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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:

Option “a” applies (well-known trademarks in Latvia are protected against unfair advantage being taken as defined in paragraph 27 of the Guidelines).

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

For the questions below, if b. applies either separately or in addition to a., please make that clear in any relevant answer.

2) What is this protection called, and is this a definition developed in case law or found in a statutory provision? If such protection is characterised as a form of protection against dilution, please state this and provide any explanation as to the basis for such characterisation.

Latvian courts generally refer to this form of protection as protection “against unfair advantage”, which is outside the scope of the of dilution. According to Latvian case law both concepts are recognized by the Latvian courts as equally legitimate bases for protection of well-known trademarks in Latvia.

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 Article 28(6) of the Law on Trademarks and Geographical Indications ("LTGI") protection against unfair advantage may be invoked either on the basis of the LTGI or the Competition Law.

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 are as follows:

1. the requirement for the trademark to be registered – NO
2. reputation in the trademark – YES (the trademark can either be well-known or have reputation – in Latvia marks which have attained a level of reputation that qualifies for extended protection are protected as well-known marks within the meaning of Article 6bis Paris Convention and vice versa)
3. establishment of a link or an association with the trademark – YES (both terms – "association" and "link" are used interchangeably)
4. bad faith – NO
5. change in the economic behaviour of consumers – NO
6. actual advantage – NO
7. potential future advantage – YES

Proving the reputation. According to Article 8(3) of the LTGI in determining whether a trademark is well-known (has reputation), the knowledge of this trademark in the relevant group of consumers, including such knowledge in Latvia that has been obtained as a result of the advertising of this mark or any other circumstances that have contributed to its fame shall be taken into account.

Proving the likelihood of existence of a link or an association. Latvian courts tend to follow the case law of the Court of Justice of the European Union, according to which "a mere calling to mind" of the mark with reputation is enough to establish a link. Further, the wording of Article 8(2) of the LTGI allows Latvian courts to provide legal protection even in cases where only the likelihood of existence of a link or an association is established.

Proving the potential future advantage. The owner of the well-known trademark must show evidence of a future risk, which is not hypothetical and which may be established on the basis of an analysis of the probabilities, carry out a global assessment.

5) Further to question 4):

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

The exact threshold for the required level of "well-knownness" has not been defined by Latvian case

law. In determining, whether a mark is well-known, courts generally follow the WIPO "Joint recommendation concerning provisions on the protection of well-known marks", according to which the competent authority shall consider information submitted to it with respect to factors from which it may be inferred that the mark is, or is not, well known, including, but not limited to, information concerning the following:

a. the degree of knowledge or recognition of the mark in the relevant sector of the public;
b. the duration, extent and geographical area of any use of the mark;
c. the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
d. the duration and geographical area of any registrations, and/or any applications for registration, of the mark, to the extent that they reflect use or recognition of the mark;
e. the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities;
f. the value associated with the mark.

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

The burden of proof is on the plaintiff except where the negative facts must be proved.

c) must the use at issue cause confusion?

no

Please comment:

The likelihood that consumers merely associate defendant’s sign with a well-known mark is enough.

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

yes

Please comment:

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

No.

6) Are there any defences against and/or limitations to the protection?

yes

If so, what are they, and what are the elements of such defences/limitations?:

The following limitations set forth in the LTGI apply:

1. The owner of a trademark cannot prohibit another person from using, in commercial activities, the following information or signs, if the use of such complies with fair industrial and commercial activity practice:

a. the name, surname and address of such person;
b. the name of the undertaking of such person, if its lawful use in commercial activities was commenced prior to the date of application for registration (priority date) of the respective

trademark, and its address;

c. genuine indications and information concerning the kind, quality, quantity, intended purpose (functional task), value, geographical origin, the time of production of goods or of provision of services, or other characteristics of goods or services of such person; and
d. the trademark of the aforementioned owner, if it is necessary to indicate the intended purpose (functional task) of goods or services, in particular the intended purpose of goods as accessories or spare parts.

1. The owner of a trade cannot prohibit the use of the trademark in relation to goods which have been marketed in the European Economic Area under that trademark by the owner of the trademark himself or herself or by another person with the consent of the owner. This provision does not apply if the owner has legitimate grounds to prohibit further commercialization of the goods, especially if the quality of the goods has changed or they have been damaged after being put on the market.

1. Exclusive rights do not apply to the elements of the trademark which may not be registered as trademarks.

7) Who bears the burden of proof in relation to any defences and/or limitations? In this context, please also consider the relationship with the element of "unfairness". For example, is it a defence that the use is with "due cause" (see paragraph 31 of the introduction) above and footnote 2) of the introduction? If so, can such use ever be "unfair"? Or is this just a matter of a shifted burden of proof?

The burden of proof is on the defendant not with standing the element of “unfairness”. The defendant must prove that the use is within the limits of the defences, provided by the LTGI.

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?

Only the right of use. The application to register a well-known mark can be refused by the Latvian Patent Office if there is the likelihood that consumers would associate the sign applied for with a well-known mark.

9) Can the protection be invoked in:

a) court in civil proceedings;

yes

Please comment:

b) court in other proceedings;

yes

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

Criminal proceedings:Article 206 of The Criminal Law imposes criminal liability on for trademark infringement.

Administrative proceedings:

1. Article 166.[17] of the Latvian Administrative Violations Code imposes administrative liability for trademark infringement;
2. in the procedure concerning actions of the customs authorities in detaining goods suspected of infringing trademark rights.

c) opposition proceedings;

yes

Please comment:

d) any other?

no

Please comment:

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

In all of the proceedings the protection can be invoked based on the criteria set forth in the LTGI, however the criminal proceedings additionally require to establish “substantial harm” which is defined as a significant financial loss and a threat to other interests protected by law, or a significant threat to such interests.

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?:

There should be protection as defined in these Working Guidelines. It provides a proportionate trademark protection of the interests of a trademark owner.

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

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

yes

Why?:

The basis for protection (the cause of action) is relevant as it sets the limits of trademark protection.

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

yes

Why?:

Yes, to provide the widest and the most proportionate protection possible to well-known trademarks. The trademarks enjoying high level of reputation should be protected in any proceedings available under the law as that would not permit to escape liability for taking of unfair advantage from the reputation of the trademark.

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 law provides adequate and proportionate legal protection for trademarks. However, there are cases when the courts interpret the applicable law narrowly. Currently in Latvia there are occassions when a third party creates a design around sign - a sign that by certain elements creates a link in the minds of consumers with the trademark enjoying high reputation and the courts interpret the applicable law in these cases narrowly denying protection for a reputed trademark since they do not consider the similarity of signs substantial enough and that the design around sign can potentially harm the trademark owner`s interests. The only way how to improve application of law is by special education of judges in trademark protection matters.

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?

Yes.

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.:

The harmonisation is necessary. The definition of taking of unfair advantage should be defined as in these Working Guidelines.

The definition as provided in 27) of these Working Guidelines: "*The taking of unfair advantage of trademarks - use of a third party trademark in circumstances where advantage is taken of the reputation (or distinctive character) of that third party trademark, and in a manner which is unfair.*"

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?

The basis for protection should be as provided in the answer to Question 4): 1) reputation of the trademark; 2) likelihood of existence of a link or an association with the reputed trademark; 3) the potential future advantage which is unfair.

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?

There should not be a particular set level of reputation. As mentioned before, the decision maker should make an overall assessment of the evidence in order to conclude whether the trademark at issue can be considered as reputed within the relevant public or public in general. The burden of proof for trademark reputation should be borne by the trademark owner.

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 are exhaustively mentioned in the Question 6). The defences and limitations are narrow and self-explanatory.

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

The defendant.

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

In all the possible types of proceedings - civil, criminal, customs and opposition proceedings.

Summary

Well-known trademarks in Latvia are protected against unfair advantage being taken, conceptually separating taking unfair advantage from trademark dilution cases. According to Latvian case law there are 3 elements of the cause of action: 1) reputation in the trademark; 2) likelihood of existance of a link or an association with the trademark 3) potential future advantage. When determining “well-knownness” of a trademark, Latvian courts tend to consider a wide range of different factors outlined in the WIPO "Joint recommendation concerning provisions on the protection of well-known marks".

Despite the fact that the current law provides adequate and proportionate legal protection for well-known trademarks there are cases when courts interpret it narrowly. The only way to improve situation is by educating the judges in trademark protection matters. Further, we do not think that there should

be a particular set level of reputation. In our view decision makers should make an overall assessment of the evidence in order to conclude whether the trademark at issue can be considered as reputed. We highly support the idea of the harmonisation of the definition of the taking of unfair advantage.

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.