



Date: 7th June 2015

## Q245

### Taking unfair advantage of trademarks: parasitism and free riding

**Responsible Reporters:** by Sarah MATHESON, Reporter General John OSHA and Anne Marie VERSCHUUR, Deputy Reporters General Yusuke INUI, Ari LAAKKONEN and Ralph NACK Assistants to the Reporter General

National/Regional Group	Argentina
Contributors name(s)	Alejandro M. BREUER MORENO, Matias F. NOETINGER and Graciela PEREZ DE INZAURRAGA
e-Mail contact	abm@gbreuer.com.ar
Date	19-05-2015

## 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:

**Though the Argentine trademark law does not directly refer to free-riding or parasitism, protection against these practices can be derived from the provisions in art. 4 of law 22632, which reads as follows,**

***Ownership of a mark and exclusivity of use shall be obtained through registration. In order to be the owner of a trademark or exercise the right to oppose its registration or use, the applicant or opponent must have a legitimate interest.***

**The law specifically establishes the owner's exclusive rights over its mark as one of the main characteristics of a registered trademark. This exclusivity allows the trademark owner to take action against parasitism of its trademark, in particular if it enjoys a reputation or if it is well-known.**

**In principle, any unauthorized use of the mark in commerce can be questioned and attacked by the trademark owner, and the defendant would have to prove that such use did not infringe the owner's rights (i.e., freedom of speech with no commercial benefit, satire, artistic expression).**

**The provisions of TRIPS and the Paris Convention on unfair competition are also applicable to secure protection against free-riding.**

**Furthermore, the Argentine trademark law provides that marks registered by someone who knew or should have known said marks belonged to a third party shall be declared null and void (law 22362, art. 24.b). While this provision does not expressly refer to free riding or parasitism, it is reasonable to assume that those who apply for or register third parties' marks have the intention of obtaining some (unfair) benefit from such action. Therefore, the grounds for cancellation foreseen in the cited section of the Argentine law can be deemed related to the protection against uses akin to free riding or parasitism.**

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

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.

**As mentioned in response to 1) above, there is no specific reference to this issue in the Argentine trademark law. Therefore, there is no statutory designation or definition of this protection.**

**Argentine Courts have been consistent in defending the trademark owner's rights against third parties' attempts to take unfair advantage, in particular where well known marks are concerned or where there are circumstances which suggest the defendant's bad faith. To such end, Courts have relied not only on the local trademark law and International treaties to which Argentina is member but also on the Civil Code provisions which punish actions in bad faith.**

**In ruling against these practices, Courts use language such as "taking unfair advantage of a trademark", "unlawfully profiting from the goodwill associated to a trademark", "parasitic use", among other wording.**

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?

**As indicated above, the basis for the protection stems from the trademark law, provided that the mark is registered. For unregistered marks, art. 24.b. of the trademark law (commented in 1. above) may apply, as well as the rules on unfair competition or those concerning bad faith (Civil Code). TRIPS and Paris Convention provisions may also be invoked.**

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?

**It is important to rely on a registered mark, taking into account the exclusive rights deriving from such registration. The degree of reputation would also have impact, because the more reputed the mark, the more extended protection would be acknowledged, so that a stronger criteria will be applied to avoid unauthorized uses by third parties.**

**A further factor taken into account is bad faith, which is typically presumed if the party who registers/uses another party’s mark is a competitor or operates in the same or a related field, being it evident the intention of taking advantage of the reputation or goodwill associated to such mark.**

**The burden of proof lies on the plaintiff, although the Courts tend to accept the well-known status of some trademarks only based on the fact that they are know by the public at large (including the Judges) and without need of additional evidence. However, it is always advisable to prove the reputation through material showing extension of sales, revenues, advertising, investments.**

5) Further to question 4):

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

**Reputation is not a requirement to protect a mark against free riding or parasitism, although it clearly helps.**

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

**The plaintiff has the burden to prove that use of the mark by the defendant takes unfair advantage of its mark. In case the defendant invokes any defenses, the burden of proving they apply to the case at issue lies on the defendant.**

c) must the use at issue cause confusion?

no  
Please comment:

**Confusion is not necessarily a requirement, since the mere use of the mark could constitute an infringement to the TM owner’s rights. However, potential likelihood of confusion or association could also be important elements if they could be proven, especially if the TM owner seeks a preliminary injunction.**

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

yes  
Please comment:

**In case of dissimilar goods/services the degree of recognition or reputation of the mark and its inherent distinctiveness or originality might be factors relevant in determining whether the use by the third party qualifies as free-riding.**

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

No.

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?:

**Possible defences against a free-riding claim are:**

- use of another's trademark in artistic work and in parodies,
- non-competing free speech,
- use of another's trademark in comparative advertising, provided the comparison is fair, relates to relevant features of the goods/services, the information is truthful and the goods/services are homologous,
- use of a mark which consists of the usual or necessary designation of a product or service, but which was inadvertently allowed to register (e.g., designations in foreign languages or symbols), inasmuch as the use does not imitate visual features of the registered mark,
- use of the mark by the defendant prior to the date the mark was applied for by the registered owner, provided that such use has been in good faith (i.e., that the defendant did not adopt the mark with the knowledge that it belonged to a third party),
- use of another's trademark for information purposes only (i.e. mentioning the mark of product given as prize in a promotional or marketing campaign).

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?

**The burden to prove that any defence applies lies on the defendant. If it were established that any defence applies, the use would not be labeled as unfair.**

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?

**As noted in answer to question 7 above, if it were established that the use by the third party falls within the scope of any of the possible defences, such use would be fair and the trademark owner would not be in a position to prevent it. In some cases (e.g., prior use in good faith or use of necessary or descriptive designations), the third party might be entitled to register its mark.**

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):

c) opposition proceedings;

yes

Please comment:

d) any other?

no

Please comment:

10) If the protection can be invoked in multiple proceedings, are there different requirements for different proceedings? If so, please state the requirements.

No.

## II Policy considerations and proposals for improvements of the current law

11) Should there be protection against:

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

yes

Why?:

**Yes. Being the advantage defined as "unfair", free riding/parasitism should be prevented.**

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

no

Why not?:

**The alternatives and case scenarios outside the scope of the definition of the working guidelines is too broad to provide a general rule.**

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

yes

Why?:

**While we understand that it is desirable that the protection against free riding/parasitism is provided irrespective of the cause of action, trademark law should provide strong and effective measures to prevent such unfair conduct. Typically, a well known/highly renown trademark will be involved in the practice. But it should not constitute an absolute requisite since the action by the free rider is unfair *per se*.**

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

yes

Why?:

**It should be possible to invoke the protection in all types of proceedings in which the unfair advantage is relevant to the case. Accordingly, it is clear that the matter should be decided, at least, in court civil proceedings and opposition proceedings when the free rider has filed a trademark application.**

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?

**Our law could provide preventive measures (seizure, injunction) to attack free riding/parasitism.**

### III Proposals for harmonisation

15) Is harmonisation in this area desirable?

yes

Please comment:

**Yes, harmonisation is desirable.**

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?

**As replied in question 11 a), we consider there should be protection against the taking of unfair advantage of a trademark, and similar uses typically referred to as free riding or parasitism. This 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

yes

If so, please provide any definition you consider to be appropriate.:

**We understand it would be desirable to harmonise the definition of what constitutes the taking unfair advantage of a trademark.**

**We consider that the wording “taking unfair advantage of a trademark” is broad enough to encompass a wide variety of uses which should be prevented, so there is no need to complicate the definition by referring to other similar uses. If such uses are similar in nature to the “taking unfair advantage”, then they are within the definition, otherwise, they are uses which fall outside this cause of action and may call for a different consideration.**

**A possible definition would be “Unauthorized use (including, but not limited to, use in commerce) of a third party’s trademark (or of an essential part thereof, or of a reproduction, or an imitation, or a translation, or a transliteration thereof) in order to benefit from the reputation and/or from the recognition and/or from the power of**

**attraction of such trademark constitutes taking unfair advantage of said trademark”.**

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?

**Insofar advantage is being taken from a trademark, the basis for protection should be provided for in the trademark law. Trademarks should be protected against free riding/parasitism regardless whether they are registered or not in the jurisdiction where action is taken. Protection against this unfair use should constitute an independent cause of action, i.e., enforceable irrespective of the eventual likelihood of confusion. Taking into account that use which takes advantage of a trademark is labeled as unfair, unfair competition law should also apply.**

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?

**For this cause of action to proceed, the mark for which protection is sought should be**

- a. **either well known, in the sense that it should enjoy a reputation and/or have a force of attraction which makes it a target for third parties to take advantage of such reputation or attraction, or**
- b. **known to the party who unfairly uses, registers or otherwise adopts it, in the sense that such party knows that the mark belongs to another yet uses, registers or otherwise adopts it to the purpose of achieving whatever benefit is feasible (e.g., obstructing use or registration by the legitimate owner, having leverage to negotiate in a commercial relationship, inter alia).**

**The burden of proof in connection with the well-known status, reputation or attractive force of the mark should rest on the owner of said mark.**

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.

**In principle, protection against free riding/parasitism should not preclude non commercial uses of the mark of the trademark in parodies, critical speech or artistic works, unless said uses are unfairly detrimental to the trademark or its owner.**

**Freedom of speech or nominative use should not be defences against a free riding complaint if there is commercial use of the mark by the defendant and, in particular, if the defendant is a competitor or operates in the same field of business.**

**Use of a mark in comparative advertising may or may not result in taking unfair advantage of said mark: it would depend on whether the comparison is truthful, concerns homologous goods or services, relates to relevant features of the goods or services and does not unfairly disparage the third party's trademark.**

**Prior or concurrent use or registration of the identical or similar mark by the third party can**

**also be invoked as a defence, to the extent such use or registration has been in good faith and the defendant has made no use of the mark which suggests and association or misrepresents a relationship between the two marks.**

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

**The defendant should bear the burden of proving that the allegedly unfair use is justified.**

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

**It should be possible to invoke the protection in civil and criminal proceedings. Typically, it would proceed in enforcement actions, but should also be admissible in opposition and cancellation proceedings where the taking unfair advantage of the plaintiff's trademark is relevant to prevent or expunge registration of an identical or similar trademark by the defendant.**

Summary

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.