Date: 24th 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	Poland
Contributors name(s)	Aleksandra KRYŚKA
e-Mail contact	aleksandra.kryska@patpol.com.pl
Date	09-06-2015

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:

Yes. Protection against free riding and taking unfair advantage of trademarks, as defined in the Working Guidelines, is provided by the Law on Industrial Property and the Act on Combating Unfair Competition.

The issues concerning the protection of trademarks with reputation regulated under Article 4 passage 4 and Article. 5 passage 2 of the Directive No. 2008/95/EC, have been implemented nearly in total into the Law on Industrial Property. Please see point 3.

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 is called “protection against taking unfair advantage” and it is a statutory provision set forth under the Law on Industrial Property.

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 the protection is the Law on Industrial Property and the Act on Combating Unfair Competition.

Article 132.2.3 of Law on Industrial Property, states that

„A right of protection for a trademark shall not be granted, if the trademark is identical or similar to a reputed trademark registered or applied for registration with an earlier priority (provided that the latter is subsequently registered) on behalf of another party for any kind of goods, if it would bring unfair advantage to the applicant or be detrimental to the distinctive character or the repute of the earlier trademark. The above provision shall apply to well-known trademarks accordingly“.

On the other hand, Article 296.2.3 of the Law on Industrial Property makes no reference to well-known trademarks, while it provides a definition of an infringement of right of protection for a trademark, and states that it consists of unlawful use in the course of trade of a trademark identical or similar to a renown trademark registered for any kind of goods, if such use would bring unfair advantage to the user or be detrimental to the distinctive character or the repute of the earlier trademark.

At this point, it is essential to note that the Polish law uses the terms „well-know trademarks“ and „trademarks with reputation.“

According to the caselaw and the relevant literature, well-known trademarks are rather related to the criteria of the number of persons who recognize them than the quality of the respective goods. The majority of the doctrine argues that a trademark shall be considered well-known if it is recognized by at least 50% of potential customers. Such trademark has to be known in most of the country and be present on the market for a longer period of time.

Despite the fact that the Polish law uses the term „trademarks with reputation,“ neither the Law on Industrial Property, nor the Act on Combating Unfair Competition provides its legal definition, which has been created in the caselaw and literature. According to the doctrine, in the course of assessing whether a mark has obtained the status of having a reputation, one has to take into consideration all the criteria indicated in the judgments of the European Court of Justice, namely territorial extension of using the mark, its participation in the market, the intesity and duration of use and the size of investments made by the undertaking in the scope of promoting it. However, without denying the importance of the criterion of the number of consumers by whom the mark is recognized, in the Polish caselaw it is strongly stressed that one has to take into consideration the criterion of the quality of goods or services under the mark in order to determine whether it can be considered as a trademark with reputation.

It is important to note that the reputation of the mark denotes the strength of its attractiveness, its advertising value and the ability to stimulate the sale of products marked therewith. There is a common view that a trademark with reputation is the mark, which – contrarily to the marks purely performing the function of distinguishing the source of origin of goods or services – performs a „pure” function of attracting the clientele. Because of the lack of a legal definition, the above criteria should be regarded

as crucial for determining whether a mark can be placed in the category of marks with reputation, rather than the feature of being commonly known on the market, which only constitutes basis for finding the mark to be well-known (the judgment of the Supreme Court of 7th March 2008 r., case file No. II CSK 428/06, and also the judgment of the Supreme Court of 10th February 2011, case file No. IV CSK 393/10).

The protection against free riding and parisitism may also be invoked on the basis of the Act on Combating Unfair Competition. The aforesaid Act provides protection against the possibility of using the power of attractiveness of one's trademark in a breach of the principles of fair and honest competition. It is important to note that the scope of protecton under the Act on Combating Unfair Competition is not only limited to preventing the marking of goods or services in a way which might mislead the consumers as to the origin of those goods or services, but it also protects the guarantee and advertising function of a trademark. Article 3 of the said Act provides that „the act of unfair competition shall be the activity contrary to the law or good practices which threatens or infringes the interest of another entrepreneur or customer".

In addition to the above, the Act on Combating Unfair Competition also provides protection against free riding and parisitism in the scope of comparative advertising. Pursuant to Article 16.3 of the Act, „the advertising enabling to identify, directly or indirectly, the competitor or products or services offered by the competitor, hereinafter referred to as "comparative advertising", shall be the act of unfair competition where it is contrary to good practices."

The comparative advertising shall be regarded as contrary to good practices if it, among others, takes unfair advantage of the reputation of a trade mark, trade name or other distinguishing marks of the competitor, or of the geographical regional designation of the competing products (Article 16.3.7) or it presents a product or service as an imitation or replica of a product or service bearing the protected trade mark or another distinguishing designation (Article 16.3.8).

Advertising shall be regarded as parasitic when, among others, „(...) the competitor's product is presented in a comparison, without mentioning the objective features of usefullness of that product, with the intention of using the power of attractivenes of the competitor's trademark in advertising of one's own products". Therefore, the standpoint expressed in the Polish official literature is consistent with the one presented by the European Court of Justice, according to which the use of the reputation of a distinctive designation shall be regarded as dishonest, if presentation of someone else's distinctive designation in an advertisement results in evoking an impression among the consumers to whom the advertisement is addressed, that there exist some associations between the party advertising its products and the party's competitor, as a result of which the reputation of the competitor's products is mistakenly credited to the products of the advertiser. For example, a dishonest use of someone else's reputation shall take place if an advertiser is comparing its own products without any reputation to the products of another entrepreneur enjoying high reputation, but only with the intention of suggesting the consumers that the compared products share similar features.

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 cause of action available under the provisions of the Law on Industrial Property are as follows:

1. Reputed character of the mark.
2. Identity or similarity of the later mark to the earlier, reputed trademark.

However, as it is indicated in the Polish case law, the similarity referred to in the Act, is similarity of a particular kind, as for finding the existence thereof it is sufficient to find that there exists a danger of associating the later mark with the earlier mark enjoying a reputation. The level of similarity can be low, as it is only sufficient to find that the later mark evokes some associations with the earlier mark with reputation.

1. Unfair advantage or detriment to the distinctive character or the repute of the earlier trademark.

According to the case law, it is sufficient to find the very likelihood (and not the real fact) of having obtained undue profits from the reputation of the earlier mark.

Therefore, it is sufficient if there is only a suspicion that a third party might have taken unfair advantage of the efforts and financial outlays made by the owner of the earlier trademark to build the atractiveness surrounding the mark and to win it a clientele. The Polish case law is consistent with that of the European Court of Justice also in this regard (judgment of the ECJ, case file No. C-487/07), and finds that in order to determine whether the use of a mark results in taking undue profits from the distinctive character or the reputation of another trademark, one has to make an overall assessment, taking into consideration all aspects which are essential in the subject matter. These aspects are namely the extent of the reputation and the degree of the distinctive character of the mark, as well as the degree of similarity between the colliding marks, and the nature of the goods or services marked therewith, including the existing level of similarity between the kinds of those goods or services.

Moreover, the activity which consists in taking undue profits, is a circumstance which must be recognizable, and its occurence must have the features of unfairness, which has to be objectively noticed and proven (judgment of the Supreme Administrative Court of 23rd April 2012 in the case No. II GSK 97/12; judgment of the Supreme Administrative Court of 26th June 2013 in the case No. 484/12).

5) Further to question 4):

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

While assessing whether a trademark may be considered as reputed, the jurisprudence and the doctrines agree that, apart from taking into consideration the recognition of the trademark among potential clients, one should also analyze the following factors:

- market shares (both with regard to the quantity and value of the sale of goods),

- the scope and duration of marketing campaigns and related costs;

- scope of use of the trademark, both in terms of territoriality and time;

- the quality of goods / services branded with the trademark;

- the value of the trademark calculated by independent financial institutions.

- price relation between the goods branded with the trademark and substitute goods.

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

The party making a claim bears the burden of proof.

c) must the use at issue cause confusion?

no

Please comment:

No. The protection against free riding and parisitism does not require the likelihood of confusion, but the likelihood of evoking association between the marks. The likelihood of association is understood as a link between the two marks.

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

yes

Please comment:

Yes, the protection of reputed trademarks can be invoked against 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?

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?:

According to Article 296.2.3 of the Law on Industrial Property, infringement of the right of protection for a trademark consists of unlawful use in the course of trade of a trademark identical or similar to a renown trademark registered for any kind of goods, if such use would bring unfair advantage to the user or be detrimental to the distinctive character or the repute of the earlier trademark. Therefore, according to the Polish law, the use of the mark shall be regarded as an act of infringement only if it is unlawful. The unlawfulness consists in a possibility of raising an allegation of committing the subject misconduct manifesting itself in a violation of the commonly binding norms, resulting from the established law, or the principles of social coexistence.

It is generally accepted in the doctrine that the unlawful use of the mark shall be the use by a third party without consent of the mark holder. Nonetheless, in some instances the use of another party's trademark shall not be regarded as unlawful, as for example it is defined under Article 160 of the Law on Industrial Property, which provides that „Any person who, when running a business activity locally to a narrow extent, has used in good faith the mark subsequently registered as a trademark on behalf of another party, shall have the right to continue to use that mark free of payment to the same extent to which he had previously used it."

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 use by a third party of another party's trademark covered by a right of protection shall be regarded as unlawful, unless the party is able to produce an authorization to use the mark in turnover. The existence of such authorization eliminates a possibility of raising an allegation of having acted unlawfully. Because having the authorization makes the activity lawful, and because the holder of the authorization is taking advantage from its legal effects, so the burden of proof in this regard lies upon

the holder of the authorization (Article 6 of the Civil Code – “the burden of proving the fact lies upon a person who takes advantages from legal effects resulting from the occurrence of this fact”).

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?

N/A

9) Can the protection be invoked in:

a) court in civil proceedings;

yes

Please comment:

Yes, the protection can be invoked in civil proceedings.

b) court in other proceedings;

c) opposition proceedings;

yes

Please comment:

Yes. According to Article 132.2.3 of Law on Industrial Property „A right of protection for a trademark shall not be granted, if the trademark is identical or similar to a reputed trademark registered or applied for registration with an earlier priority (provided that the latter is subsequently registered) on behalf of another party for any kind of goods, if it would bring unfair advantage to the applicant or be detrimental to the distinctive character or the repute of the earlier trademark”.

The opposition based on the above or other ground provided by the law, can be filed within 6 months from the date of publication of the information on registration of the later mark.

d) any other?

yes

if so what, proceedings?:

Arbitration Court, in case of domain name disputes.

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

The protection can be invoked in multiple proceedings. In some cases the proceedings before one authority/court can be suspended until the other proceedings are concluded.

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?:

Trade mark law and unfair competition law should provide for protection against free-riding and taking unfair advantage of trademarks, as defined in the Working Guidelines.

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 or the cause of action should be provided by the law.

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

yes

Why?:

Yes, it should be possible to invoke the protection in all types of proceedings, which are currently provided by the law.

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?

-

III Proposals for harmonisation

15) Is harmonisation in this area desirable?

yes

Please comment:

The Polish Group believes that the harmonisation in this area is desirable and the standards developed in Community legal provisions and case-law may be a point of reference in this regard.

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?

N/A

17) Should there be harmonisation of the definition of:

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

no

Please comment:

In the opinion of the Polish Group, the definition of taking unfair advantage, developed under the EU case-law, provides sufficient guidelines for trademark owners and participants in trade, and may be a point of reference for harmonization in this regard.

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

no

Please comment:

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

The basis for protection should be decided individually by each country. In general it should be provided by trademark statutory provisions or, where aplicable, other legislation, e.g. unfair competition law.

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?

- what level of reputation, if any, in the trademark should be required;

In the opinion of the Polish Group, the requirements for assessing a trademark as the mark with reputation provided under the EU case-law provide sufficient guidelines. Thus, in the course of assessing whether a mark has obtained the status of having a reputation, one should take into consideration all factors of the matter including territorial extension of using the mark, its participation in the market, the intesity and duration of use and the size of investments made by the undertaking in the scope of promoting it.

- who should bear the burden of proof?

The party making a claim 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.

Under Article 5(2) of the Trademark Directive (2008/95) the owner of the reputed trademark may prevent third party use of the sign if this use “without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark”. In the opinion of the Polish Group, the currently binding defences against and/or limitations to the protection (use with due cause) are a sufficient solution and guarantee the appropriate balance between the rights of the owners of trademarks with reputation, and the rights of third parties.

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

In the context of Art 5(2), proving that use of a sign has due cause is a burden to be met by the third party using the sign.

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

It should be possible to invoke the protection in administrative proceedings (oppositions, invalidations actions) and infringement proceedings before the common civil courts.

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.