



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	Bulgaria
Contributors name(s)	Elena MILLER
e-Mail contact	eb@ptmbojinov.com
Date	18-05-2015

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:

The Bulgarian Law on the Protection of Competition and the Bulgarian Law on Marks and Geographical Indications provide for protection against the taking of unfair advantage of trademarks, also referred to as "free riding" and "parasitism".

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.

The Law on the Protection of Competition sets out prohibitions for certain actions that fall within the

scope of the term “unfair competition”. All forms of “unfair competition” are defined through statutory provisions within the above referred to Law on the Protection of Competition. In this regard there are certain statutory prohibitions for particular actions that lead to taking unfair advantage of the reputation of a trademark.

The protection encompasses intellectual property rights (trade names, marks or geographical indication), as well as the other characteristic features, such as outer appearance, packaging, marking, name or others.

Firstly, the provision of Art. 35, para. 2 of the Law on the Protection of Competition prohibits the use of the trading name, mark or geographical indication identical or similar to those of other parties, in a manner that may lead to injuring the interests of competitors.

Secondly, the provision of Art. 35, para. 1 of the Law on the Protection of Competition prohibits the offering of goods or services whose appearance, packaging, marking, name or other features deceive or may lead to deception in respect of their origin, manufacturer, seller, method and place of manufacture, the source and manner of acquisition or purpose, the quantity, quality, nature, consumer properties and other substantial characteristics of the goods or services.

On the other hand, the Law on Marks and Geographical Indications provides that a cancellation action may be initiated against the registration of mark that has been applied for in bad faith. According to Art. 26, para. 3, pt. 4 of the Law on Marks and Geographical Indications the registration of a mark shall be cancelled at the request of any legally interested party, if the applicant has acted in bad faith when filing the application, that fact having been established by a valid court ruling.

Further the law on Law on Marks and Geographical Indications provides for grounds to file an opposition or cancellation against a trademark based on prior rights to a trademark with reputation, within which may be invoked the doctrine of the L'Oréal/Bellure decision.

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 protection against unfair competition are provided for under the provisions of competition law, which is subject to regulation by the Bulgarian Law on Protection of Competition.

The basis for protection against the filing of an application for registration of a mark in bad faith due to a similarity with an earlier mark with reputation, as well as cancellation of a registration based on earlier mark with reputation, are sought under the provisions of trademark law, which is subject to regulation under the Bulgarian Law on Marks and Geographical Indications.

An interaction between the legal actions, concerning the protection against unfair competition and “dilution” as part of free riding/parasitism, is not possible as the separate actions are brought before different institutions.

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?

1. The cause of action that is brought before the Commission for Protection of Competition for establishment of the fact of unfair competition includes the following elements:

- a. The infringer must impart to the goods offered by the same such an appearance, which resembles other goods or services, or to use in its activities a mark that resembles that of a competitor.
- b. The objective of the infringer's conduct is to mislead the customer, thus damaging the interests of competitors.
- c. Through his disloyal conduct the infringer aims at taking advantage of the mark of a competitor and at benefiting from the competitor's established reputation and good name. This presupposes that the imitated goods or services have established themselves among customers and have gained popularity on the market. The competitor's mark does not have to be registered for the territory of Bulgaria. The reputation of a mark is proved by submitting sufficient evidence that the mark has been used intensively for the period before filing the request for establishment of the fact of imitation.

The cause of action brought before the Bulgarian Patent Office for cancellation of a mark due to the fact that the same has been applied for in bad faith includes the following elements:

- a. The mark does not have to be registered for the territory of Bulgaria.
- b. It has to be established that the mark has been applied for in bad faith by the competent court. Therefore, an action for establishing that a mark has been applied for in bad faith has to be brought before the Sofia City Court. The plaintiff would have to prove that the mark on which the above action is based has gained a certain degree of reputation amongst the relevant Bulgarian public prior to the date of application of the opposed sign. The mark of the plaintiff does not have to be registered for the territory of Bulgaria. The reputation of a mark is proved by submitting sufficient evidence that the mark has been used intensively for the period before the date of filing of the application for registration of the opposed mark.
- c. It has to be proved that the applicant, who has acted in bad faith, has had knowledge of the existence of the plaintiff's mark towards the moment of filing the application for registration of the infringing mark. This can be proven by all legal means provided for in the procedural law.
- d. It does not have to be proved that the existence of the mark that has been applied for registration in bad faith has caused actual damages to the owner of the earlier mark. It is sufficient to establish a likelihood of confusion on part of the consumers, which creates a potential risk of injuring the legal interests of the owner of the earlier mark.

The cause of action brought before the Bulgarian Patent Office within an opposition or cancellation against a mark based on a rights to a prior mark with reputation includes the following elements:

- a. The mark has to cover the territory of Bulgaria through registration.
- b. The claimant would have to prove that the mark on which the above action is based has gained a certain degree of reputation amongst the relevant Bulgarian public prior to the date of application of the opposed sign. The reputation of a mark is proved by submitting sufficient evidence that the mark has been used intensively for the period before the date of filing of the application for registration of the opposed mark.

5) Further to question 4):

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

There has to be a sufficient degree of knowledge of the earlier mark amongst the relevant public, which is assessed on the basis of quantitative criteria. The mark has to be known by a significant part of the relevant public. All relevant facts must be taken into consideration in assessing the reputation of the earlier mark, and in particular the market share held by the mark, the intensity, geographical extent and duration of its use, and the size of investment made by the undertaking in

promoting it.

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

The burden of proof lies within the party that raises the relevant allegations.

c) must the use at issue cause confusion?

yes

If so, what degree of confusion is required, e.g. actual confusion, a likelihood of confusion and/or initial interest confusion (i.e. initial confusion which has been resolved at the time of purchase)?:

It is sufficient for a potential risk of damaging the interests of competitors to be created, not actual occurrence. It will be sufficient to prove that there is likelihood of confusion on part of the consumers, but we deem that the Patent Office will consider the doctrine within the L'Oréal/Bellure decision.

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

yes

Please comment:

Yes. The protection may be invoked under trademark law with regard to both similar and dissimilar goods/services.

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

All of the relevant requirements have been described in the answers above.

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?:

The defendant in an action for establishment of unfair competition that is initiated before the Commission for Protection of Competition can adduce evidence that the use of the mark by the same does not lead to confusion on part of the consumers and, therefore, the use does not create a potential risk for damaging the interests of the competitors.

The defendant in an action for establishing that a mark has been applied for in bad faith may adduce evidence that the same has not been aware of the existence of the earlier mark towards the moment of filing the application for registration. The defendant may also adduce evidence that the parallel existence of the processed mark and the earlier mark does not create likelihood of confusion on part of the relevant public.

Please note that in accordance with the Bulgarian Law on Marks and Geographical Indications there are certain limitations to the effect of a mark. The trademark owner is not entitled to prohibit third parties from using the following signs in the course of their business activity, provided that such use is not contrary to good faith in the business practice:

- the third party's personal name or address;
- indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the

- time of production of the goods or of rendering of the services, as well as other characteristics of the goods or services;
- the mark, where it is necessary to indicate the intended purpose of the goods or services, in particular as accessories or spare parts.

Another limitation to the protection against “free riding” may occur as a result of acquiescence of the owner of rights over an earlier trademark. In case the proprietor of an earlier mark has acquiesced for a period of five successive years in the use of a later mark, despite being aware of that use, the same shall not be entitled to invoke its earlier mark when requesting cancellation of the later mark or opposing its use in respect of the goods or services for which it has been used. Nevertheless, in the above-described cases the trademark owner may still request the cancellation of a later mark, provided that the same mark has been applied for in bad faith.

Possible further defenses that may be raised are comparative advertising and parody.

- 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 defendant bears the burden of proof with regard to all defenses and limitations .

- 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?

Please refer to the replies under 6) above and the provided exceptions like use of personal name, parody and comparative advertising which provide only right to permitted use but not right to trademark registrations.

- 9) Can the protection be invoked in:

- a) court in civil proceedings;

yes

Please comment:

Yes, within a bad faith claim.

The protection against imitation can be invoked in administrative proceedings that are brought before the Bulgarian Commission for Protection of Competition.

The protection against the registration of a mark that is identical or similar to an earlier mark and that covers goods or services that are identical or similar to those covered by an earlier mark can be invoked in an opposition proceedings initiated before the Bulgarian Patent Office.

The protection against an already registered mark that is identical or similar to an earlier mark and which is registered for goods or services that are identical or similar to those covered by an earlier mark may be invoked in administrative proceedings for cancellation of the later mark, if the same is applied for in bad faith or based on earlier rights to a mark with reputation.

The fact of filing a mark in bad faith may be established only by a court ruling and can, therefore, be proved only in the course of civil proceedings initiated before a civil court.

The owner of the earlier rights may file a claim for damages before a civil court.

b) court in other proceedings;

no

Please comment:

c) opposition proceedings;

yes

Please comment:

Yes, within an opposition based on mark with reputation claim.

d) any other?

yes

if so what, proceedings?:

Yes, an unfair competition law proceeding before the Commission for Protection of Competition. Cancellation proceeding based on similarity and mark with reputation claim before the Bulgarian Patent Office.

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

The different types of protection may be invoked before different institutions and the party that seeks protection has to meet the requirements of the particular proceedings.

In this regard, a common requirement for the different types of proceedings is that the party that seeks legal protection of its rights proves that the same has legal interest of lodging the particular request. Therefore, the owner of the earlier mark would have to establish that its rights and legal interests are or would potentially be affected by the actions of third parties.

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?

yes

Why?:

We deem that the provided definition strikes a fair balance between the interests of trademark owners and the market. But please note that in accordance with the Bulgarian law, taking of unfair advantage of a trademark is characterized also as a type of dilution.

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

yes

Why?:

Yes, in order to secure a fair balance between the right holder and freedom of the market.

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

yes

Why?:

We deem that the most important proceedings within which such right shall be invoked are the administrative before the Patent Office and civil.

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?

By considering unfair advantage separately away from the concept of "dilution".

III Proposals for harmonisation

15) Is harmonisation in this area desirable?

yes

Please comment:

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

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

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

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?

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.

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

N/A

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

N/A

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.

N/A