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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 Czech law provides protection against taking of unfair advantage of trademarks. According to the Czech law the basis for such protection is defined in the Act No. 89/2012 Coll., the Civil Code („Protection against Unfair Competition“) and the Act No. 441/2003 Coll., on Trade Marks.

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

no

Please comment:

There is not any special protection of use similar but outside the scope mentioned in WG in the laws or jurisdiction of the Czech Republic, because it could be eventually considered as an obstacle for a free market and competition. Furthermore, such use could be deduced from the laws providing the protection to the trademarks mentioned in par. I. as well as from the case law.

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 protection is called „Protection against Unfair Competition“ and it is set out in the Czech Civil Code. The protection is not expressly characterized as a “protection against dilution” but it has developed in the case law, according to which a trademark dilution is considered a result (consequence) of trademark infringement and the unfair competition, especially of a free riding on the reputation of someone else’s trademarks.

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?

According to the Czech law the basis for protection is defined in the Czech Civil Code (provisions on unfair competition) and the Trade Mark Act. All claims (unfair competition and trade mark) can be made simultaneously.

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?

In the civil proceedings usually both the trademark infringement and the unfair competition are claimed and then the following requirements of unfair competition have to be fulfilled cumulatively:

- i) same or similar signs (registered or non-registered) used in business, likelihood of confusion on the side of public between these signs
- ii) competitive conduct between the plaintiff and the defendant (in broad meaning),
- iii) which is contrary to good manners of the competition and
- iv) which may be detrimental to other competitors or consumers.

5) Further to question 4):

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

It is not necessary to prove the reputation of the respective trademark within the court proceedings in the Czech Republic; however the higher degree of reputation the trademark has, the broader protection it enjoys.

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

The plaintiff (the owner of the registered/non-registered sign) always bears the burden of proof and

has to establish that the defendant's conduct fulfils all the requirements of the law mentioned above, no matter if the trade mark is registered or not.

c) must the use at issue cause confusion?

no

Please comment:

The plaintiff does not have to prove an actual confusion on the side of the public, the likelihood of confusion is sufficient.

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

yes

Please comment:

The protection can be invoked mainly in case of similar goods/service; except the well-known and famous trademarks with good reputation that enjoy protection for dissimilar goods depending on degree of awareness of such a mark by the consumers. Our Office requires filing of documents proving the use of well-known-famous trademarks with a good reputation in each separate opposition proceedings. The stronger a trademark is the broader protection it has.

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

There are also other criteria which are relevant, such as the relevant market, relevant consumers, duration of rightful use of the sign by the plaintiff, duration of infringement, etc...

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 bears the burden of proof with respect to his defense. He has to establish that the use of the "conflicting" sign is not unfair due to its long term use, use in a good faith, use as a non-registered owner before the trade mark application was filed, no likelihood of confusion between the respective signs due to dissimilarity of the signs or different relevant public, etc...

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 always bears the burden of proof with respect to his defense.

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?

If a defense exists or only the limited protection is available (for example just for some goods and

services) the free rider is obliged to use the sign only within the allowed scope.

9) Can the protection be invoked in:

a) court in civil proceedings;

yes

Please comment:

In the civil proceedings usually both the trademark infringement and the unfair competition are claimed and then the following requirements of unfair competition have to be fulfilled cumulatively:

i) same or similar signs (registered or non-registered) used in business, likelihood of confusion on the side of public between these signs

ii) competitive conduct between the plaintiff and the defendant (in broad meaning),

iii) which is contrary to good manners of the competition and

iv) which may be detrimental to other competitors or consumers.

The requirements of unfair competition can be also considered as the limitations of the protection at the same time.

The plaintiff (the owner of the registered/non-registered sign) always bears the burden of proof and has to establish that the defendant's conduct fulfils all the requirements of the law mentioned above, no matter if the trade mark is registered or not. It is not necessary to prove the reputation of the respective trademark within the court proceedings in the Czech Republic; however the higher degree of reputation the trademark has, the broader protection enjoys. Also, the plaintiff does not have to prove an actual confusion on the side of the public, the likelihood of confusion is sufficient.

The defendant bears the burden of proof with respect to his defense. He has to establish that the use of the "conflicting" sign is not unfair due to its long term use, use in a good faith, use as a non-registered owner before the trade mark application was filed, no likelihood of confusion between the respective signs due to dissimilarity of the signs or different relevant public, etc...

Furthermore, the court considers also other criteria, such as the relevant market, relevant consumers, duration of rightful use of the sign by the plaintiff, duration of infringement, etc...

It is also possible to claim damages in the civil proceedings and/or an appropriate satisfaction (even in monetary form).

b) court in other proceedings;

yes

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

In criminal proceedings which have rather a repressive character, it is necessary to prove that the crime was committed and that the state interest was infringed. Unfortunately, many criminal "trademark infringement" cases are terminated during the police investigation (even before the case comes to the court) and the police recommend filing a lawsuit to the civil court. It is not very common way how to solve the trademark infringement cases in the Czech Republic.

c)	opposition proceedings;
	<p>yes</p> <p>Please comment:</p> <p>In the opposition proceedings, the requirements of unfair competition do not have to be fulfilled, the Office examines just the similarity of the trademarks and the risk (likelihood) of confusion on the side of the relevant public, eventually if the opposed trademark was filed bona fide. The protection can be invoked mainly in case of similar goods/service; except the well-known and famous trademarks with good reputation that enjoy protection for dissimilar goods depending on degree of awareness of such a mark by the consumers. Our Office requires filing of documents proving the use of well-known-famous trademarks with a good reputation in each separate opposition proceedings. The stronger a trademark is the broader protection it has.</p>

d)	any other?
	<p>no</p> <p>Please comment:</p> <p>No comment.</p>

10)	If the protection can be invoked in multiple proceedings, are there different requirements for different proceedings? If so, please state the requirements.
	The requirements are stated in par. 9 a), b) and c).

II Policy considerations and proposals for improvements of the current law

11)	Should there be protection against:
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a)	the taking of unfair advantage of trademarks as defined in these Working Guidelines; and/or
	<p>yes</p> <p>Why?:</p> <p>As stated above, the protection against taking of unfair advantage of trademarks has been set in the Trademark Act, in the Civil Code, as well as in the case law concerning the trademark infringement and the unfair competition. This basis for protection and the cause of action is relevant because it is necessary to have the clear rules before commencing any action.</p> <p>In this connection, the basis for protection/cause(s) of action is set sufficiently in the current law and the case law of the Czech Republic.</p>

b)	use that is similar but outside the scope of the definition in these Working Guidelines?
	<p>no</p> <p>Why not?:</p> <p>There is no need to have any other special protection, e.g. of use similar but outside the scope mentioned above in the laws or jurisdiction of the Czech Republic. It could be eventually considered as an obstacle for a free market and a competition. Furthermore, such use could be deduced from the laws providing the protection to the trademarks mentioned in pr. I. as well as from the case law.</p>

12)	Is the basis for protection or the cause of action relevant?
	yes
	Why?:
	Yes, the basis for protection is relevant. There always should be a cause when commencing any action.

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 mentioned in par. 9 - there should be more options available for subjects determined to defend their rights. The owners of the trademark (or non-registered signs) should have more possibilities how to proceed in case of the trademark infringement (opposition proceedings, civil proceedings, criminal proceedings).

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?
	Since the protection of trademarks is set in several laws in the Czech Republic and is constantly developed by the case law, there is no need to include another special definition of taking of unfair advantage of trademarks into the Czech legal system. As mentioned in par. 1., the Czech laws provide a number of options as to the trademark protection and the owner of the trademark (or non-registered sign) can choose how to proceed in case of the trademark infringement (opposition proceedings, civil proceedings, criminal proceedings).

III Proposals for harmonisation

15)	Is harmonisation in this area desirable?
	no
	Please comment:
	See par. 14.
	The basis for protection/cause(s) of action is set sufficiently in the current law and the case law of the Czech Republic.

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?
	The protection should be available everywhere.

17)	Should there be harmonisation of the definition of:
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a) the taking of unfair advantage of trademarks as defined in these Working Guidelines; and/or

no

Please comment:

Any additional harmonization is not necessary; moreover, it could complicate the simply established rules of the trademark protection.

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

no

Please comment:

There is no need of any harmonization in this area either because it could be eventually considered as an obstacle for a free market and a competition. Furthermore, such use could be deduced from the laws providing the protection to the trademarks mentioned in pr. I. as well as from the case law.

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

The basis for protection/cause(s) of action is set sufficiently in the current law and the case law of the Czech Republic. However it would be an improvement to include a special law of unfair advantage of trademarks into the Czech legal system.

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?

As to the requirements for protection - the level of reputation alone (itself) shall not be the condition for granting a protection and there are other requirement, such as the relevant public, use in a good faith, use as a non-registered owner before the trade mark application was filed, time and territory of use, that should be also considered when deciding about granting a protection to the trademark.

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.

Based on the requirements mentioned above, the possible defense arises from the requirements for granting the protection to the trademark according to the Trade Mark Act and from the provisions about unfair competition and the defendant (the infringer) shall bear the burden of proof in respect of any defenses and/or limitations.

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

The defendant should bear the burden of proof in respect of any defense or/and limitation.

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

The protection should be invoked in civil proceedings, opposition proceedings, criminal proceedings.

Summary

Since the protection of trademarks is set in several laws in the Czech Republic and is constantly developed by the case law, there is no need to include another special definition of taking of unfair advantage of trademarks into the Czech legal system. As mentioned in par. I., the Czech laws provide a number of options as to the trademark protection and the owner of the trademark (or non-registered sign) can choose how to proceed in case of the trademark infringement (opposition proceedings, civil proceedings, criminal proceedings).

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.

No comment.