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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:

Both the German Act relating to the protection of trademarks and other signs (MarkenG)^[1] and the Community Trademark Regulation (CTMR)^[2] provide for protection against the taking of unfair advantage of trademarks as defined in these Working Guidelines. Further provisions are included in the German Unfair Competition Act^[3] and the German Civil Code (BGB)^[4].

Footnotes

- ¹ http://www.gesetze-im-internet.de/englisch_markeng/act_on_the_protection_of_trade_marks_and_other_symbols_trade_mark_act.pdf[http://www.gesetze-im-internet.de/englisch_markeng/act_on_the_protection_of_trade_marks_and_other_symbols_trade_mark_act.pdf]
- ² [Council Regulation \(EC\) No 207/2009 of 26 February 2009 on the Community trade mark](http://eur-lex.europa.eu/legal-content/EN/REGULATIONS/?uri=CELEX:32009R0207), see:

https://oami.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/ctm_legal_basis/ctmr_en.pdf
https://oami.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/ctm_legal_basis/ctmr_en.pdf

3. [^](#) Gesetz gegen den unlauteren Wettbewerb of 3 July 2004 (UWG), see: http://www.gesetze-im-internet.de/englisch_uwg/the_act_against_unfair_competition.pdf
http://www.gesetze-im-internet.de/englisch_uwg/the_act_against_unfair_competition.pdf
4. [^](#) Bürgerliches Gesetzbuch of 18 August 1896 (BGB), see: http://www.gesetze-im-internet.de/englisch_bgb/german_civil_code.pdf
http://www.gesetze-im-internet.de/englisch_bgb/german_civil_code.pdf

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 protection can be found in several statutory provisions.

a) Section 14 (2) no. 3 MarkenG^[1] reads as follows:

“Third parties not having the consent of the proprietor of the trademark shall be prohibited from using in the course of trade ... any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark enjoys protection, where the latter has a reputation in the Federal Republic of Germany and where use of that sign without due course takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark”.

Section 9 (1) no. 3 MarkenG^[2] essentially corresponds to the legibility criteria provided in Section 14 (2) no. 3 MarkenG and provides the right to claim cancellation of a registered trademark having a later priority if there is the risk of taking unfair advantage of the earlier trade mark.

According to German practice^[3] the provisions of Section 14 (2) no. 3 and Section 9 (1) no. 3 MarkenG cover *four* separate case groups only *two* of them being within the scope of the definition of these Working Guidelines, namely the following:

- i. Use that takes unfair advantage of the distinctive character of a trademark
- ii. Use that takes unfair advantage of the repute of a trademark
- iii. Use that its detriment to the distinctive character of a trademark
- iv. Use that its detriment to the repute of a trademark

Case groups (i) and (ii) covers situations of “free riding” and “parasitism” as defined in paragraph 27 of these Working Guidelines. Case group (iii) covers dilution which is explicitly excluded from the definition of these Working Guidelines. It follows that in Germany the protection against taking unfair advantage of trademarks is not considered as a form of protection against dilution but certainly cases can overlap. Also, case group (iv) covering cases where the repute of a trademark is at risk can overlap with case groups (i) and (ii) but it is our understanding that case group (iv) is generally not within the scope of the definition of these Working Guidelines. We recognize that Question 245 is focusing on the free riding

and parasitism aspect and not so much on the possible detriment effect to a trademark.

It shall be noted that the European Court of Justice classifies said provisions (or the corresponding European ones) slightly different and only divides them into *three* class groups by combining class group (i) and (ii) to one joined type of injury, namely “unfair advantage taken of the distinctive character or the repute of that mark”.^[4] Whether this different classification is merely theoretical or leads to different results in practice has not been clarified yet (see also below point 4 f.)

b) Further and relating to Community trademarks, Art. 8 (5) and Art. 9 (1) (c) CTMR provide provisions for protection against the taking of unfair advantage of trademarks. These provisions are almost identical to Section 14 (2) no. 3 and Section 9 (1) no. 3 MarkenG.

c) Sections 15 (3) MarkenG provides provisions for the protection of commercial designations against the taking of unfair advantage. The wording of Sections 15 (3) MarkenG corresponds to 14 (2) no. 3 MarkenG.

d) The German Unfair Competition Law also provides provisions in relation to the protection against the taking of unfair advantage of trademarks as defined in these Working Guidelines.

Section 4 no. 7 UWG reads as follows:

“Unfairness shall have occurred in particular where a person ... discredits or denigrates the distinguishing marks, goods, services, activities, or personal or business circumstances of a competitor.”

Section 4 no. 9 (b) UWG reads as follows:

“Unfairness shall have occurred in particular where a person ... offers goods or services that are replicas of goods or services of a competitor if he ... unreasonably exploits or impairs the assessment of the replicated goods or services.”

In relation to comparative advertising Section 6 (2) no. 4 UWG provides the following provision:

“Unfairness shall have occurred where a person conducting comparative advertising uses a comparison that ... takes unfair advantage of, or impairs, the reputation of a distinguishing mark used by a competitor.”

e) Finally, also the German Civil Code may provide protection against parasitism and free riding in special cases, in particular there are claims in Sections 826 and 823 (1) BGB (law of torts) as well as in section 12 BGB (right to a name).

Footnotes

1. [^] *The German legislator made use of the option provided in Art. 5 (2) of the European Trademark Directive (Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks, see: https://oami.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/ctm_legal_basis/ctm_directive_en.pdf[https://oami.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/ctm_legal_basis/ctm_directive_en.pdf]*
2. [^] *The German legislator made use of the option provided in Art. 4 (4) (a) of the European Trademark Directive.*
3. [^] *Ströbele/Hacker, Markengesetz, 11th edition (2015), Section 14 marginal no. 328; Ingerl/Rohnke, Markengesetz, 3rd edition (2010), Section 14 marginal no. 1354; Fezer, Markenrecht, 4th edition*

(2010), Section 14 marginal no. 798).

4. [ECJ GRUR 2009, 56, 58 Intel Corporation/CPM United Kingdom.](#)

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

As stated in point 2) above, the basis for the protection is German and European trademark law (MarkenG and CTMR), unfair competition law (UWG) and general civil law (BGB).

The interaction between these regulations has not been finally clarified in detail yet. In the past it was a general rule that in principle the above provisions of the MarkenG take precedence in their scope of application and supersede the other provisions, in particular the UWG^[1]. This had been questioned and intensively discussed after the implementation of the European Unfair Commercial Practices Directive to the UWG and it is now partially claimed that the MarkenG and the UWG are applicable in parallel.^[2] In relation to comparative advertising, the European Court of Justice however clarified that the provision on comparative advertising prevail and that the trademark owner is not entitled to prevent the use of its sign in a legitimate comparative advertisement.^[3] (see also below point 6 c.)

Yet the practical significance of the unfair competition and general civil law provisions is rather low and may be relevant in exceptional cases only e.g. in relation to signs not having a reputation, against a use not conducted in the course of trade or in case of a deliberate obstruction of competitors. In the following, we will focus on the provisions of the trademark law.

Footnotes

1. [Fundamentally Federal Court of Justice GRUR 1999, 161, 162 - MAC Dog.](#)
2. [Federal Court of Justice GRUR 2013, 1161 - Hard Rock Café.](#)
3. [ECJ GRUR 2008, 698, 702 - O2 und O2 \(UK\)/H3G.](#)

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

The elements of a cause of action according to Section 14 (2) no. 3 MarkenG and Section 9 (1) no. 3 MarkenG are the following:

- a. The claimant owns a registered or unregistered trademark. The trademark must be protected in Germany, be it in consequence of a trademark registration (Section 4 no.1 MarkenG), of use and market recognition (Section 4 no. 2 MarkenG) or by being well-known within the meaning of Art. 6 bis of the Paris Convention (Section 4 no. 3 MarkenG).
- b. The trademark must have a reputation. (see below point 5) a.)
- c. The infringing sign must be used in the course of trade. If the trademark is not used in the course of trade, protection can be claimed, under certain circumstances, on the basis of general civil law (Section 823 (1) BGB), e.g. if used in a political campaign.
- d. The infringing sign must be identical with or similar to the infringed trademark. According to German case law, when assessing the similarity of the signs the same criteria applies for the likelihood of confusion (Section 14 (2) no. 2 MarkenG) and the taking of unfair advantage (Section 14 (2) no. 3 MarkenG).^[4] Thus, in case the signs are different no protection can be claimed according to Section 14 (2) no. 3 MarkenG even if the public might somehow associate the non-similar sign with the

earlier trademark. The European practice somehow differs and it is required that due to the similarity between the mark with a reputation and the sign the relevant section of the public *establishes a link* between the sign and the mark.^[2] It follows that according to the European Court of Justice the degree of similarity between the signs might be lower when assessing the taking of unfair advantage of trademarks with a reputation than in connection with the assessment of a likelihood of confusion.

- e. The infringing sign must be used in relation to goods or services which are not similar to the goods and services for which the trade mark is protected. However, according to the European and German case law, the trademark owner can also object to the use for similar goods and services.^[3]
- f. The use must take advantage of the distinctive character *or* the repute of the trade mark. According to the European Court of Justice, said use occurs where a third party that uses a trademark having a reputation attempts to ride on the coat-tails of that mark 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 his own in that regard, the marketing effort expended by the proprietor of a mark in order to create and maintain the image of that mark.^[4] It is not required that there is 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.^[5] The existence of the *link between the trademarks* (see above in points 4 d.) is generally required since in the absence of such a link in the mind of the public, the use of the later mark is not likely to take unfair advantage of the distinctive character or the repute of the earlier mark. However, it is also clear that the existence of a link, in itself, is not sufficient. According to European practice it is necessary to undertake a global assessment, taking into account all factors relevant to the circumstances of the case, which include (i) the strength of the mark's reputation, (ii) the degree of distinctive character of the mark, (iii) the degree of similarity between the marks at issue and (iv) the nature and degree of proximity of the goods or services concerned.^[6] In the Intel-case it was further established by European Court of Justice that the fact that (i) the earlier mark has a huge reputation, (ii) the goods or services are dissimilar to a substantial degree (iii) the earlier mark is unique in respect of any goods or services, and (iv) for the average consumer the later mark calls the earlier mark to mind, is alone not sufficient to establish that the use of the later mark takes or would take unfair advantage of the distinctive character or the repute of the earlier mark.^[7] Often, a use that takes unfair advantage of the *distinctive character* overlaps with the use that takes unfair advantage of the *repute* a trademark but this is not always the case. In some cases the third party merely exploits the attention getting value of a trademark without participating from quality expectations. Whereas German case-law qualifies the taking of unfair advantage of the *distinctive character* and the taking of unfair advantage of the *repute* of trademark as two separate class groups which apply independently, the European instances take a different view and combine these cases to one joint case group (see above point 2 a.). In the WOLF III case (RENV T-570/10)^[8] the General Court held that in order to apply this class group, evidence is required of an association with the *positive qualities* of the earlier mark having a reputation which could give rise to manifest exploitation or free-riding. It has not been clarified yet whether this means that the mere exploitation of the attraction of a mark without participating from positive qualities is not sufficient. If so, the taking of unfair advantage of the *distinctive character* of a trademark would not be applicable independently.
- g. The use must be unfair. (see below point 6)
- h. The use must be without any due course. (see below point 6)

Footnotes

1. [^] Federal Court of Justice GRUR 2009, 672, 677 - OSTSEE-POST; Ströbele/Hacker, Markengesetz, 11th edition (2015), Section 14 marginal no. 299.
2. [^] ECJ GRUR 2004, 58, 60 Adidas/Fitnessworld.
3. [^] ECJ GRUR 2003, 240, 242 - Davidoff/Gofkid; Federal Court Of Justice GRUR 2004, 235, 238 - Davidoff II.
4. [^] ECJ GRUR 2009, 756, 763 (marginal no. 49) - L'Oréal/Bellure.
5. [^] ECJ GRUR 2009, 756, 763 (marginal no. 50) - L'Oréal/Bellure.

6. [ECJ GRUR 2009, 756, 763 \(marginal no. 44\) – L'Oréal/Bellure.](#)
7. [ECJ GRUR 2009, 56, 58 Intel Corporation/CPM United Kingdom.](#)
8. [Judgment of the General Court of 5 February 2015 in Case T-570/10 RENV \(WOLF III\).](#)

5) Further to question 4):

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

There is no fixed percentage for the degree of reputation. The reputation of a trademark shall be assessed in an overall view and comprehensive consideration including also economic elements. These relevant factors are (i) the market share held by the trademark, (ii) the intensity of its use, (iii) the geographical extent of that use, (iv) the duration of its use and (v) the size of the investment made the undertaking in promoting the trade mark.^[1] The reputation can be proven by way of a public market survey but it is not necessarily required nor is a survey alone without any supporting evidence sufficient.

According to German case law, the owner of a CTM can only claim protection for a trademark having a reputation in and with respect to those countries in relation to which the reputation had been proven.^[2] This is somehow inconsistent with the case law of the European Court of Justice which decided in the PAGO case that it is sufficient if the Community trademark is known in a *substantial part* of the territory of the European Community in order to prove that the trademark has a reputation.^[3]

Footnotes

1. [ECJ GRUR Int. 2000, 73, 76 – Chevy.](#)
2. [Federal Court of Justice GRUR 2013, 1239, 1244 – VOLKSWAGEN/Volks.Inspektion.](#)
3. [ECJ GRUR 2009, 1158, 1159 – PAGO/Tirolmilch; see also opinion of Advocate General Wahl of March 24, 2015, C-125/14 \(Iron & Smith Kft v. Unilever\): Must reputation for a CTM in one Member State be given in another Member State where protection of a mark having a reputation is claimed in opposition proceedings?](#)

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

The trademark owner mark must adduce proof that the use of the later mark would take unfair advantage of the distinctive character or the repute of the earlier trade mark (requirements stated above in point 4 a. to g.). When trademark owner has shown this, it is for the defendant to establish that there is due cause for the use of that mark (requirement stated above in point 4 hi.).

c) must the use at issue cause confusion?

no

Please comment:

A likelihood of confusion or any other confusion is not required. As stated above (in points 4 d. and f.) it is however required that the relevant section of the public *establishes a link* between the challenged sign and the earlier mark.

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

yes

Please comment:

See above in point 4. e.

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

The evidence of a change in the economic behaviour of the average consumer has been established by the European Court of Justice in the Intel and Wolf-cases (C-252/07 resp. C-383/12) as a condition in *dilution* cases solely. In paragraph 24 of the Working Guidelines it has been raised the question whether this condition also applies to the “taking unfair advantage” ground. As mentioned, there are no decisions in Germany requiring the change in the economic behaviour also in cases where the taking of unfair advantage of the repute or the distinctive character is concerned. From our point of view such an interpretation of the Intel and Wolf-cases would be not correct. According to the European Court of Justice an advantage taken by a third party of the distinctive character or the repute of the mark may be unfair, even if the use of the identical or similar sign is *not detrimental* either to the distinctive character or to the repute of the mark or, more generally, to its proprietor.^[1] Whereas dilution cases deal with the risk that the distinctive character of a trademark having a reputation might be damaged, “taking unfair advantage” cases primarily focus on the fact that the free rider exploits the repute or the distinctive character of the trademark. A detrimental effect for the older trademark (which could be a change in the economic behavior) is not (and in our opinion shall not be) required in free riding cases. This is also so far the position of the General court which has not even mentioned the criterion of change in the economic behaviour in respect of taking of unfair advantage of the repute or the distinctive character.^[2] For instance, in the WOLF III case, marginal nos. 42-65 deal with the risk of free-riding and do not mention with a single word the criterion of a change in the economic behaviour.^[3] Advocate General Wahl has as well expressed doubts to transfer the test to free-riding cases.^[4]

Footnotes

1. [^ ECJ GRUR 2009, 756, 763 \(marginal no. 43\) - L'Oréal/Bellure.](#)
2. [^ See most recently judgment of the General Court of 5 February 2015 in Case T-570/10 RENV \(WOLF III\), marginal no 50.](#)
3. [^ Judgment of the General Court of 5 February 2015 in Case T-570/10 RENV \(WOLF III\), marginal nos. 42-65.](#)
4. [^ Advocate General Wahl of March 24, 2015, C-125/14 \(Iron & Smith Kft v. Unilever, marginal no. 45.](#)

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 protection can be excluded in the following cases:

- a. The use is not unfair because the sign is used merely for decorative purposes. A trademark infringement is excluded in cases where the relevant section of the public views the sign *purely* as ornament or as decoration and it necessarily does not establish any link with a registered mark.^[1] However, also a decorative use of a trademark can infringe a trademark if the relevant public also (and next to the decorative purpose) will recognize the earlier mark and will thus establish a link. Somehow linked to this group is the use of the mark of the car manufacturer on toy cars. According to the opinion of the Federal Court of Justice, the use shall not be unfair given the “marketing traditions for decades.”^[2]

- b. The use is not unfair because it is used in a descriptive way or as an indication to name. According to Section 23 MarkenG the trademark owner shall not be entitled to prohibit third parties from using in the course of trade their own names or address or a sign that is used as an indication concerning the characteristics or properties of goods or services or to indicate the intended purpose. However, according to established case law, Section 23 MarkenG has no importance with regard to marks having a reputation, because descriptive use is considered to be not unfair and with due course within the meaning of Section 14 (2) no. 3 MarkenG.^[3]
- c. The sign is used in a legitimate comparative advertising. The proprietor of a registered trade mark is not entitled to prevent the use by a third party of an identical or similar sign in a comparative advertisement which satisfies all the conditions, laid down in Article 3a(1) of Directive 84/450^[4], under which comparative advertising is permitted.^[5] Directive 84/450 has been implemented in Germany in the UWG and as stated above in point 2. d. Section 6 (2) no. 4 UWG provides that a comparative advertisement shall be prohibited in case it takes unfair advantage of the reputation of a mark by a competitor.
- d. The use is justified according to the freedom of speech or freedom of art. A use may be justified in case the defendant may claim freedom of expression or freedom of art (e.g. trademark parody). According to German case law, in these cases the rights of a trademark owner and the fundamental right to freedom of expression or freedom of art have to be assessed directly against one another.^[6] In this regard the following circumstances are to be taken into account: (i) the intention of the person using the mark (ii) the importance of the topic expressed for forming a public opinion, as well as (iii) the form of the expression.
- e. The third party uses the mark in good faith. According to the European Court of Justice a use may with due cause if the defendant demonstrates that that sign was being used before the earlier 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 that is so, the following factors must be taken into account (i) how that sign has been accepted by, and what its reputation is with, the relevant public, (ii) 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 (ii) the economic and commercial significance of the use for that product of the sign which is similar to that mark.^[7]

Footnotes

1. [ECJ GRUR 2004, 58, 60 \(marginal no. 39 and 40\) - Adidas/Fitnessworld.](#)
2. [Federal Court of Justice GRUR 2010, 726, 729, marginal no. 30, OPEL-BLITZ II; Ströbele/Hacker, Markengesetz, 11th edition \(2015\), Section 14 marginal no. 361.](#)
3. [Ströbele/Hacker, Markengesetz, 11th edition \(2015\), Section 23 marginal no.6.](#)
4. [Council Directive 84/450/EEC of 10 September 1984 relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading advertising, see:
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31984L0450:EN:HTML>
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31984L0450:EN:HTML>](#)
5. [ECJ GRUR 2008, 698, 702 - O2 und O2 \(UK\)/H3G.](#)
6. [Federal Court of Justice GRUR 2005, 583 - Lila Postkarte; GRUR 2010, 161, 166 - Gib mal Zeitung.](#)
7. [ECJ GRUR 2014, 280, 282 - Red Bull/De Vries.](#)

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?

As stated above in point 5. b. the defendant bears the burden of proof regarding possible justifying reasons. The elements of "unfairness" and "due cause" overlap and a use that is with "due cause" shall be generally not "unfair".

8)	If a defence exists or only limited protection is available, what rights does that give the free rider? For example, may the free rider simply use the trademark or may the third party obtain a separate trademark registration in respect of the goods and/or services in respect of which the free rider is using the trademark?
	The third party merely has the right to use the trademark and not to register it.

9)	Can the protection be invoked in:
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a)	court in civil proceedings;
	yes
	Please comment:
	The owner of a trade mark shall be entitled to request inter alia cancellation of a conflicting registered trademark having a later priority ^[1] or shall have the right to prevent others e.g. from taking of unfair advantage of his mark. ^[2]
	Footnotes
	1. ^ <i>Federal Court of Justice, Case I ZR 59/13 - Springender Pudel.</i>
	2. ^ <i>Federal Court of Justice, GRUR 2013, 1239 - VOLKSWAGEN/Volks.Inspektion.</i>

b)	court in other proceedings;
	yes
	if so what other proceedings (e.g. criminal proceedings):
	At least in theory, the protection might be invoked in criminal proceedings. According to Section 143 (1) no. 2 MarkenG and Section 143a (1) no. 3 MarkenG anyone who infringes the rights of the proprietor of a German trademark or the rights of the proprietor of a Community trademark [with intent] shall be punished with up to three years' imprisonment or a criminal fine. It appears somewhat questionable whether these provisions satisfy the principle of legal certainty under constitutional law. ^[1]
	Footnotes
	1. ^ <i>Ingerl/Rohnke, Markengesetz, 3rd edition (2010), Section 143 marginal no. 10.</i>

c)	opposition proceedings;
	yes
	Please comment:
	According to Section 42 (2) no. 1, no. 2 MarkenG, Section 9 (1) no. 3 MarkenG an opposition can be based on a trademark having a reputation against later trademark (see above in point 4.).

d)	any other?
	no
	Please comment:

10)	<p>If the protection can be invoked in multiple proceedings, are there different requirements for different proceedings? If so, please state the requirements.</p>
	<p>Yes. There are different requirements for different proceedings, in particular:</p> <p>a. negligence or intent</p> <p>In civil proceedings intent or negligence on the side of the infringer is not a condition to injunctive relief. But negligence or intent on the side of the infringer is a prerequisite inter alia for a damage claim.</p> <p>In opposition proceedings intent or negligence on the side of the owner of a trademark having a later priority is not a requirement.</p> <p>In criminal proceedings intent on the side of the offender is a requirement.</p> <p>b. burden of proof and ex officio examination</p> <p>In civil proceedings the trademark owner bears the burden of proof that the use of the later mark would take unfair advantage of the distinctive character or the repute of the earlier trademark (requirements stated above in point 4 a. to g.).</p> <p>As a matter of principle, in opposition proceedings the German Patent and Trademark Office (DPMA) shall examine the facts of its own motion. However, in proceedings based on trademarks having a reputation DPMA takes into consideration only the facts known to the DPMA or provided by the trademark owner.^[1] Therefore the trademark owner has an obligation to prove that his trademark is known and that the use of the later mark would take unfair advantage of the distinctive character or the repute of his trademark.^[2]</p> <p>In criminal proceedings the law enforcement authority has to examine all relevant facts of its own motion. But the practical significance of trademarks having a reputation invoked in criminal proceedings is low. Moreover, as stated in point 9) c. above, it is questionable whether the provisions concerning the protection of well-known marks invoked in criminal proceedings satisfies the principle of legal certainty.</p> <p>Footnotes</p> <p>1. [^] <i>c.f. Section 1, Article 76 of Regulation No 207/2009 relating to Community trademarks states: "In proceedings before it [OHIM] shall examine the facts of its own motion; however, in proceedings relating to relative grounds for refusal of registration, [OHIM] shall be restricted in this examination to the facts, evidence and arguments provided by the parties and the relief sought."</i></p> <p>2. [^] <i>See Federal Court of Justice, GRUR 2006, 859, paragraph 33 - Malteserkreuz.</i></p>

II Policy considerations and proposals for improvements of the current law

11)	Should there be protection against:
	<p>a) the taking of unfair advantage of trademarks as defined in these Working Guidelines; and/or</p> <p>yes</p> <p>Why?:</p> <p>According to the observations of Advocate General Mengozzi the concept of unfair advantage clearly focuses on benefit to the sign used by a third party rather than on harm to the well-known mark.^[1] Therefore the advantage which an infringer gains from the use for his own products of a sign that is</p>

similar to another person's well-known mark could be in a manner which is unfair, although there is no impairment of the essential function of the mark of providing a guarantee of origin and no impact on the sales of the products identified by the well-known mark or on the return on the investments made in connection with that mark.^[2]

Footnotes

1. [^](#) *Opinion of Advocate General Mengozzi in Case C-487/07 L'Oréal/Bellure, paragraph 96.*
2. [^](#) *Opinion of Advocate General Mengozzi in Case C-487/07 L'Oréal/Bellure, paragraph 97.*

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

no

Why not?:

Because the use of a trade mark in a manner which is not unfair is a legitimate means of stimulating competition between competitors and the goods marketed by competitors.

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

yes

Why?:

Both are relevant, in particular the basis for protection.

On the one hand German and European trademark law (MarkenG and CTMR) provides in comparison to German Unfair Competition Law e.g. destruction and re-call rights (Section 18 MarkenG), Rights of submission and inspection (Section 19 a MarkenG), right to publish a judgment (Section 19 c MarkenG).

On the other hand, provided that the infringing party is a competitor, a claim of unfair competition might be possible in cases will not help rights owners to protect their marks: German Unfair Competition Law provides provisions relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services, where use of that sign without due cause takes unfair advantage (as considered by Art. 5 (5) of the EEC Trade Mark Directive). In such cases it is a further advantage to owners of trademarks that German Unfair Competition Law does not contain the provisions regarding the restrictions of protection of trademarks, e.g. the issue of use and an exclusion of rights for lack of use of a registered trademark. Further, German Unfair Competition Law provides the basis for protection of trademarks which are not (yet) registered as a trademark, e.g. marks consisting of an advertising slogan,^[3] against the taking of unfair advantage of such marks.

Footnotes

1. [^](#) *e.g. the slogan "Passion to Perform", Judgment of the General Court of 25 March 2014 in Case T-291/12 - Deutsche Bank v OHIM.*

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 also in criminal proceedings. However, as stated in point 9) c. above, in order to meet the requirements of the principle of legal certainty, it is advisable to

stipulate the preconditions of protection of a mark having a reputation under criminal law in more detail and to restrict criminal liability to willful infringements.

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?

There is room for further harmonisation also in the field of taking unfair advantage under Art. 5 (5) EEC Trademark Directive. This provision leaves it open to the Member States to introduce protection of trademarks also in cases, where for instance, the infringing sign is used as a company name and not as a trademark. A clear-cut national provision might be useful.

III Proposals for harmonisation

15) Is harmonisation in this area desirable?

yes

Please comment:

Harmonisation is desirable, as stated under question 14) above.

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?

No. The use of a trademark in a manner which is not unfair is a legitimate means of stimulating competition between competitors and the goods marketed by competitors.

17) Should there be harmonisation of the definition of:

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

yes

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

Harmonisation is desirable to make decisions more foreseeable and to clearly delimit the different types of protection. A definition might be based on the L'Oréal/Bellure decision (C-487/07), see working guidelines marginal no. 23: *"The advantage is unfair, if the intention is to ride on the coat-tails of the mark with the 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."*

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

no

Please comment:

In principle, there appears to be no need for protection outside the scope of the Working Guidelines.

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

The basis for protection should be trademark law. In exceptional cases, the law of unfair competition or the general civil law might give a basis, for instance in cases of deliberate obstruction or if the sign is not used in the course of trade (e.g. in a political campaign).^[1]

Footnotes

1. [△] *Ströbele/Hacker, Markengesetz, 11th edition (2015), Section 2 marginal no.61 et seqq: close up on reputed marks or use of a famous mark in a descriptive way (e.g. "BMW" as abbreviation for "Berlin Mitte Wohnungsvermittlungsgesellschaft").*

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 specific percentage of the public as a fixed threshold should not be required.^[1] Rather, the courts should assess whether a mark has a reputation on a case-by-case basis, taking into consideration all the relevant facts of the case. Factors are 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.^[2] A survey should not be mandatory. It should not be necessary to hear witnesses in case the plaintiff has submitted sufficient documents as to the repute of the mark at stake.

The burden of proof for all conditions for protection should be with the plaintiff.

Footnotes

1. [△] *ECJ [https://beck-online.beck.de/Default.aspx?typ=reference&y=200&az=C30107&ge=EUGH] GRUR 2009, 1158, 1159, marginal no. 21 - PAGO/Tirolmilch).*

2. [△] *ECJ [https://beck-online.beck.de/Default.aspx?typ=reference&y=200&az=C30107&ge=EUGH] GRUR 2009, 1158, 1159, marginal no. 25 - PAGO/Tirolmilch).*

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.

There should be the defences of fair use in case the later sign is used:

- merely for decorative purposes;
- in other descriptive ways or as an indication to name;
- in a legitimate comparative advertising, and
- in accordance with the fundamental principles of freedom of speech or freedom of art, provided there is an exceptional case and there are no commercial interests on the side of the defendant.

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 any cases mentioned.

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

The protection against taking unfair advantage of trademarks should be given in all kinds of court proceedings and all proceedings with the registration body, in particular in opposition proceedings. In principle, it should be possible to invoke the protection against taking unfair advantage of trademarks in criminal proceedings as well, for instance in clear-cut piracy cases. However, it is advisable to clearly stipulate the preconditions and to restrict criminal liability to willful infringements.

Summary

The German Law is based on the approach of the ECJ as to Art. 5 (2) of the European Trademark Directive. There is a broad protection against taking of unfair advantage of trademarks as defined in these Working Guidelines under German trademark law.

The protection should be based on trademark law. Only in exceptional cases there is need for protection under unfair competition law or general civil law, for instance in cases of deliberate obstruction of competitors or if the sign is not used in the course of trade (e.g. in a political campaign).

A definition for the taking of unfair advantage of trademarks might be based on the L'Oréal/Bellure decision (C-487/07: riding on the coat-tails of the mark with the reputation).

As to the level of reputation, a fixed threshold should not be required. There should be the defence of fair use in cases the later sign is used merely for decorative purposes, in other descriptive ways, in a comparative advertising or in accordance with the fundamental principles of freedom of speech or freedom of art.

As opposed to dilution cases, a change in the economic behaviour of consumers of the reputed mark is not required by the German courts in cases of taking unfair advantage of the repute or the distinctive character. This approach appears to be also followed by the General Court. It is correct because it is not desirable to introduce this criterion in cases of parasitism and free riding.

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.