



Date: 7th June 2015

## Q245

### Taking unfair advantage of trademarks: parasitism and free riding

**Responsible Reporters: by Sarah MATHESON, Reporter General John OSHA and Anne Marie VERSCHUUR, Deputy Reporters General Yusuke INUI, Ari LAAKKONEN and Ralph NACK Assistants to the Reporter General**

National/Regional Group	Egypt
Contributors name(s)	Ahmed ABOU ALI and Gamal ABOU ALI
e-Mail contact	gabouali@hassouna-abouali.com
Date	06-05-2015

#### I. Current law and practice

1) Do the laws of your jurisdiction provide for protection against:

a) the taking of unfair advantage of trademarks as defined in these Working Guidelines (see paragraphs 26) and 27) above); and/or

no

Please comment:

The Egyptian Intellectual Property Law No. 82 of 2002 ("IP Law") and other laws including the Protection of Competition Law No. 3 of 2005 and Consumer Protection Law No. 67 of 2006, do not provide protection against taking unfair advantage of trademarks as defined in the Working Guidelines. The IP Law only awards protection in case of non-identical or non-similar trademarks in case of well-known trademarks only and where such use causes confusion and causes damage to the right-holder of the well-known trademark.

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

yes

Please comment:

Article 113 of the IP Law penalizes a person who in bad faith uses a trademark owned by another on his products. There is no established judicial precedent on this issue. Reading this Article 113 with other provisions of the IP Law indicates that the penalized action is: (a) the use of a trademark owned (registered) by another; (b) in bad faith; and (c) for goods/services falling within the same class of protection or for non-similar or non-identical goods/service when it creates a likelihood of

confusion.

It is also possible to claim protection under Article 66 of the Commercial Code which prohibits, without providing details, the infringement of trademarks owned by others or any act of unfair competition resulting in damages.

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 definition of using the trademark in bad faith for products or services is found in statutory provisions as stated as Article 113 of the IP Law or general rules in the Civil Code and Commercial Code. There is no established case law on this issue to provide detailed conditions and limitations for protection.

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?

Article 113 of the IP Law and Article 66 of the Commercial Code both apply in case of registered trademarks. Article 68 of the IP Law provides protection for unregistered trademarks if they are well-known. General provisions of the Civil Code Article 5 and Article 163 can be invoked where elements of tort liability exist.

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?

For invoking protection under the IP Law and Commercial Code, the trademark must be registered, used in bad faith, and causes likelihood of confusion. There is no reputation or damages requirement, except that damages must be proved if invoking the Commercial Code. The registration requirement is waived in case of a well-known trademark. For seeking protection under the Commercial Code or the Civil Code, actual damages must be established.

5) Further to question 4):

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

Unregistered trademarks can be protected if they are well-known. For registered trademarks, the use should cause likelihood of confusion to the relevant ordinary person. There is no established degree of reputation that must be required.

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

The claimant (holder of the right to the trademark) must prove the elements of the cause of action, which depend on the provision applied.

c) must the use at issue cause confusion?

yes

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

Generally the use of the trademark by the free rider must cause likelihood of confusion. We are of the opinion that the degree of confusion should be actual confusion. There is no established precedent on this issue and so the courts have discretion.

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

yes

Please comment:

Protection can be invoked in similar goods/services. It may also be invoked in case of dissimilar goods/services provided likelihood of confusion exists and is proved.

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

There is no established precedent outlining other factors. Protection is sought based on provisions discussed above and general principles and rules, and therefore the outcome varies on a case-by-case basis.

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?:

Defences exist depending on the type of action sought. These include: that the use did not cause confusion, that the use was in good faith, and that the unregistered trademark in question does not have sufficient reputation that entitles it to protection.

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

The defendant bears the burden of proof with respect to any defence invoked.

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 defence is invoked that results in dismissing claimant's claims or providing the claimant with limited protection, then the free rider would be at liberty to use the trademark or use it in a way that does not

violate the limited protection.

9) Can the protection be invoked in:

a) court in civil proceedings;

yes

Please comment:

Protection is sought by bringing civil proceedings against the free rider before competent courts.

b) court in other proceedings;

yes

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

Criminal proceedings are available if the cause of action is based on Article 113 of the IP Law.

c) opposition proceedings;

no

Please comment:

Inapplicable

d) any other?

no

Please comment:

Inapplicable

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

Criminal proceedings require a higher degree of certainty by the courts, meaning that all elements of the cause of action must be proven beyond any doubt.

## 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?:

See b)

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

	<p>yes</p> <p>Why?:</p> <p>There should be protection against the taking of unfair advantage of trademarks as defined in these Working Guidelines but protection should be narrowly construed so as to maintain the class system and to prevent owners of trademarks from claiming protection for unregistered classes of protection. Protection should only be awarded in case where the use of the trademark: (a) creates a likelihood of confusion; (b) causes damage to the trademark owner; and (c) is not in good faith. Other than that, protection from benefiting from the reputation of a trademark should be limited to well-known or famous trademarks.</p>
--	---

12)	<p>Is the basis for protection or the cause of action relevant?</p> <p>yes</p> <p>Why?:</p> <p>The basis for protection is relevant particularly in the case of whether to pursue civil or criminal proceedings as the degree of certainty in criminal proceedings is higher than in civil proceedings.</p>
-----	---

13)	<p>Should it be possible to invoke the protection in all types of proceedings mentioned above under 9) above?</p> <p>yes</p> <p>Why?:</p> <p>It should be possible to invoke protection through courts either in civil or criminal proceedings.</p>
-----	---

14)	<p>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?</p> <p>The IP Law may be amended so as to allow the owner of a trademark in one or more classes to invoke protection against the use of the same trademark in other classes (i.e. the use is not similar or identical) if the thresholds discussed above are met.</p>
-----	---

### III Proposals for harmonisation

15)	<p>Is harmonisation in this area desirable?</p> <p>no</p> <p>Please comment:</p> <p>Although harmonization in IP matters is generally desirable, it is not desirable to harmonize the rules on protection against free riding at this stage as the circumstances vary significantly from one jurisdiction to another. Particularly, issues of reputation and bad faith are difficult to harmonize.</p>
-----	--

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)	<p>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?</p>
-----	---

Such protection should be available depending on the circumstances of each jurisdiction and the applicable IP, consumer protection and competition laws. Each jurisdiction should be left to determine this issue.

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:

At this stage it will be difficult to harmonise the definition given the differences in laws and judicial precedent in each jurisdiction and legal system.

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

no

Please comment:

At this stage it will be difficult to harmonise the definition given the differences in laws and judicial precedent in each jurisdiction and legal system.

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

Civil and criminal proceedings as discussed above.

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?

The trademark should reach a level of reputation whereby the use of the trademark for non-similar or non-identical goods/service creates a likelihood of confusion. The threshold can be lower than well-known or famous trademarks. Under the IP Law, well-known or famous trademarks are offered the additional protection if they are well-known or famous internationally and in Egypt. Protection against taking unfair advantage can require the trademark to be well-known or famous in Egypt without being well-known or famous internationally so as to protect local trademark owners.

The owner of the trademark that is being used by another should bear the burden of proof and should evidence: (a) that the trademark meets the reputation threshold; (b) that the use of the trademark by the defendant caused damage; and (c) that the defendant acted in bad faith.

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.

- That the user of the trademark did not know that the trademark met the reputation threshold.
- That the user of the trademark acted in good faith with no intention to cause damage to the trademark owner.

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

The defendant should prove the defenses and/or limitations.

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

Protection should be invoked only through court proceedings by a final judgment from the competent court. As the proposed protection requires proof of reputation, damage and bad faith, this determination should not be left to administrative authorities (such as the Trademark Office) nor to courts of urgent matters which review the dispute on a *prima facie* basis only and do not go into the merits.

#### Summary

Egyptian laws do not contain explicit provisions on the protection against taking unfair advantage of trademarks as defined in the Working Guidelines. However, Articles 68 and 113 of the IP Law, Article 66 of the Commercial Code, and Articles 5 and 163 of the Civil Code. These provisions can be invoked to offer protection close to that discussed in the Working Guidelines.

Protection can be invoked under the IP Law for registered and well-known unregistered trademarks if: (a) the use of a trademark owned (registered or well-known) by another; (b) in bad faith; and (c) for goods/services falling within the same class of protection or for non-similar or non-identical goods/service when it creates a likelihood of confusion. Protection under the Commercial Code and Civil Code can be invoked when actual damages are proved.

There is no established precedent in Egypt to define the issue of reputation (except for well-known trademarks) and the likelihood of confusion for this type of protection.

Pursuant to general rules of evidence, civil procedure and criminal procedures, the claimant must prove each element of the cause of action, and the defendant must prove any defence that may be available to waive or limit protection.

Protection should be invoked only through civil or criminal court proceedings by a final judgment from the competent court, and should not be left to administrative authorities (such as the Trademark Office) nor to courts of urgent matters.

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.