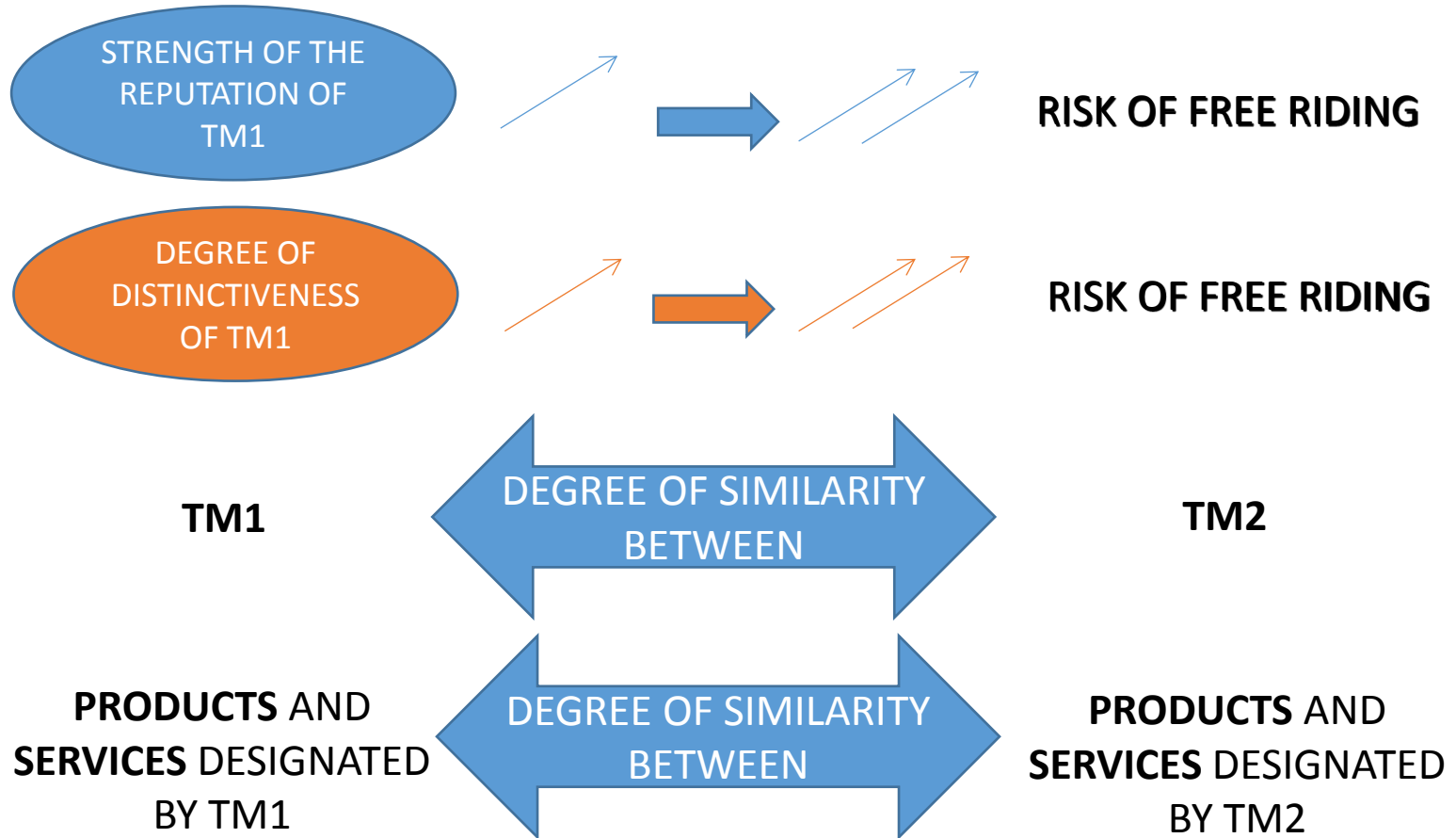
DETRIMENT ? likelihood of dilution?

L'OREAL SA v. BELLURE NV

C-487/07

June 18, 2009

GLOBAL ASSESSMENT OF ALL RELEVANT FACTORS: §44



Trademark law: Protection of trademarks having a reputation

Limitations of protection?

USE with DUE CAUSE

- NOT restricted to OBJECTIVELY overriding reasons
- may relate to subjective interests of third party
- burden of proof on the user of the later mark

INTERFLORA BRITISH UNIT v. MARKS & SPENCER

C-323/09

September 22, 2011



SIGNS =
SERVICES =

EXAMPLE OF DUE CAUSE

Without offering a MERE IMITATION of goods and services covered by TM1

Without adversely AFFECTING THE FUNCTIONS of TM1

Without being detrimental to the repute or distinctive character

Offering an ALTERNATIVE for the consumer

= use within the scope of **FAIR COMPETITION**

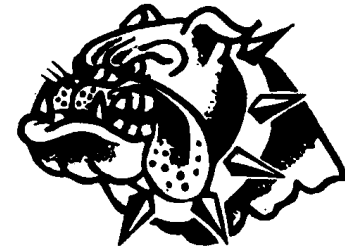


DUE CAUSE



DE VRIES v. RED BULL
C-65/12
February 6, 2014

THE BULLDOG



1 **PRIOR USE OF THE SIGN**

1

2

2 **USE IN GOOD FAITH OF THE SIGN FOR THE SAME PRODUCT**

PRIOR USE OF A SIGN SIMILAR TO A TRADEMARK having a reputation

Taking into account:

REPUTATION of the sign

PROXIMITY between the goods originally used and the goods for which TM1 enjoys a reputation

The economic and commercial significance of the use of the sign for the given product



DUE CAUSE

Trademark law : Protection of trademarks having a reputation

Extent of protection

- In respect of DISSIMILAR goods
- In respect of SIMILAR or IDENTICAL goods

CJEU Davidoff C-292/00 Jan. 9, 2003

CJEU Adidas C-408/01 Oct. 23, 2003

French Supreme Court, July 9, 2013

Trademark law: Protection of trademarks having a reputation

Extent of protection

EUROPEAN LAW

What can the owner of TM1 obtain?

In case of:

REGISTRATION of TM2

- OPPOSITION
- CANCELLATION

USE of TM2
in the course of
trade

- INJUNCTION
- DAMAGES

Trademark law: Protection of trademarks having a reputation

Extent of protection

FRENCH LAW

Art. L.713-5 of the IPC

CIVIL LIABILITY

The existing solutions stem from case law

USE of TM2

**- INJUNCTION
- DAMAGES**

**CANCELLATION OF THE
REGISTRATION OF TM2**

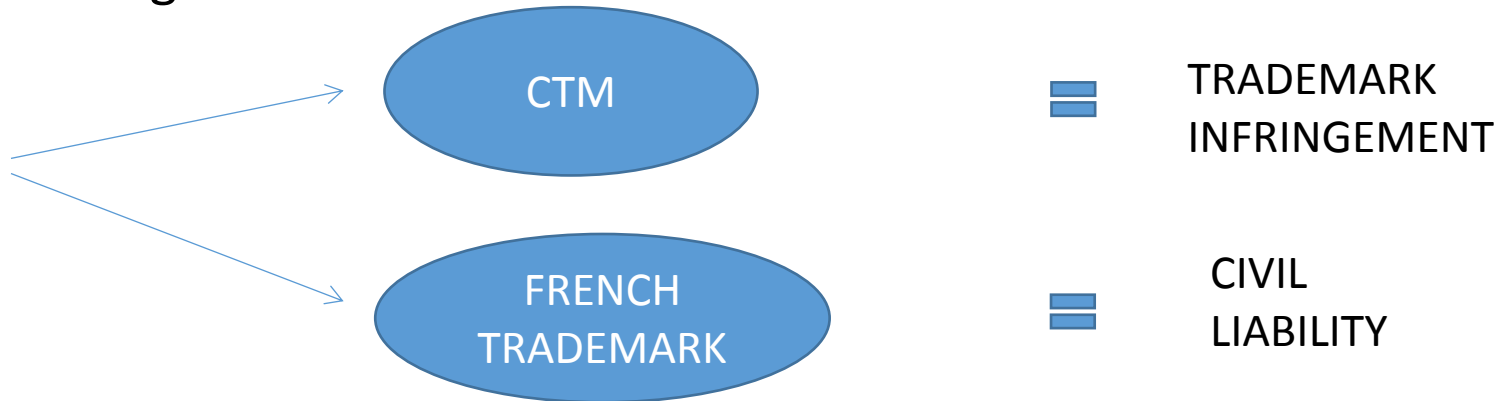
**BEFORE INPI
NO OPPOSITION against
NON-similar products or
services**

Trademark law: Protection of trademarks having a reputation

Extent of protection

French procedural particularity: nature of the action

Free riding on



PARASITISM UNDER FRENCH CIVIL LIABILITY RULES

Parasitism

Theory based on the **general provision** governing civil liability:
article 1382 of the French Civil Code

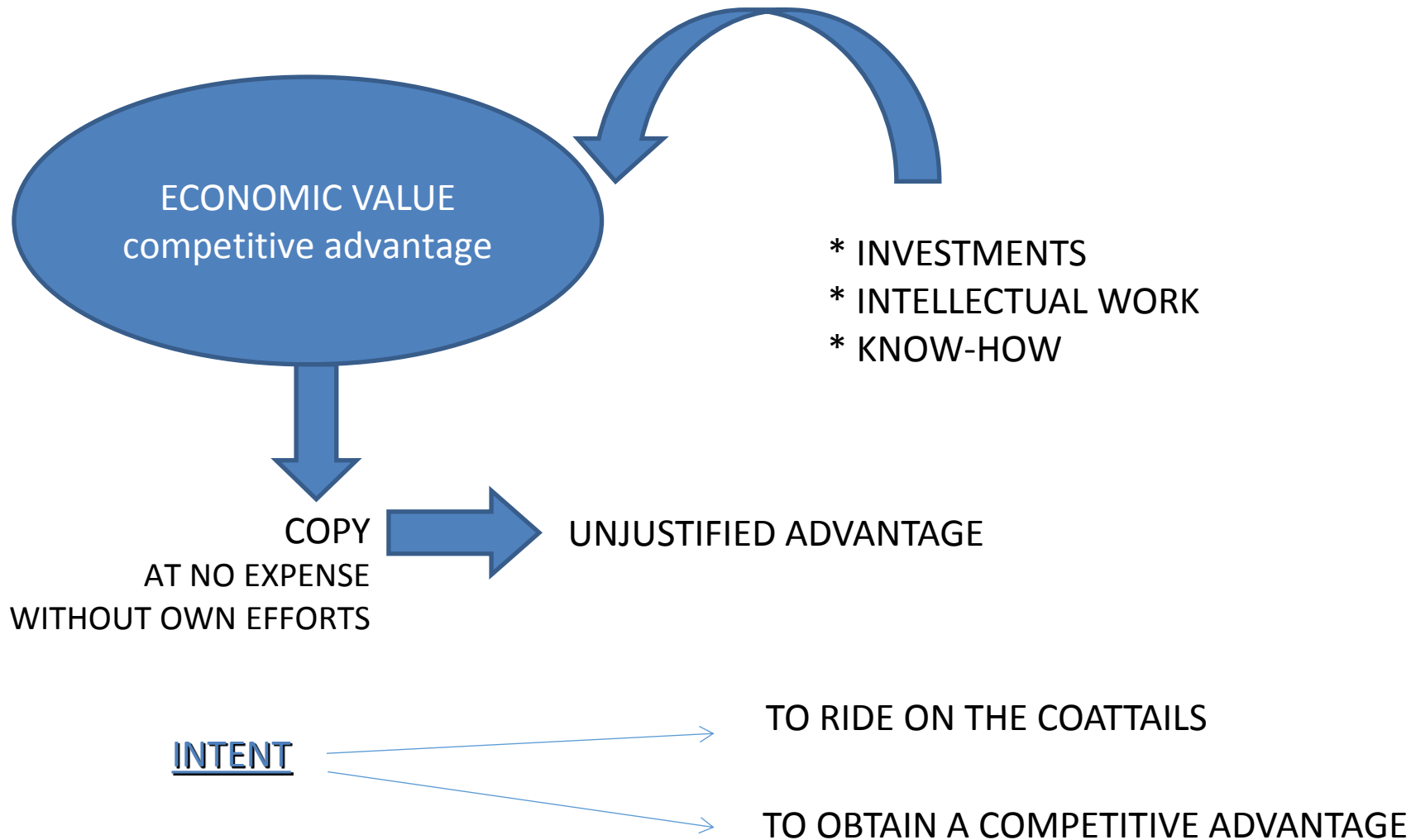
DEFINITION



Copying, at no expense, without using one's own efforts, for a profit and in an unjustified way, someone else's economic asset securing a competitive advantage that is the result of know-how, intellectual work or investments.

No risk of confusion is required

PARASITISM UNDER FRENCH CIVIL LIABILITY RULES



PARASITISM UNDER FRENCH CIVIL LIABILITY RULES

Parasitism  unfair competition:

Unfair Competition

- Article 10 bis of the Paris Convention :
 - §3 « *all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor* »
- Article 1382 of the French Civil Code

Three conditions : - offense committed by the author of the damage
- damage suffered by the victim
- causation between offense and damage

The fault can reside in the creation of a risk of confusion.

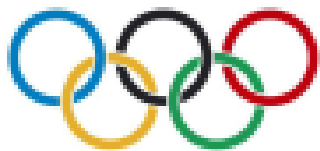
Joakim Noah 3.0 Le Rêve Olympique

Example

Paris First Instance Court

June 13, 2004

(not final)



Example

French Supreme Court - February 4, 2014



Example

French Supreme Court - February 4, 2014



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