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Q245

Taking unfair advantage of trademarks: parasitism and free riding

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I. Current law and practice

1) Do the laws of your jurisdiction provide for protection against:

a) the taking of unfair advantage of trademarks as defined in these Working Guidelines (see paragraphs 26) and 27) above); and/or

yes

Please comment:

Estonian laws provide protection against taking of unfair advantage of trademarks. In particular the Trademark Act and Competition Act and Advertising Act are applicable.

b) use that you consider similar but outside the scope of the definition in these Working Guidelines?

yes

Please comment:

Outside the scope of definition may be considered the Rules of the Domain Disputes Committee (alternative domain dispute resolution body) which allow trademark owners to combat bad faith domain name registrants.

In our answers we have considered only a.

For the questions below, if b. applies either separately or in addition to a., please make that clear in any relevant answer.

2) What is this protection called, and is this a definition developed in case law or found in a statutory provision? If such protection is characterised as a form of protection against dilution, please state this and provide any explanation as to the basis for such characterisation.

There is no such a definition as parasitism or free riding in a statutory provision or in case law. The Estonian Trademark Act provides the following: 'The proprietor of a trade mark has the right to prohibit third parties from using any sign which is identical with, or similar to a registered trademark or a trademark which is known to the majority of the Estonian population in the course of trade if use of that sign might take unfair advantage of /.../ the repute of the trademark' (Section 14, subsection 1 clause 3 of the Trademark Act).

3) If such protection is available, what is the basis for the protection, e.g. trademark law (distinguishing between unregistered and registered trademarks where relevant), unfair competition, consumer protection law, common law? If multiple causes of action are available, is there an interaction between them, and if so, what?

The basis for the protection is usually trademark law, i.e. registered trademarks or famous trademarks (unregistered trademark which must be known to majority of Estonian population). Depending on the case circumstances, it is possible to use unfair competition and consumer protection laws and domain dispute regulation as a basis for the protection. It is possible to use multiple causes of action. Trademark law and unfair competition are related as both are available through civil court proceedings, i.e. the trademark owner can include trademark infringement claim and unfair competition claim to its court action.

4) What are the elements of any available cause of action, e.g. the requirement for the trademark to be registered, reputation in the trademark, establishment of a link or association with the trademark, bad faith, change in the economic behaviour of consumers, actual advantage, potential future advantage? How are they proven?

The elements of trademark action are:

- trademark registration or famous trademark (unregistered mark known to majority of Estonian population);
- reputation in the trademark;
- establishment of a link or association with the trademark and/or change in the economic behaviour of consumers;
- actual advantage or potential future advantage.

In order to prove reputation in the trademark, usually a survey evidence is combined with proofs showing the wide use of the mark (market share, knowledge among target group of consumers or relevant business circles, investments made to the advertising of the mark).

Proving a link or association with the trademark and/or change in the economic behaviour of consumers depends on the case circumstances such as the actual use and goods/services.

5) Further to question 4):

a) what degree of reputation, if any, in the trademark is required?

There is no pre-determined percentages for registered marks. It should be sufficient if the mark is

known by significant proportion of target group of consumers or relevant business circles. Thus, a different degree of reputation is possible depending on the circumstances of the case. For unregistered marks, the trademark must be known to the majority of the Estonian population.

b) who bears the burden of proof regarding the requirements?

Plaintiff (trademark owner) bears the burden of proof.

c) must the use at issue cause confusion?

no

Please comment:

Likelihood of confusion is not required. However, if actual confusion or likelihood of confusion is proved, it increases the trademark owner's chances of success. It should be also sufficient if the following is proved:

- a change in the economic behavior of consumers;
- establishment of link between the free rider and trademark owner.

d) can the protection be invoked in case of both similar and dissimilar goods/services?

yes

Please comment:

e) are there any other factors, even if not a separate requirement, that may be relevant, and if so, what are they?

N/A

6) Are there any defences against and/or limitations to the protection?

yes

If so, what are they, and what are the elements of such defences/limitations?:

Defence could be based on comparative advertisement regulation (Estonian Advertising Act) or limitation of exclusive rights of the trademark owner (Estonian Trademark Act).

Comparative advertisement defence is applicable if the competitor's trademark is used in advertising which:

- is not misleading, ie it does not create confusion or likely confusion between the advertiser and trademark owner or between their names, marks, goods or services or material features or conditions of sale of goods and services;
- compare goods and services meeting same needs or intended for the same purpose;
- is not based on taking advantage of the reputation of the trademarks, names or other distinguishing marks of a competitor or the designation of origin of the competing goods;
- in the case of goods with a designation of origin, relate to goods with a different designation;
- present goods or services as replicas or imitations of the goods or services bearing a trademark which has been granted legal protection in Estonia.

(Section 5 of the Advertising Act)

Further, the trademark owner has no right to prohibit other persons from using the following in the course of trade:

1. the names and addresses;
2. any sign which consists of signs or indications which designate the kind, quality, quantity, intended purpose, value or geographical origin of the goods or services, the time of production of the goods or of rendering of the services, or other characteristics of the goods or services, or which describe the goods or services in another manner, or which consists of the above-mentioned signs or indications which are not considerably altered;
3. signs or indications which have become customary in current language or in good faith business practice;
4. the trademark if it is necessary to indicate the intended purpose of a product, in particular as accessories or spare parts, or a service;
5. elements of the trademark which are not subject to protection;
6. provided that the above is used in accordance with honest practices.

7) Who bears the burden of proof in relation to any defences and/or limitations? In this context, please also consider the relationship with the element of "unfairness". For example, is it a defence that the use is with "due cause" (see paragraph 31 of the introduction) above and footnote 2) of the introduction? If so, can such use ever be "unfair"? Or is this just a matter of a shifted burden of proof?

Under the Estonian law each party must prove its arguments. Thus, if a defendant relies on defences and/or limitations he must prove the respective arguments. If the trademark owner finds that defence /limitations are not applicable, he/she must prove that.

8) If a defence exists or only limited protection is available, what rights does that give the free rider? For example, may the free rider simply use the trademark or may the third party obtain a separate trademark registration in respect of the goods and/or services in respect of which the free rider is using the trademark?

The use of the trademark without the consent of its owner should take place in the course of trade in accordance with good business practices. The use of a trademark without the owner's consent is not in accordance with good business practices, if:

- the other person publishes misleading information during the use of the trademark;
- the use of the trademark by the other person can confuse the consumer as to the kind, quality, quantity, intended purpose, value, geographical origin or some other characteristics of the good or service;
- the other person presents their product as an imitation or replica of the product bearing the trademark of which they are not the owners;
- the use affects the value of the trademark by taking unfair advantage of its distinctive character or repute;
- the use of the trademark is done in such a manner that it may give the impression that there is a commercial connection between the trademark owner and the other person;
- the use of the trademark constitutes the expression that the other person does not consider other legitimate interests of the trademark owner.

9) Can the protection be invoked in:

- a) court in civil proceedings;

yes
Please comment:

b) court in other proceedings;
yes
if so what other proceedings (e.g. criminal proceedings):
Yes, misdemeanor proceedings in consumer protection or misleading advertising cases. In such cases proceedings are firstly initiated by the Consumer Protection Board (see below d.) which decision can be appealed to the court

c) opposition proceedings;
yes
Please comment:

d) any other?
yes
if so what, proceedings?:
Administrative and misdemeanor proceedings before the Consumer Protection Board.

10)	If the protection can be invoked in multiple proceedings, are there different requirements for different proceedings? If so, please state the requirements.
	The proceedings in civil court and in the administrative court proceedings are held on different grounds. In civil court the burden of proof bear the trademark owner or in some cases the free i.e. parties. In case of consumer protection proceeding in administrative court the Estonian Consumer Protection Board leads the case to court.

II Policy considerations and proposals for improvements of the current law

11)	Should there be protection against:
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a)	the taking of unfair advantage of trademarks as defined in these Working Guidelines; and/or
	yes
	Why?:
	The protection against taking of unfair advantage of trademarks is already stipulated in Estonian law.

b)	use that is similar but outside the scope of the definition in these Working Guidelines?
	no
	Why not?:

12)	Is the basis for protection or the cause of action relevant?
	yes
	Why?:

Unfortunately, this question remains unclear for us.

13) Should it be possible to invoke the protection in all types of proceedings mentioned above under 9) above?

yes

Why?:

N/A

14) How can your current law as it applies to the taking of unfair advantage of trademarks and/or the interpretation thereof (in particular, in case law) be improved?

The Estonian Trademark Act could be improved so that the unregistered trademark owner could prohibit third parties from using the trademark. Currently unregistered but well-known marks cannot be protected. For taking the action the law requires registered trademark or trademark which is known to the majority of the Estonian population (section 14, subsection 1 clause 3 of the Trademark Act).

III Proposals for harmonisation

15) Is harmonisation in this area desirable?

yes

Please comment:

The harmonisation of regulations in this area are desirable but not essential.

If yes, please respond to the following questions without regard to your national or regional laws. Even if no, please address the following questions to the extent you consider your national or regional laws could be improved.

16) If your answer to question 11) is no in respect of a. and/or b., is it your view that no such protection should be available anywhere?

17) Should there be harmonisation of the definition of:

a) the taking of unfair advantage of trademarks as defined in these Working Guidelines; and/or

no

Please comment:

Important is to harmonise the regulations and requirements of protection. The harmonisation of definitions is not essential. The main objective of harmonisation is that the laws protect the owners of trademark against the free riders.

b) use that you consider similar but outside the scope of the definition in these Working Guidelines?

no

Please comment:

18) What should the basis for protection/cause(s) of action be?

Unfortunately, this question remains unclear for us.

19) What should the requirements for protection be? In your answer, please address at least the following, in addition to any other relevant factors: what level of reputation, if any, in the trademark should be required, and who should bear the burden of proof?

The reputation should required at least among significant proportion of consumers or relevant business circles. Trademark owner should bear the burden of proof.

20) What defences against and/or limitations to the protection should be available? Please state the proposed requirements for any defence/limitation, and the effect of any defence/limitation.

At least comparative advertisement defence and limitation of exclusive rights of the trademark owner should be available.

21) Who should bear the burden of proof in respect of any defences and/or limitations?

Each party should prove its own arguments.

22) In what type(s) of proceedings should it be possible to invoke the protection?

Civil court proceedings. Administrative proceedings could be considered in case of consumer protection cases.

Summary

Estonian laws provide protection against taking unfair advantage of trademarks, including the parasitism and free riders. The problem of free riders exists in Estonia but so far the court practice is quite limited in Estonia regarding the taking unfair advantage of trademarks, more precisely in case of parasitism and/or free riding. Therefore, based on the limited case law it is difficult to suggest improvements or point out weaknesses of laws.

Please comment on any additional issues concerning the taking advantage of trademarks in the sense of parasitism and free riding you consider relevant to this Working Question.