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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:

The taking unfair advantage of an earlier trademark, also named 'free-riding' or 'parasitism'^[1] is referred to in Articles 2.20, § 1, c) and d) of the Benelux Convention on Intellectual Property (hereinafter « BCIP »).

Those provisions specify that :

Article 2.20, § 1, c) :

"1. A registered trademark shall provide its holder with an exclusive right. Without prejudice to the possible application of ordinary law in matters of civil liability, the exclusive right to a trademark shall permit its holder to prohibit any third party, without its consent, from:

(...)

c. using in the course of trade a sign which is identical or similar to the trademark for goods or services which are not similar to those for which the trademark is registered, where the trademark enjoys a reputation in the Benelux territory, where use of the sign without due cause would take

unfair advantage of or be detrimental to the distinctive character or the repute of the trademark.”

Article 2.20, § 1, d) :

“1. A registered trademark shall provide its holder with an exclusive right. Without prejudice to the possible application of ordinary law in matters of civil liability, the exclusive right to a trademark shall permit its holder to prohibit any third party, without its consent, from:

(...)

d. using a sign for purposes other than those of distinguishing the goods or services, where use of the sign without due cause would take unfair advantage of or be detrimental to the distinctive character or the repute of the trademark.”

On the other hand, Article 9, § 1, c) of the Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (hereinafter the « CTMR ») also provides that:

“1. A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(...)

(c) any sign which is identical with, or similar to, the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community 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 Community trade mark.”

The provisions apply without prejudice to the application of general civil law (Article 1382 of the Civil Code) and unfair competition provisions (see further question 3).

Footnotes

1. [ECJ, 18 June 2009, “L’Oréal / Bellure”, C-487/07, par. 41; ECJ, 22 September 2011, C-323/09, “Interflora”, par. 74.](#)

b)	use that you consider similar but outside the scope of the definition in these Working Guidelines?
	no
	Please comment:

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.
	Such concept is not defined in a statutory provision but has been defined by case-law. The concept of ‘taking unfair advantage of the distinctive character or the repute of the trademark’, also referred to as, inter alia, ‘free-riding’ or ‘parasitism’, does not relate to the detriment caused to the trademark (as ‘dilution’) but to the advantage taken by the third party as a result of the use of an identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the trademark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the trademark with a reputation [1] .

Footnotes

1. [^] ECJ, 18 June 2009, « L'Oréal / Bellure », C-487/07 ,para 41 ; ECJ, 22 September 2011, C-323/09 « Interflora », para 74 ; GC, 22 March 2007, T-215/03, Sigla / OHMI – Elleni Holdings (« VIPS ») ; GC, 19 June 2008, T-93/06, Mülhens / OHMI – Spa Monopole (« Mineral Spa ») ; E. Cornu, « L'arrêt « L'Oréal / Bellure » de la Cour de justice : la protection de la marque renommée, la conjonction entre le droit des marques et le droit de la publicité et la consécration des fonctions économiques de la marque », RDC, 2009, p. 797 à 804, especially p. 799 et 800 ; E. Cornu, « Les fonctions de la marque dans la jurisprudence de la Cour de justice : entre consécration et hésitation », in « Liber amicorum Ludovic De Gryse », Larcier, 2010, p. 76.

- 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?

Under Belgian law, multiple causes of action are available to seek protection against the taking of unfair advantages of trademarks.

For registered Benelux trademarks, Article 2.20, § 1, c) of the BCIP provides for an extended protection of Benelux trademarks with a reputation in the Benelux territory. More precisely, Article 2.20, § 1, c) BCIP stipulates that Benelux trademarks with a reputation are protected against the use of a sign in the course of trade which takes unfair advantage of the distinctive character or repute of the Benelux trademark.

Article 2.20, § 1, d) of the BCIP in turn protects the holder of a Benelux trademark against the use of a sign, for purposes other than distinguishing goods or services, which use takes unfair advantage of the distinctive character or repute of the Benelux trademark.

Holders of a registered Community trademark which has a reputation in the Community can invoke Article 9, § 1, c) of the CTMR and seek protection, similar to Article 2.20, § 1, c) BCIP, against the use of a sign in the course of trade if such use takes unfair advantage of the distinctive character or repute of the Community trademark.

Trademark holders could also seek protection against the taking of unfair advantage of trademarks on the basis of unfair competition and, in particular, the following provisions from the Belgian Code of Economic Law:

- Article VI.17, which sets under which conditions comparative advertising is allowed;
- Article VI.104, which prohibits any act contrary to honest market practices, which damages or could damage the professional interests of one or more businesses;
- Article VI.105.1°, which prohibits misleading advertising, including misrepresentation regarding the commercial origin (a) and ownership of intellectual property rights (c)).

Finally, a trademark holder can invoke general civil law provisions, and in particular Article 1382 of the Civil Code and the principles of non-contractual liability (tort law).

As regards the question whether there is an interaction between the above causes of action, reference can be made to Article 2.19, § 1 of the BCIP:

Article 2.19 - Obligation to register:

"1. With the exception of the holder of a trademark which is well known within the meaning of Article 6bis of the Paris Convention, and regardless of the nature of the action brought, no one may claim in

court protection for a sign deemed to be a trademark as defined in Article 2.1 (1) and (2), unless that claimant can provide evidence of registration of the trademark which it has filed.”

Article 2.19, § 1 of the BCIP thus implies that unfair competition or non-contractual liability cannot be invoked to seek protection for a sign which may constitute a Benelux trademark but which has not been registered, unless the trademark is well known within the meaning of Article 6bis of the Paris Convention (see AIPPI Resolution on Q100)^[41].

According to certain Belgian case-law and scholars, there is a broader “negative reflex effect” which would prevent the holder of a registered trademark to take action on the basis of unfair competition against acts which cannot be prohibited on the basis of its trademark rights (for example because one of the conditions for protection are not fulfilled or because a limitation applies)^[42]. A part of the Belgian and Benelux case-law and Belgian doctrine stated that, in the event of confusion (within the meaning of Article 10bis, 3), 1° of the Paris Convention and the EU Unfair Commercial Practices Directive), there cannot be a “negative reflex effect” and the holder of a registered trademark should be allowed to act on the basis of unfair competition^[43]. However in its “Daewoo” judgement, the Benelux Court of Justice stated that according to the contents of the BCIP, the owner of an extinguished trademark cannot legally obtain any protection, even from common law [by example Article 1382 of the Civil Code or unfair competition law], to protect his trademark^[44].

This statement was also confirmed by the Belgian Supreme Court in the same case^[45].

The Belgian Supreme Court held in a judgment of 29 May 2009 that copying is in principle allowed, unless there is an infringement of intellectual property legislation, or if there are accompanying circumstances contrary to the requirements for honest trade practices, in which case the aggrieved party can act on the basis of unfair competition^[46].

Footnotes

1. [^] See also Benelux Court of Justice 23 December 2010, *Ing.-Cons.*, 2010, 703 IRDI 2011, 223, which confirms that in order to invoke article 10bis of the Paris Convention to obtain the protection of a sign which may be considered as a trade mark, there must be evidence that the trade mark is registered.
2. [^] See for example President of the Commercial Court of Brussels 15 September 2010, *ICIP-Ing.Cons.* 2010, n°4, 633; V. Wellens, *Doorwerking van de intellectuele rechten in de Wet Handelspraktijken*, Larcier, Brussels, 2007, p. 49.
3. [^] Court of Appeal of Brussels 12 January 2010, *IRDI* 2010, 305; President of the Commercial Court of Brussels 4 March 2009, *Jaarboek Handelspraktijken & Mededinging* 2009, 683; President of the Commercial Court of Brussels 29 January 2003, *IRDI* 2004, 90; A. Halleman, “De reflexwerking van het Benelux merkenrecht t.a.v. het Unieverdrag van Parijs”, *IRDI* 2011, 226; B. Keirsbilck, E., Terry, “Overzicht van rechtspraak handelspraktijken 2003-2010 - Verboden praktijken” in DE WULF, H., KEIRSBILCK, B., TERRY, E., *Overzicht van rechtspraak. Handelsrecht en handelspraktijken 2003-2010*, TPR 2011, 1195-1196; V. Wellens, *Doorwerking van de intellectuele rechten in de Wet Handelspraktijken*, Larcier, Brussels, 2007, p. 86. Regarding the protection of non-registered trademarks against another sign which causes confusion, see also Benelux Court of Justice 23 December 2010, *Ing.-Cons.*, 2010, 703; *IRDI* 2011, 223.
4. [^] Benelux Court of Justice, 23 December 2010, “Engels / Daewoo”, *Ing.-Cons.*, 2010, p. 703.
5. [^] Cass., 15 Septembre 2011, « Engels & Daewoo », *Ing.-Cons.*, 2011, p. 163.
6. [^] Cass. (Supreme Court) 29 Mai 2009, C.06.0139.N, [www.cass.be](http://www.cass.be/http://www.cass.be/) ; B. Keirsbilck, E., Terry, “Overzicht van rechtspraak handelspraktijken 2003-2010 - Verboden praktijken” in De Wulf, H., Keirsbilck, B. Terry, E., *Overzicht van rechtspraak. Handelsrecht en handelspraktijken 2003-2010*, TPR 2011, 1214-1216; G. Straetmans, “Over parasitaire concurrentie en namaak”, *DAOR* 2011, 283; J. Stuyck, “Oneerlijke mededinging” in Stuyck, J. *Handels- en economisch recht. Deel 2. Mededingingsrecht. A. Handelspraktijken*, Kluwer, Mechelen, 2013, p. 205-206, nr. 216-217.

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 following elements are required:

1. The trademark has to be registered.

According to Article 2.2 of the BCIP, the exclusive right in a trademark shall be acquired by registration of the trademark through filing in Benelux territory (Benelux filing) or resulting from registration with the International Bureau (international filing).

Moreover, Article 2.20, § 1 of the BCIP confirms that only a registered trademark shall provide its owner with an exclusive right, which shall permit the owner to prevent any third party, without its consent, to use a sign which is notably identical or similar to its trademark.

Similarly, Article 6 CTMR provides that a Community trademark is obtained through registration.

The claimant must prove that this first requirement is fulfilled by providing the court with a copy of the trademark registration which is still valid.

1. Depending on the ground of action, the trademark may need to have a reputation.

According to **Article 2.20, § 1, c) of the BCIP** *“the exclusive right to a trademark shall permit the owner to prevent any third party, without its consent, from using in business a sign which is identical or similar to the trademark for goods or services which are not similar to those for which the trademark is registered, **where the trademark enjoys a reputation** in the Benelux territory and where use of the sign without due cause would take unfair advantage of or be detrimental to the distinctive character or the repute of the trademark.”* (emphasis added).

Similarly, Article 9, § 1, c) CTMR, provides that *“(a) Community trade mark shall confer on the proprietor exclusive rights therein. 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 Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, **where the latter has a reputation** in the Community 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 Community trade mark”* (emphasis added).

The concept of reputation is not defined in the BCIP and was neither defined in the previous version of the BCIP, the Uniform Benelux Law on Trademarks nor in the CTMR or the Directive 89/104 to approximate the laws of the Member States relating to trade marks (hereinafter the « Trademark Directive ») which also provides a similar provision (Article 5.2).

Due to the different interpretations of the concept of reputation between the Member States, a preliminary ruling had been asked before the European Court of Justice which rendered a decision on 14 September 1999 in the case C-375/97 (General Motors Corporation / Yplon SA - Chevy).

The European Court of Justice stated that *“in order to satisfy the requirement relating to reputation, a registered trade mark must be known by a **significant part of the public concerned** by the products or services which it covers.”*

How this element has to be proven? In its Chevy judgment, the European Court of Justice stated that *“in examining whether this condition (of reputation) is fulfilled, the national court must **take into***

consideration all the relevant facts of the case, in particular the **market share** held by the trade mark, the **intensity, geographical extent and duration of its use**, and the **size of the investment made by the undertaking in promoting it**. Territorially, the condition is fulfilled when the trade mark has a reputation in a substantial part of the territory of a Member State since, failing closer definition of requirements under Community law on this point, a trade mark cannot be required to have a reputation 'throughout' the territory of the Member State." (emphasis added). The trademark does not have to be known by a given percentage of the public concerned.

However, in case of application of **Article 2.20, § 1, d) of the BCIP**, the **trademark does not need to have a reputation**. Indeed, this provision stipulates that the exclusive right in a trademark shall permit the owner to prevent any third party, without its consent, from using a sign for purposes other than those of distinguishing the goods or services, where use of the sign without due cause would take unfair advantage of or be detrimental to the distinctive character or the repute of the trademark.

1. There must be a **link or association with the trademark**.

The European Court of Justice in its Adidas judgment (Câ 408/01) of 23 October 2003 stated that "the infringement referred to in Article 5.2 of Directive 89/104, where they occur, are the consequence of a certain degree of similarity between the mark and the sign, by virtue of which the relevant section of the public makes a connection between the sign and the mark, that is to say, establishes a **link between them even though it does not confuse them**." (emphasis added).

This is also notably confirmed in the Interflora judgment (Câ 323/09) of the European Court of Justice of 22 September 2011 that stipulated that "the exercise of that right by the proprietor of the trade mark with a reputation is not conditional upon there being a likelihood of confusion on the part of the relevant section of the public (Adidas-Salomon and Adidas Benelux, paragraph 31, and Case Câ 487/07 L'Oréal and Others, paragraph 36)."

How can this element be proven?

In its Adidas judgment as well as in its Intel judgment (C-257/07) of 27 November 2008, the European Court of Justice added that "the existence of such a link must just like a likelihood of confusion **be appreciated globally, taking into account all factors relevant to the circumstances of the case** (see, in respect of the likelihood of confusion, [Case Câ 251/95] SABEL [[1997] ECR I-6191], paragraph 22, and [Case C-425/98] Marca Mode [[2000] ECR I-4861], paragraph 40)." (emphasis added).

In the Intel judgment, the Court enumerates the criteria to assess whether such a link exists:

- "the degree of similarity between the conflicting marks;
- the nature of the goods or services for which the conflicting marks were registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public;
- the strength of the earlier mark's reputation;
- the degree of the earlier mark's distinctive character, whether inherent or acquired through use;
- the existence of the likelihood of confusion on the part of the public."

1. There must be a **potential future advantage**, but not an actual advantage.

The European Court of Justice in its Bellure judgment (Câ 487/07) of 18 June 2009 stated that "the concept of 'taking unfair advantage of the distinctive character or the repute of the trade mark', also referred to as, *inter alia*, 'free-riding', relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation".

Moreover, in its Interflora judgment of 22 September 2011 (Câ[[[323/09) the European Court of Justice added that *“it cannot be denied that, where a competitor of the proprietor of a trade mark with a reputation selects that trade mark as a keyword in an internet referencing service, the purpose of that use is to take advantage of the distinctive character and repute of the trade mark. In fact, that selection is liable to create a situation in which the probably large number of consumers using that keyword to carry out an internet search for goods or services covered by the trade mark with a reputation will see that competitor’s advertisement displayed on their screens. Nor can it be denied that, when internet users, having studied the competitor’s advertisement, purchase the product or service offered by the competitor instead of that of the proprietor of the trade mark to which their search originally related, that competitor derives a real advantage from the distinctive character and repute of the trade mark. (...) It is clear from those particular aspects of the selection as internet keywords of signs corresponding to trade marks with a reputation which belong to other persons that such a selection can, in the absence of any ‘due cause’ as referred to in Article 5(2) of Directive 89/104 and Article 9(1)(c) of Regulation No 40/94, be construed as a use whereby the advertiser rides on the coat-tails of a trade mark with a reputation in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of its own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark. If that is the case, the advantage thus obtained by the third party must be considered to be unfair”* (emphasis added).

The following elements are not required:

1. The infringer does not have to act in bad faith.
2. No change in the economic behavior of consumers is required.

5) Further to question 4):

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

As mentioned under question 4, the trademark does not have to be known by a given percentage of the public concerned. There is no specific degree of reputation required.

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

The claimant.

c) must the use at issue cause confusion?

no

Please comment:

No. The European Court of Justice in its Adidas judgment (Câ[[[408/01) of 23 October 2003 stated that *“it must be noted at the outset that (...) Article 5(2) of the Directive establishes, for the benefit of trade marks with a reputation, a form of protection whose implementation does not require the existence of such a likelihood.”*

However, if there is a likelihood of confusion, this increases the potential future prejudice.

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

yes

Please comment:

Article 2.20, § 1, c) of the BCIP, Article 9, § 1, c) CTMR and Article 5.2 of the Trademark Directive only refer to the situation where the goods/ services are dissimilar.

However, in its Davidoff judgment (case C-292/00) of 9 January 2003, the European Court of Justice confirmed that these provisions are also applicable in case of identity or similarity between the goods and services.

Indeed, the European Court of Justice stated that *“Article 5.2 of the Directive 89/104 must not be interpreted solely on the basis of its wording, but also in the light of the overall scheme and objectives of the system of which it is a part. Having regard to the latter aspects, that article cannot be given an interpretation which would lead to marks with a reputation having less protection where a sign is used for identical or similar goods or services than where a sign is used for non-similar goods or services. On this point, it has not been seriously disputed before the Court that, where a sign is used for identical or similar goods or services, a mark with a reputation must enjoy protection which is at least as extensive as where a sign is used for non-similar goods and services.”*

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

A likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor is not a relevant requirement.

Indeed, the European Court of Justice in its Bellure judgment (Câ 487/07) of 18 June 2009 stated that *“Article 5.2 of Directive 89/104 must be interpreted as meaning that the taking of unfair advantage of the distinctive character or the repute of a mark, within the meaning of that provision, **does not require** that there be a likelihood of confusion or **a likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor.** The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by that third party of the distinctive character or the repute of that mark where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark’s image”* (emphasis added).

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?:

Belgian law contains a number of defences against and/or limitations to the protection against parasitism and free riding.

a) The concept of "due cause"

Pursuant to Article 2.20, § 1, c) of the BCIP and Article 9, § 1, c) of the CTMR, protection is granted to the owner of a trademark with reputation when a third party uses, without due cause, in business, a sign which is identical or similar to its trademark and where such use would take unfair advantage of the reputation of the trademark. This means that where the third party using a sign which is identical or similar to the trademark with reputation can prove that he uses the sign with due cause, the trademark owner will not be entitled to benefit from the protection against free riding.

This concept of 'due cause' can also be found in Article 2.20, § 1, d) BCIP which provides protection to a

trademark owner when a third party uses a sign, for purposes other than those of distinguishing the goods or services, where use of the sign without due cause would take unfair advantage of the distinctive character or the repute of the trademark.

In order to establish due cause, a reason justifying the use of the trademark is required^[41].

The Benelux Court of Justice has considered the following in respect of the concept of 'due cause':

In the *Klarein* case^[42], the Benelux Court of Justice stated that it is not possible to define *in abstracto* the criteria for determining the presence or absence of due cause.

According to the Court, there must be an absolute need for the third party to use a particular sign or the third party must have an own right which is not outweighed by the trademark holder's right.

The circumstances that the sign which is similar to the trademark with reputation is particularly appropriate to designate the product on which it is used and/or that in the past, the user has used the sign on that product or on similar products do not constitute a use with due cause.

In this case, the defendant was prevented from calling a detergent product "Klarein", in view of the well-known mark of a Dutch gin, "Claeryn", based on the assertion that the use on a detergent would negatively affect the persuasive power of the mark for gin.

In another case, the Benelux Court of Justice held that the mere interest of a third party to express its nationality cannot constitute a use with due cause of the trademark^[43].

The interpretation given by the Benelux Court of Justice is rather severe. As a consequence, the defence of due cause has almost never been recognized by the national courts.

The case-law of the European General Court appeared to be pointing in the same direction with regard to Community trademarks^[44].

More recently, the European Court of Justice^[45] has given a much more balanced interpretation of the concept of 'due cause'.

The Court reminded that the purpose of the Trademark Directive is generally to strike a balance between the interest which the proprietor of a trademark has in safeguarding its essential function, on the one hand, and the interests of other economic operators in having signs capable of denoting their products and services, on the other^[46]. The interests of a third party in using, in the course of trade, a sign similar to a mark with reputation must be considered in the light of the possibility for the user of that sign to claim 'due cause'.

The European Court of Justice considered that the concept of 'due cause' may not only include objectively overriding reasons (*i.e.* the need to use the disputed sign), but may also relate to the subjective interests of a third party using a sign which is identical or similar to the mark with a reputation^[47]. The concept of 'due cause' is intended to strike a balance between the interests in question, by taking account of the interests of the third party using that sign^[48].

The Court has not provided a precise definition of the concept of 'due cause' but invites the national courts to perform this balancing exercise before accepting or rejecting the defence.^[49]

In respect of the conditions under which the prior use of a sign which is similar to a trademark with reputation may be covered by the concept of 'due cause', the European Court of Justice has stated the following:

"the proprietor of a trade mark with a reputation may be obliged, pursuant to the concept of 'due cause' within the meaning of that provision, to tolerate the use by a third party of a sign similar to that mark in relation to a product which is identical to that for which that mark was registered, if it is demonstrated

that that sign was being used before that mark was filed and that the use of that sign in relation to the identical product is in good faith."

In order to determine whether the prior use by a third party of a sign similar to a trademark with reputation may constitute 'due cause', the national court must take into account, in particular¹⁰¹:

- how that sign has been accepted by, and what its reputation is with, the relevant public;
- the degree of proximity between the goods and services for which that sign was originally used and the product for which the mark with a reputation was registered; and
- the economic and commercial significance of the use for that product of the sign which is similar to that mark.

It is for the national courts to determine for each particular case whether these conditions are met.

b) Comparative advertising

Comparative advertising also constitutes a defence or limitation to the protection against free riding.

Article VI.17 of the Belgian Code of Economic Law lists the conditions under which comparative advertising may not be prohibited. One of the conditions states that comparison may not take unfair advantage from the notoriety of a competitor's trade mark, trade name or other distinctive sign.

In the O2 case¹¹¹, the European Court of Justice held that a trademark owner is not entitled to prevent, on the basis of the provisions of trademark law, the use by a third party of a sign that is identical or similar to his trademark in a comparative advertisement which satisfies all the conditions laid down in the directive on comparative advertising, under which comparative advertising is permitted.

However, the European Court of Justice only addressed Article 5(1) (b) of the Trademark Directive (*i.e.* use of an identical or similar mark in relation to identical or similar services where there exists a likelihood of confusion on the part of the public) and not the case of free riding.

c) Article 2.23 of the Benelux Convention on Intellectual Property

Certain types of trademark uses have been permitted as legitimate forms of trading.

Article 2.23 of the BCIP states that:

1. *"The exclusive right shall not imply the right to challenge a third party over the use in business of:*
 - a. *its name and address;*
 - a. *indications relating to the kind, quality, quantity, intended purpose, value geographical origin or time of manufacture of a product or provision of a service or other characteristics thereof;*
 - a. *the trademark, where it is necessary in order to indicate the purpose of a product or service, particularly as an accessory or spare part;*

provided that such use is made in accordance with fair use in the conduct of industry or business.

1. *The exclusive right to a trademark shall not imply the right to challenge use in business of a similar sign which draws its protection from a prior right of local scope, if such right is recognized by the legal provisions of any Benelux country, within the limits of the territory in which it is recognized."*

We would like to underline the following elements :

- i. Use of own name

Each natural person may use his own name in order to identify himself. The holder of a trademark with

reputation is not entitled to prevent this person from using his own name.

- i. Indications relating to the kind, quality, quantity, intended purpose, value geographical origin or time of manufacture of a product or provision of a service

The Benelux Court of Justice^[12] has ruled that a trademark owner is not entitled to prevent a third party from using a word in order to indicate that its products or services are of the quality expressed by that word (in the present case "polyglot").

The European Court of Justice has also stated that *"the proprietor of a trade mark cannot rely on his exclusive right where a third party, in the course of commercial negotiations, reveals the origin of goods which he has produced himself and uses the sign in question solely to denote the particular characteristics of the goods he is offering for sale so that there can be no question of the trade mark used being perceived as a sign indicative of the undertaking"*^[13].

This was already accepted by the Benelux Court of Justice case law, prior to the adoption of Article 2.23 BCIP^[14].

- i. Indication of compatibility

The case law allows use by car dealers who are not part of the trademark owner's dealer network of the latter's trademark under certain circumstances. The European Court of Justice has ruled^[15] that the trade mark owner is not entitled *"to prohibit a third party from using the mark for the purpose of informing the public that he carries out the repair and maintenance of goods covered by that trade mark and put on the market under that mark by the proprietor or with its consent, or that he has specialised or is a specialist in the sale or the repair and maintenance of such goods, unless the mark is used in a way that may create the impression that there is a commercial connection between the other undertaking and the trade mark proprietor, and in particular that the reseller's business is affiliated to the trade mark proprietor's distribution network or that there is a special relationship between the two undertakings"*.

"It is contrary to the directive for the proprietor of the BMW mark to prohibit the use of its mark by another person for the purpose of informing the public that he has specialised or is a specialist in the sale of second-hand BMW cars, provided that the advertising concerns cars which have been put on the Community market under that mark by the proprietor or with its consent and that the way in which the mark is used in that advertising does not constitute a legitimate reason (...) for the proprietor's opposition"^[16].

In respect of the sale of accessory and spare parts, the European Court of Justice has decided in the *Gillette* case^[17] that *"use of a trade mark by a third party who is not its owner is necessary in order to indicate the intended purpose of a product marketed by that third party where such use in practice constitutes the only means of providing the public with comprehensible and complete information on that intended purpose in order to preserve the undistorted system of competition in the market for that product"*.

The European Court of Justice also considered that *"Where a third party that uses a trade mark of which it is not the owner markets not only a spare part or an accessory but also the product itself with which the spare part or accessory is intended to be used, such use falls within the scope of Article 6(1)(c) of Directive 89/104 in so far as it is necessary to indicate the intended purpose of the product marketed by the latter and is made in accordance with honest practices in industrial and commercial matters."*

- i. Fair use

Abovementioned types of uses should however be made in accordance with fair use in the conduct of industry or business. Those uses are not allowed under all circumstances.

In the *Gillette*-case, the European Court of Justice has specified the condition of "honest use":

"The condition of 'honest use' within the meaning of Article 6(1)(c) of Directive 89/104, constitutes in substance the expression of a duty to act fairly in relation to the legitimate interest of the trademark owner.

The use of the trade mark will not be in accordance with honest practices in industrial and commercial matters if, for example:

- it is done in such a manner as to give the impression that there is a commercial connection between the third party and the trade mark owner;
- it affects the value of the trade mark by taking unfair advantage of its distinctive character or repute;
- it entails the discrediting or denigration of that mark;
- or where the third party presents its product as an imitation or replica of the product bearing the trade mark of which it is not the owner ^[18].

Whether the product marketed by a third party has been presented as being of the same quality as, or having equivalent properties to, the product whose trade mark is being used is a factor which the referring court must take into consideration when it verifies that that use is made in accordance with honest practices in industrial or commercial matters."

i. Earlier rights

As stated in Article 2.23, § 2 BCIP, "The exclusive right to a trademark shall not imply the right to challenge use in business of a similar sign which draws its protection from a prior right of local scope, if such right is recognized by the legal provisions of any Benelux country, within the limits of the territory in which it is recognized".

Pursuant to this provision, the trademark owner is not entitled to prevent the owner of a trade name which is earlier to the trademark from using its trade name.

The mark or sign must have been in continuous use since a date before the registered trademark was used or registered. A person entitled to such an earlier right may take advantage of this defence where his right to protection applies only "in a particular locality".

Footnotes

1. [EGC, 6 July, 2012, T-60/10, point 68.](#)
2. [Benelux Court of Justice, 1 March 1975, Klarein, A 74/1.](#)
3. [Benelux Court of Justice, 22 May 1985, Lux-Talc, A 83/1.](#)
4. [E. Cornu, "Le "juste motif": de la nécessité à l'intérêt légitime", Ing.-Cons., 2014, p.117-118 citing EGC, 7 December 2010, La Perla, T-59/08; EGC, 25 March 2009, Spaline, T-21/07; EGC, 26 September 2012, Citigate, T-301/09; EGC, 16 April 2008, Citigroup and Citibank v OHIM and Citi, T-181/05; EGC, 10 May 2007, Nasdaq, T-47/06.](#)
5. [ECJ, 6 February 2014, Red Bull / Leidseplein, C-65/12, Ing.-Cons., 2014/1, 103 and observations E. Cornu, "Le "juste motif": de la nécessité à l'intérêt légitime" ; J. Muyldermans, « Voorgebruik als geldige reden ? », IRDI, 2014/3, 567.](#)
6. [ECJ, 27 April 2006, Levi Strauss, C-145/05, paragraph 29.](#)
7. [ECJ, Red Bull, paragraph 45.](#)
8. [ECJ, Red Bull, paragraph 46.](#)
9. [E. Cornu, op.cit., Ing.-Cons., 2014, p. 120.](#)
10. [ECJ, 6 February 2014, Red Bull, ibidem, paragraphs 53-59.](#)
11. [ECJ, 12 June 2008, O2 v. Hutchison 3G, C-533/06](#)
12. [Benelux Court of Justice, 16 June 1995, A-94/1.](#)
13. [ECJ, 14 May 2002, Hölteroff Freiesleben, C-2/00.](#)

14. [^ Benelux Court of Justice, 5 October 1982, Wrigley, A 81/4.](#)
15. [^ ECJ, 23 February 1999, BMW, C-63/97.](#)
16. [^ ECJ, 23 February 1999, BMW, op.cit., point 50](#)
17. [^ ECJ, 17 March 2005, Gillette, C-228/03](#)
18. [^ See for example : Antwerp, 19 January 2015, "Laser", ICIP-Ing.-Cons., 2015/1.](#)

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 Belgian law, the party claiming defences and/or limitations bears the burden to prove the required conditions are met.

In respect of the fair use element, it is for the trademark owner to prove that the defendant does not meet the requirements.

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?

A study of Belgian case-law learns that the defence against an infringement claim on the basis of a free riding situation, has been invoked in circumstances relating to political campaigns^[1], comparative advertising^[2], the fact of offering goods under or in relation to the actual trademark^[3], the pretended generic nature of the sign^[4] and, in a rare case, on the basis of freedom of expression without political intent^[5]. It seems however that only the defence of a - permissible - comparative advertisement has been successful. However, since comparative advertising can only be allowed in case all conditions set out in Article VI.17 of the Belgian Code of Economic Law are fulfilled, among which the condition - sub 7° of the article - that the advertisement does not create an unfair advantage due to the reputation of a trademark, trade name or other distinctive sign of a competitor. In view of this condition only the factual appreciation remains whether or not the use of the competitor's trademark is justified or merely used to create an unfair advantage.

Furthermore, in the Belgian scholar it is held that there should be a fair balance between intellectual property rights and the fundamental human rights such as the right to freedom of expression or the right to information^[6]. However, this has currently not yet been translated into Belgian case-law.

Notwithstanding the outcome of each case, it is clear that the defence is always linked to specific circumstances and only intends to obtain a (temporarily) right to use the trademark under the circumstances that gave rise to the specific defence (the specific campaign or publicity).

In case a free rider can invoke a ground for justification, this might - theoretically - lead to a possible new trademark registration if the filing of such trademark cannot be considered :

- i. an infringement of Article 2.20, § 1, c) of the BCIP or
- ii. a filing in bad faith according to Article 2.4 sub f) of the BCIP.

Article 2.3, sub c) BCIP states that within the filing process, the existing rights resulting from already filed well known trademarks regarding similar, non-comparable goods or services, if the use of the younger trademark would, without due cause take unfair advantage of the notoriety or reputation of the older trademark. Article 2.28, § 3, a), BCIP allows to file a claim in nullity of such younger filing.

There is no similar provision relating to the protection on the basis of Article 2.20, § 1, d) BCIP. Hence, a trademark holder that can invoke the protection of Article 2.20, § 1, d), BCIP but who is not entitled to invoke the protection of Article 2.20, § 1, c), BCIP must rely on a “bad faith”-reasoning in order to see such younger trademark annulled. This leads to the theoretical conclusion that it might be possible – in case of a not well known trademark and in case the conditions to conclude to a filing in bad faith are not met – that a free rider obtains proper trademark rights. However, the conditions for a filing in bad faith do not require a malicious intent but merely a knowledge^[2] of the prior use, this will rarely happen.

Footnotes

1. [^] *Pres. Com. Court Antwerp 9 May 2014, ICIP, 2014, 477; Pres. Com. Court Antwerp 14 October 2013, RABG 2013, 1476; Rb. Namur 29 September 2008, JLMB 2011, 770*
2. [^] *Liège 29 April 2014, ICIP 2014, 572; Antwerp, 9 October 2000, AM 2001, 287; Liège 2 May 1991, RRD 1991, 462; Pres. Com. Court Brussels 25 February 2002, Jaarboek Handelspraktijken en Mededinging 2002, 156; Pres. Com. Court Leuven 26 March 2002, Jaarboek Handelspraktijken en Mededinging 2002, 170; Pres. Com. Court Brussels 10 July 2001, Jaarboek Handelspraktijken en Mededinging 2002, 222; Pres. Com. Court Antwerp 16 March 2000, Jaarboek Handelspraktijken en Mededinging 2000, 101.*
3. [^] *Brussels 11 February 2009, IR DI 2009, 174; Com. Court Liège 24 November 2006, JLMB 2008, 926*
4. [^] *Com. Court Brussels 26 February 2003, IR DI 2003, 65.*
5. [^] *Brussels 9 October 2012, Bull. BMM 2012, 175; Brussels, 15 February 2011, Auteurs & Média, 2001, and observ. D. Voorhoof; E. CORNU and B. DOCQUIR, “L’usage des réseaux sociaux : entre droits intellectuels, liberté d’expression et vie privée”, in “Les réseaux sociaux et le droit”, Larcier, 2014, p. 51-52, spec. p. 81/83; see also Brussels 20 October 2011, IR DI 2012, 185, for a somewhat related topic that, however, did not relate to the trademark as such but to an identical name and did not actually based the defence on a freedom of expression ground.*
6. [^] *C. DECONINCK, “Merken en vrijheid van meningsuiting: zoeken naar een fair balance”, RAGB, 2013, 1483; V. RAUS, “Merkenrecht en vrijheid van meningsuiting. Kanttekeningen bij enkele Belgische beslissingen.”, Bull. BMM, 2013, 9; F. GOTZEN and M.-C. JANSSENS, Wegwijs in het intellectueel eigendomsrecht, Brugge, Vanden Broele, 2012, 188-189; A. BRAUN and E. CORNU, “Précis des marques”, Larcier, 2009, p. 471-472; B. MICHAUX, “La BD et la liberté d’expression face à la marque et aux droits d’auteur des tiers” in “Bande dessinée et droit d’auteur”, E. CORNU, éd. Larcier, 2009, p. 90-91; J. VAN DEN BERG and M. HAAK, “IE-rechten en uitingsvrijheid, naar een fair balans”, BMM Bulletin, 2013/1, p. 2-7; V. RAUS, “Merkenrecht en vrijheid van meningsuiting”, BMM Bulletin, 2013/1, p. 8-10; E. CORNU and B. DOCQUIR, op. cit., p. 82.*
7. [^] *The circumstance in which the filing party ought to know about the prior use is assimilated to actual knowledge of the filing party in case the use refers to use of the older trademark within the Benelux territory.*

9) Can the protection be invoked in:

a) court in civil proceedings;

yes

Please comment:

Protection can be invoked in all kinds of commercial litigation, including provisional matters.

b) court in other proceedings;

yes

if so what other proceedings (e.g. criminal proceedings):

In answer to the previous questions, it has been clarified that the protection against free riding can find a legal basis in different texts, such as the rules on unfair competition, general tort law and Article 2.20, § 1, c) and d) BCIP. With regard to both legal grounds in trademark law (Article 2.20, § 1, c) and d) BCIP), according to Article XV.103, 1st paragraph, sub 1.a. of the Belgian Code of Economic Law, only Article 2.20, § 1, c) BCIP can be a basis for action in a criminal proceeding.

In contrast, the article in general tort law which may serve as a basis for protection against free riding (Article 1382 Civil Code) cannot form the basis for a criminal action. The same is true for the general article which prohibits any act contrary to honest market practices, which damages or could damage the professional interests of one or more businesses (Article VI.104 of the Code of Economic Law).

c) opposition proceedings;

no

Please comment:

Neither the protection on the basis of Articles 2.3, c) or 2.20, § 1, c) of the BCIP nor the protection on the basis of Article 2.20, § 1, d) of BCIP, nor the protection on the basis of other legal regimes (p.e. unfair trade practices or general tort law) can be invoked in an opposition proceeding. The scope of such an opposition is limited to the situations set out in Article 2.14, § 1 of the BCIP (identity or likelihood of confusion with a prior trademark).

d) any other?

no

Please comment:

There are no other (administrative) proceedings in which the protection can be invoked.

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

In case the protection is invoked in a criminal procedure, there is - according to Article XV.103, § 1, sub 1.a. of the Belgian Code of Economic Law - the additional requirement that the infringement is committed with a malicious or fraudulent intention.

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?:

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

no

Why not?:

One should also maintain the application of ordinary law in matters of civil liability (see Article 1382 Civil Procedure Code), as well as the application of Article 2.20, § 1, d) BCIP, which transposes in

Benelux law Article 5 § 5 of the Trademark Directive. This provision allows the holder of a trademark to oppose the use of an identical or similar sign “*other than for the purposes of distinguishing goods or services*”, where the use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the reputation of the trademark.

This provision is useful to oppose to “free-riding” uses which could intervene outside the course of trade, namely outside of a commercial or economic purpose. One may in this regard think about non commercial uses which could take unfair advantage of, or be detrimental to, the distinctive character or the reputation of the trademark. This could concern for instance the use of the trademark as title of a book or a press article, without “due cause”, and in particular without a legitimate exercise of the freedom of expression.

For instance, one will notice that the use, in the frame of an aggressive advertisement campaign against the use of tobacco by pregnant women, of a sign which is identical to a trademark registered to designate IT products, was considered as an infringement to this trademark, in the terms of Article 2.20, § 1, d), of BCIP^[1]. In the case at stake, it was more a case of dilution an infringement to the reputation of the earlier trademark, but one may not exclude that a similar case having a “free-riding” character may overcome^[2].

Article 2.20, § 1, d) BCIP, and the protection it offers against free-riding was also used by the Benelux case-law to fight against the abusive registration by a third party of a domain name which resembles to a protected trademark^[3].

Footnotes

1. [^] *La Haye, 19 December 2002, IER, 2003, p. 123.*
2. [^] *See A. Braun and E. Cornu, « Précis des marques », Larcier, 2009, 5ème éd. ; n° 414 à 414ter, p. 478 to 481.*
3. [^] *See for instance : Prés. trib. Luxembourg, 20 October 2000, Ing.-Cons., 2000, p. 406 ; A. Braun and E. Cornu, op. cit., Larcier, 2009, 5ème éd., n° 415bis, p. 482 and n° 415ter, p. 483.*

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

yes

Why?:

There should not be any other conditions than those mentioned above (see response to question 4).

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 proceedings mentioned above under question 9).

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 current legal framework and EU case-law are sufficiently clear. The Belgian group would, however, be in favor of opening the possibility to holders of a national or Community trademark with a reputation (but which are not ‘well known’ in the meaning of Article 6bis of the Paris Convention) to file opposition

against the registration of new Benelux trademarks which take unfair advantage of the earlier trademark (see new legislative proposals regarding new EU Trademark Directive). A modification of the BCIP is expected in this sense ¹¹.

Footnotes

1. ¹¹ See « *Position de l'ANBPPI sur les propositions de modification du système Benelux sur les marques présentées par l'OBPI le 24 mars 2009* », in www.aippibelgium/documents[<http://www.aippibelgium/documents>] .

III Proposals for harmonisation

15) Is harmonisation in this area desirable?

yes

Please comment:

It is always 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?

This is not applicable.

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:

It is the belief of the Belgian group that the taking unfair advantage of a trademark is a factual issue that has to be considered against the background of the specific circumstances of each case that may present itself. Therefore it is not considered desirable that a definition is put in place that restricts judges in appreciating de facts and circumstances of each specific case.

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

no

Please comment:

In view of the answer sub a. of this question, the belief is that there is no need for a specific definition of such similar use.

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

The provisions that are currently contained in art. 2.20, § 1, c) and in art. 2.20, § 1, d) of the BCIP in the

Trademark Directive provide an adequate protection to the owner of a trademark with reputation against free riding and parasitism.

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?

a) what level of reputation, if any, in the trademark should be required ?

The level of reputation that is currently required under Belgian law (namely as determined by the European Court of Justice¹): a trade mark that is known by a significant part of the public concerned by the products or services which it covers. In the Benelux territory, it is sufficient for the registered trade mark to be known by a significant part of the public concerned in a substantial part of that territory, which part may consist of a part of one of the countries composing that territory) is sufficient.

b) who should bear the burden of proof?

The trademark owner invoking the benefit of the protection against free riding should bear the burden of proof, as is currently the case.

Footnotes

1. ¹ [ECJ, 14 September 1999, Chévy, C-375/97.](#)

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.

The defences and limitations described under question 6 are adequate.

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

The free rider should bear the burden of proof in respect of any defences and/or limitations it wants to invoke, as is currently the case.

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

It should be possible to invoke the protection in all proceedings mentioned above under question 9) (see also responses to questions 13 and 14).

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.