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International Report

QUESTION B: Image theft from non-competitors

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Could or should a company be able to obtain protection in the event that its trademark, distinctive marks, or other components of its image or identity, are used by companies that are not its competitors?

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Introduction

1. A company is traditionally identified by third parties thanks to the trademark overlaying its products or services, its other intellectual property rights, along with its corporate name, its trade name or its signage, and sometimes its domain name.

All these identification elements work together to give a specific image of the company and they may be of substantial economic value, especially if the company has made sizeable investments to promote and protect them, and if they enjoy a level of awareness.

Such values are necessarily coveted by competitor companies, but in practice, it has been noted that these identification elements can also be used by non-competitor companies.

These uses or impairments (the latter term already presupposing the introduction of a concept of misconduct) can take many forms and have varied consequences, as well as those resulting from the different systems described by the national reports examined: imitation, whether voluntary or involuntary, creation of a likelihood of confusion, usurpation of a reputation or awareness, debasement or trivialisation of the company's image.

We may already ponder the nature of the reality and/or quantification of the harm endured in relation to such acts.

- 2.** The trademark infringement action is traditionally designed to respond to the use by a third party of the trademark's constitutive mark for identical (or similar) products or services to those for which the trademark is registered, whereby both companies are thus by hypothesis in a competitive situation.

This principle of speciality is also generally applied when the identification element used is a trade name, a corporate name, and even a domain name.

However, specific to trademark law, this principle of speciality is not found to apply in terms of drawings and models or copyright.

In the absence of distinctive marks or similar, an action for unfair competition allows a degree of protection of a company's identification elements to be afforded, falling within the scope of a competitive relationship.

But could or should it obtain protection in the event of use of the various components of its image or identity by companies that are not its competitors, and if so, on what grounds and under which circumstances?

- 3.** In the event of a positive response, the use of laws governing intellectual property (trademarks, designs and models, copyright and even patents) or distinctive marks (such as domain name, corporate name, or trade name, etc. where the system of protection is sometimes equated with that of intellectual property laws), is this useful, necessary, satisfactory?

The use of intellectual property or distinctive mark laws can constitute an acceptable response but one which is necessarily partial.

Can/must this use be combined with the action for unfair competition (understood in its broadest sense) or is it separate from this other basis?

It should be remembered that Article 10(b) of the Paris Convention of 1883¹, schedules the obligation on countries within the Union to ensure effective protection against unfair competition and gives a definition in paragraph 2 which can be seen as very broad:

“Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.”

It is not immediately clear whether this paper does not target companies in a competitive situation, since “any act of competition” could be understood to be any act by an economic operator on the market.

Furthermore, although indents 1 and 2 of paragraph 3 target a competitor’s acts so as to prohibit them, indent 3 no longer suggests this restriction by prohibiting *“indications or allegations the use of which in the course of trade is likely to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.”*

This being the case, the offending acts and their consequences are rather restricted.

4. Use of the theory of free riding (created if I am not mistaken in the 1960s by Yves Saint GALL, founder and leader within the League for many years) offers, in many countries that have submitted national reports, an acceptable judicial solution but it seems sometimes difficult to fully understand the sanctioning of free-riding behaviour between non-competitors.

Taken together, do these tools represent useful, effective, sufficient and appropriate protection, given that the spectre immediately looms of obstructing freedom of trade, the necessity of conserving judicial safety in relations between the various economic players and behavioural loyalty on the markets?

¹ Paris Convention for the protection of industrial property of 20 March 1883, revised – Article 10(b)

1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.

2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.

3) The following in particular shall be prohibited:

1° all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;

2° false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;

3° indications or allegations the use of which in the course of trade is likely to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.

It should be noted that the eleven national reports studied all come from European Union member states, with the exception of Switzerland, a country whose legal system is nonetheless rather similar to the others, such that many converging elements can be seen in the responses given by the various national reporters.

Having said that, even based on the unified legal system constituted by European Union law (we can specifically quote in this respect Directive 2005/29/EC of 11 May 2005 concerning unfair business-to-consumer commercial practices whereby some countries, but not all, have admitted that it could target actions brought by companies against other companies), each country retains its national law, which may contain notable specific features, on occasion).

1. Brand image and defence of brand image:

1.1 *Brand image* does not have a legal definition in the positive law of countries that answered the questionnaire.

In any case, it is made up of various elements: intellectual property rights, visual and/or verbal elements, etc.

Only the French report² contains a doctrinal definition: *“intangible property consisting of all representations tending to single out in the public’s eyes those well-known marks – or anything else that may have economic value – resulting from many investments (including advertising and marketing).”*

Other reports highlight the existence of definitions of a commercial nature such as the following, for example:

- *“the psychological aspect of a brand experience, a symbolic construct created within the minds of people, consisting of all the information and expectations associated with a product, service or the company(ies) providing them”* (Austrian report³)
- *“psychological aspects attributed to a product or service”* (German report⁴)
- *“view of the customers about a brand”* (Hungarian report⁵)
- *“impression the public has of a product, firm or commercial trademark, and by extension, the collective impression of an institution, [or of] a person”* (Swiss report⁶)

In England⁷, the concept of *“brand image”* is more-or-less equivalent to the concept of *“goodwill”* defined as follows: *“It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom.”*

² French report p. 2

³ Austrian report p. 3

⁴ German report p. 1

⁵ Hungarian report p. 3

⁶ Swiss report p. 3

⁷ English report p. 3

1.2 All these definitions refer to the idea of the commercial reputation of a product, service or company built up in the public's mind. It could be assimilated to a sort of positive emblematic sign that can be immediately perceived by the public, whatever the level of its distinctiveness or originality.

All reports point out that, even in the absence of competitive relationships, “*trademark image*” can be indirectly protected by various means resulting from intellectual property law, commercial law, competition law and/or general principles of civil liability.

2. Trademark, principle of speciality and competitive relationship

2.1 All reports consider that the principle of speciality in force in trademark law most often involves the existence of at least an indirect competitive relationship in practice, between the parties, insofar as an assessment of the likelihood of confusion requires an examination of the identity of, at the very least, the similarity between the products or services concerned.

In particular, the German, Swedish and Swiss reports⁸ point out that even in the absence of a direct likelihood of confusion between the products or services, an indirect likelihood of confusion may exist in terms of consumers who may believe that products or services have a common origin, or that the products and services are from economically linked companies. The risk of indirect likelihood may also be described as “likelihood of association.”

The Belgian and French reports⁹ also note that an extensive assessment of the similarity of products and services may be the initial means by which to protect a trademark against non-competitor companies.

Above all, however, all reports underline that trademark law can be used against a non-competitor in the following cases:

- well-known trademarks (Article 6(b)¹⁰ of the Paris Convention),

⁸ German report p. 7 and 8; Swedish report p. 6; Swiss report p. 6

⁹ Belgian report p. 4; French report p. 5

¹⁰ Article 6(b) of the Paris Convention:

“1) The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.

No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.”

- trademarks of wide repute (Article 5(2)¹¹ of Directive no. 2008/95/EC).

Provisions relating to well-known trademarks and trademarks of wide repute are very useful instruments when it comes to protecting against the likelihood of association.

2.2 Although the provisions relating to well-known trademarks and trademarks of wide repute cannot be applied, the Belgian, Luxembourg and Swiss reports¹² state that it is possible to act on the basis of the general principle of liability (for example, according to Swiss Law, it is possible to use the Code of Obligations), whereas the Czech report refers to a general clause prohibiting unfair competition that can also be applied to non-competitors¹³.

The Austrian, Belgian, German and Italian reports¹⁴ also point out that the specific provisions of unfair competition law can be invoked if the conditions are present (for instance, ‘imitation marketing’ practices resulting from Directive no. 2005/29/EC of 11 May 2005, disparagement or acts contrary to honest marketing practices), while the German report¹⁵ highlights that unfair competition law must not undermine trademark law.

In Hungarian law¹⁶, sanctions for impairment and unfair competition are the result of objective liability, regardless of whether the infringing party is a competitor, whereas the general civil liability clause involves a subjective assessment of the behaviour of the person who, by their deeds, commits harm.

French and English law¹⁷ also allow brand protection and civil liability to be invoked cumulatively, in France, on the condition that a separate deed exists. In English law, the offence is known as ‘passing off.’

For its part, the Swedish report¹⁸ points out that although an infringement action and an action for unfair competition (that are dealt with by different courts) concerning the same product can be brought at the same time, they may have different outcomes.

2.3 The more ‘automatic’ and regulated nature of infringement assessment and its sanctions does not exist in the event that a civil liability action is brought, and this doubtless allows for a more subjective assessment of the litigious behaviour.

It is certain that an action for unfair competition and/or free riding confers longer and broader protection thanks to certain distinctive marks.

¹¹ Article 5(2) of Directive 2008/95/EC: “Any member may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or comparable to, the trademark in relation to goods or services which are not comparable to those for which the trademark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trademark.”

¹² Belgian report, p. 8; Luxembourg report, p. 3; Swiss report, p. 8

¹³ Czech report, pp 3-4.

¹⁴ Austrian report, pp3-10; Belgian report, p. 7; German report, pp 12-13; Italian report, pp. 2-3

¹⁵ German report p. 14

¹⁶ Hungarian report p. 7

¹⁷ French report, p. 7; English report, p. 13

¹⁸ Swedish report, pp. 7-8.

We must also ensure that the same harm is not compensated for twice owing to different bases.

3. Trademark, trademark “economy” and competitive relationship

3.1. In trademark law, the use of a mark that impairs a prior trademark is, in principle, only prohibited for third parties in the course of trade.

As the Hungarian report underlines¹⁹, it is often difficult to distinguish between those activities falling within the course of trade and those falling outside it.

The application of trademark law thus depends on the assessment of this concept made by jurisprudence in each country.

As such, Austrian jurisprudence²⁰ considers that the use of a trademark like Adwords constitutes use in the course of trade, which can be sanctioned under trademark law, whereas in Switzerland²¹, the use of Adwords is a controversial topic.

On the other hand, according to French jurisprudence²², use of a trademark for reasons of parody or artistry does not constitute use in the course of trade (for instance, use by a political association), insofar as it does not seek to obtain economic advantage.

Likewise, the German report²³ points out that purely private or political behaviour cannot be sanctioned on the basis of trademark law.

A company falling victim to the use of its trademark outside the course of trade may nevertheless act on another basis.

Specifically, the Belgian, French and Italian reports²⁴ state that the use of a trademark ‘*outside the course of trade*’ can be sanctioned on the basis of civil liability.

In France²⁵, the parodied use of a trademark can thus be sanctioned on this basis if the use appears disproportionate.

The Belgian report²⁶ adds that such use of a trademark may represent impairment of a well-known brand or reprehensible acts contrary to honest market practices, while in Hungary and Switzerland²⁷, use of this type may be sanctioned in the event of disparagement of the competitor.

¹⁹ Hungarian report p. 4

²⁰ Austrian report p. 11

²¹ Swiss report p. 9

²² French report p. 9

²³ German report p. 14

²⁴ Belgian report, p. 9; French report, pp. 10-11; Italian report, p. 3

²⁵ French report p. 10

²⁶ Belgian report, p. 8-9

²⁷ Hungarian report, pp. 7-8; Swiss report, p. 9

In Luxembourg²⁸, use of a trademark for a purpose other than distinguishing products and services can be prohibited when this use is not justified, when it gains unjustified advantage, or when it may be damaging to the distinctive character or repute of the prior trademark.

In the end, as the English report states²⁹, it is essential that some trademark uses by a non-competitor ‘outside the course of trade’ can be sanctioned. This is possible in numerous countries, with varying levels of severity, and on different bases.

3.2. Furthermore, the vast majority of reports consider that the approach of the Court of Justice of the European Union whereby, in order to be deemed as an infringement, the use of a sign representing a trademark must impair one of the four functions it recognises in terms of the trademark (namely notification of origin, guarantee of quality, communication, investment and advertising functions) has an impact or is likely to have an impact on the issue of infringement.³⁰

Thus in the Austrian report³¹, the definition of these functions may enable a more predictable assessment of trademark infringement, while in the English report³², it remains to be seen whether the functions of the trademark will evolve to the point that any use outside the course of trade may be deemed an infringement.

Examples already exist showing that these new functions have been taken into account in Czech jurisprudence and in Italian jurisprudence³³.

The Luxembourg report³⁴ adds that acknowledgement of these various functions of the trademark could also help to solve new problems created by the digital environment and Internet.

However, other reports do not believe in a renewal of the classic approach.

According to the Belgian report³⁵, the main function of the trademark remains the notification of origin of products or services.

The German report³⁶ points out that the fourth function of the trademark remains disputed.

For the Hungarian report³⁷, the affirmations of the Court of Justice of the European Union have a simple declaratory value rather than a constituent value.

²⁸ Luxembourg report, pp. 3-4.

²⁹ English report p. 14

³⁰ Court of Justice of the European Union : Cases C-323/09 – Sept 1st 2011 and C – 487/07 – June 18th 2009

³¹ Austrian report p. 12

³² English report p. 15

³³ Czech report, p. 4; Italian report, p. 4

³⁴ Luxembourg report p. 4

³⁵ Belgian report, pp. 9-10.

³⁶ German report p. 15

³⁷ Hungarian report p. 8

Lastly, contrary to community jurisprudence, Swiss law³⁸ only recognises the function of notification of origin. The promotional function associated with a trademark's reputation is only protected in the presence of a well-known trademark.

We may ask questions about the opportunity to acknowledge several functions served by the trademark, insofar as, according to the Court of Justice of the European Union, the function of notification of origin remains the main function, while in many countries, means of protection already exist regarding impairments made to the guarantee of quality, communication, investment and advertising functions, specifically based on unfair competition and/or free riding.

The use of these other functions is likely to increase the flexibility of the principle of speciality and could be viewed as a means to widen a trademark's protection, independently of its awareness.

Thus in the L'OREAL case (aforementioned decree of 18 June 2009), provisions relating to misleading advertising and comparative advertising could perhaps have sufficed to sanction the unauthorised use of trademarks in scent correlation tables, without resorting to infringement.

4. Other distinctive marks

4.1. All reports highlight the possibility of defending other intellectual property rights as well as the **company name, the trade name, the signage, and domain name** even in the absence of a competitive relationship.

However, in the Austrian, Czech and Swiss reports³⁹, such protection requires that a likelihood of confusion exists in some cases. Such a likelihood of confusion will generally be less difficult to demonstrate if the parties in question are competitors.

Belgian and Hungarian law⁴⁰ stipulates that the use of a disputed mark must mislead the consumer.

In French law⁴¹, marks must additionally possess a sufficient degree of distinctiveness. This concept applies to the trademark and not to other distinctive marks.

In Sweden⁴², the extent to which a company's distinctive marks are protected is assessed in the same way as for a trademark, insofar as trademark law schedules that the holder of a company name or other business mark has a trademark entitlement over said name.

In England⁴³, the 'passing-off' law can be invoked if evidence of 'goodwill' is reported.

³⁸ Swiss report pp. 9-10

³⁹ Austrian report, p. 12 that refers readers to pp. 3 to 10; Czech report, pp. 4-5; Swiss report, p. 10

⁴⁰ Belgian report, pp. 11-12; Hungarian report, pp. 8-10.

⁴¹ French report p. 14

⁴² Swedish report p. 10

⁴³ English report p. 15

4.2. Most of the reports highlight that **domain names** do not require any specific treatment insofar as there are ways to prohibit them when they impair a prior trademark, even in the absence of competitive relationship between the parties.

When trademark law is applied, the principle of speciality is taken into consideration.

4.3. In all the countries where a report was written, there are also ways to sanction **meta-tags** and **sponsored links** based on unfair competition and/or trademark law.

4.4. Generally speaking, with the exception of Sweden, the reports do not highlight any specific interest in using **alternative modes to settle disputes online**, and thus their involvement in judicial systems seem restricted up to this point.

5. “Questionable” acts and absence of competitive relationship

5.1. Only Luxembourg⁴⁴ considers that rules relating to unfair competition apply solely between competitors.

In the majority of countries (Austria, Belgium, France, Czech Republic, Germany, Sweden, Switzerland, England⁴⁵), unfair competition can be sanctioned outside the scope of any competitive relationship or in terms of indirect competitors.

Other countries (Hungary, Italy⁴⁶) make a distinction between acts of unfair competition, according to whether they are only applied to competitors or can also be applied to non-competitors.

Most of the reports observe that unfair competition specifically enables them to sanction non-competitors when they create ambiguity regarding their identity.

5.2. Furthermore, all the reports outline the possibility of incriminating parasitic acts, but this term does not always exactly match the definition given by French jurisprudence, namely *‘all behaviours by which an economic agent follows in the wake of another so as to take advantage of the former’s efforts and knowledge at no expense.’*

As such, some reports (Belgium, Italy, Luxembourg⁴⁷) refer to a concept close to the French one, while other reports (Austria, Czech Republic, Switzerland⁴⁸) tend more, in this respect, to incriminate the use of a third party’s repute, image or products. In England⁴⁹, no special

⁴⁴ Luxembourg report p. 6

⁴⁵ Austrian report, pp. 14-16; Belgian report, pp. 16-17; French report, pp. 21-23; Czech report, p. 6; German report, p. 16; Swedish report, p. 13; Swiss report, p. 15; English report, pp. 17-18

⁴⁶ Hungarian report, p. 11; Italian report, p. 5

⁴⁷ Belgian report, pp. 18-20; Italian report, p. 5; Luxembourg report, pp. 6-7

⁴⁸ Austrian report, pp. 14-16; Czech report, p. 6; Swiss report

⁴⁹ English report p. 18

principle exists for protection against parasitic acts, but this concept is clearly inherent to trademark law and ‘passing off.’

Regardless of their definition, all these parasitic acts can be sanctioned as unfair behaviour, generally on the basis of unfair competition rules (for example the Swiss LCD) such that in the majority of countries, non-competitors can be held to account for this type of behaviour.

Only the Luxembourg report⁵⁰ talks of the need for a competitive relationship in order to sanction unfair competition such as free riding.

Furthermore, the French and German reports⁵¹ recall that free riding can also be based on provisions relating to trademarks of wide repute and well-known trademarks.

6. Infringement, unfair competition and free riding

As outlined in the Czech and Italian reports⁵², the choice of basis for the action depends on the circumstance in point.

Nevertheless, most reports outline the possibility for the holder of an intellectual property right to base their action cumulatively in trademark law and unfair competition (or ‘passing off’ in England) when their trademark is at stake. In Sweden⁵³, these two actions are brought before different courts.

Only the Luxembourg report⁵⁴ clearly excludes the possibility of cumulative action on both these bases, recalling that in Luxembourg, an action for unfair competition cannot be brought against a non-competitor.

Furthermore, under French law⁵⁵, an infringement action and an action for unfair competition which fall within the jurisdiction of the same court when they are brought cumulatively, though they must not concern the same deeds.

Nevertheless, several reports (Belgium, France, Luxembourg, Switzerland⁵⁶) highlight the fact that an action for unfair competition must not be considered as a substitute for an infringement action, which would enable a mark not protected by an intellectual property right to be afforded equivalent or greater protection than that afforded a protected mark.

In addition, the distinction between free riding, on the one hand, that solely sanctions behaviours between non-competitors and unfair competition, on the other, reserved for companies in a competitive situation, has yet to be made.

In France, the Commercial Chamber of the Court of Cassation does not apply it, and enables actions to be brought against non-competitors, and by extension any misconduct in the market, based on the general theory of unfair competition.

⁵⁰ Luxembourg report, pp. 6-7.

⁵¹ French report, p. 26; German report, p. 16

⁵² Czech report, p. 6; Italian report, p. 5

⁵³ Swedish report, p. 14

⁵⁴ Luxembourg report, p. 7

⁵⁵ French report, pp. 27-29

⁵⁶ Belgian report, p. 21; French report, p. 30; Luxembourg report, p. 7; Swiss report, p. 17

7. Conclusion and policy recommendations

7.1 After studying the national reports, it appears that even though conditions may vary by country, numerous ways exist to protect a company's identification elements from other companies that are not its competitors, whether via trademark law or other bases.

Thus when the company holds a valid registered trademark, it may sometimes bring an infringement action against non-competitors, despite the principle of speciality, more particularly by taking into consideration some economical reality such as : inter-brand partnerships, diversification of some company in the luxury area (for example : clothes and perfumes).

Furthermore, if the registered trademark enjoys sufficient repute, its holder may, as part of a specific liability action, incriminate the use without due cause in the course of trade of a mark that unduly takes advantage of the distinctive character or repute of the trademark or that damages these, for non-similar products or services.

In the event that the trademark has not been registered, the company may ask to benefit from the well-known trademark system in line with Article 6(b) of the Paris Convention, to counter the use of the same mark for similar products, provided that proof of a likelihood of confusion is shown.

7.2 We have seen that the company's brand image, which is memorised by the public, is made up of various elements: if it is in respect of other intellectual property rights, the principle of speciality specific to trademark law does not apply.

However, is it possible to bring an action against a non-competitor company that reproduces a drawing or model, or a creation covered by copyright?

We must overlook the existence of a likelihood of confusion which in most cases is not required when assessing the infringement of these rights.

Such hypotheses are seldom, if ever, quoted in national reports. They seem to be rare, in actual fact.

7.3 Concerning a non-competitive situation, it seems that the application of the theory of unfair competition in its broadest sense, and more specifically that of free riding and/or civil liability according to country, is the most commonly-used tool to protect against the unauthorised use of a trademark.

However, these concepts are very broad and through the specific cases quoted by national reports, we can see that jurisdictions react differently according to the specific situations they face.

As long as a copy does not impair an exclusive right, it cannot be considered as improper in itself since freedom of trade must be preserved.

In this regard, we can quote Article 8.2 of the TRIPS⁵⁷ agreement, according to which: *‘Appropriate measures, provided that they are consistent with the provisions of this Agreement, may be needed to prevent the abuse of intellectual property rights by right holders or the resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology.’*

However, such copying becomes improper once fair trade use is no longer respected, once it is neither necessary nor accidental and thus results from a voluntary act, or one that is indeed malicious.

Protection of brand image boils down to protecting an asset that is often essential to the company, that is to say the return it is entitled to expect from often substantial and long-term investments it makes in order to build this image and then to promote it so that it symbolises a strong or visual identity that is spontaneously recognisable to consumers.

This undue misappropriation of other people’s investment so as to take illegitimate advantage is one of the criteria of free riding.

In respect of non-competitor companies, it is essential that this strong identity exist and that, as part of judicial proceedings, proof of this is provided. Jurisdictions must be demanding as to the extent of this proof.

Without doubt, we will often be required to prove a level of awareness.

Next, the wrongdoing must be identified: as regards non-competitor companies, which we may say benefit from a sort of presumption of good faith, a degree of seriousness regarding this ‘misappropriation’ must be evident, and this must be demonstrably voluntary.

Returning to intellectual property rights, it is interesting to note that even in this area, Directive 2004/48/EC of 29 April 2004 on intellectual property rights seems to encourage Member States to take into account an act committed with full knowledge of the facts.

Thus before widening the scope to compensation for damages though not punitive damages, Point 26⁵⁸ and Article 13⁵⁹ of the Directive go beyond strict reparable damage for harm effectively endured, and refer to ‘an infringer who engaged in an activity in the knowledge, or with reasonable grounds for knowing, that it would give rise to such an infringement.’

Illicit use should also be substantial either in terms of the number of reproductions incriminated, the intensity of said uses, their visibility in the eyes of the public (websites, search engines, etc.), or their duration.

On such case, the injunction to stop these litigious acts should be obtained.

⁵⁷ TRIPS agreement of 15 April 1964

⁵⁸ Point 26 of Directive 2004/48/EC: With a view to compensating for the prejudice suffered as a result of an infringement committed by an infringer who engaged in an *activity in the knowledge, or with reasonable grounds for knowing, that it would give rise to such an infringement*

⁵⁹ Article 13.1 of Directive 2004/48/EC: Member States shall ensure that the competent judicial authorities, on application of the injured party, order the infringer who knowingly, or with reasonable grounds to know, engaged in an infringing activity, to pay the rightholder damages appropriate to the actual prejudice suffered by him/her as a result of the infringement.

Next, we must attempt to characterise the harm endured by the company whose brand image has been misappropriated: as regards companies that are not in a competitive situation, quantifying this harm may be difficult or even impossible, in the absence of a misappropriation of the customer base since there is no common customer base.

7.4 In that case however, should we thus require the presence of a likelihood of confusion, or a likelihood of association, belief in the common origin of the products or services, or in the business links between the companies in question?

Even if the trend today is towards a diversification of activities, such a likelihood of confusion may seldom be proven or difficult to establish.

The current practices of sponsoring or partnership must be taken into account - for instance, a prêt-à-porter fashion company whose visual identity is strong accepts 'to fit out' a car with its identification elements, which are very well-known by the public.

Such a partnership, extolled to consumers, exists both because the public has knowledge of the company's image and because the company aims to further strengthen it.

This partnership has a certain economic interest since a common customer base exists: women who buy products by the prêt-à-porter company will also buy the city car fitted out in the colours of the initial company.

So what happens if a car manufacturer, which by hypothesis is a non-competitor of the prêt-à-porter company, reproduces the fashion company's image?

It would doubtless be specious to consider this use as purely accidental, because in reality, the car manufacturer most likely wants to take advantage of the partnership of which it is already aware.

However, is it reasonable to consider that the prêt-à-porter company would have grounds to act against the car manufacturer?

This is where other elements of harm can be brought into play: dilution of brand image, its debasement, trivialisation, loss of opportunity (denial of a possible partnership).

In other cases, impairment may occur to the reputation of the company whose brand image has been unduly reproduced.

In the first instance, in the absence of misappropriation of customer base, the harm endured by the holder of these rights must be characterised in another way.

As such, we could take as an example the car manufacturer using the brand image of the prêt-à-porter company without its authorisation, where the latter had not yet envisaged such a partnership.

In this case, harm could be seen to come from a loss of opportunity to be able to build such a partnership and a weakening of the attractive power of the brand image.

The reality of the injury could be challenged when the identification elements are reproduced together with the trademark of the car manufacturer which is also often well-known.

We can also quote the example of ‘ambush marketing’ which can be defined as a business practice that aims to associate a company’s trademark (or another distinctive mark) with an event (in most cases, a sporting event) without the consent of the organiser, so as to take advantage of the event’s media impact.

In this case, we observe either use of a distinctive mark (for instance, the Olympic rings) or an image that is characteristic of the sporting event, or reference to a non-existent partnership.

Such a practice is likely to harm the official sponsors of the event, who pay a license fee with a view to benefiting from rights of exclusivity.

The topic of ambush marketing was dealt with by the League in 2007 and further to his very exhaustive international report⁶⁰, Pierre Kobel concluded that there was no need to implement specific legislation to sanction these practices, talking of the boundaries essential to freedom of trade, and more generally, fundamental freedoms.

At this time, regarding harm we could also point out the introduction by Directive 2004/48/EC of 29 April 2004 on respecting intellectual property of the concept of “moral prejudice” that can be taken into account when compensating harm endured due to infringement.

Undeniably, this development must be considered insofar as the type of prejudice that may be compensated due to infringement is not just direct prejudice resulting purely from margin lost or profit forfeited.

As such, we can foresee consideration for prejudice that is no longer strictly based on financial impoverishment, as traditionally results from at least a potential loss of a customer base, but now very clearly taking account of “prejudice to image,” that is to say debasement, dilution or even trivialisation of the company’s image.

However, even some of the elements that constitute a given prejudice that have just been evoked may be lacking.

In addition, it is perfectly conceivable that the non-competitor company may have unduly made gains by reproducing the brand image of another company, without ever observing any impoverishment whatsoever in the latter company.

In this case, it would be a matter of sanctioning a behaviour that is admittedly contrary to accepted business practice, by which its perpetrator can make undue gains though not actually causing harm to the initial company.

We may consider that it is competitors in the motor vehicle sector who endured harm: litigious actions have allowed an economic advantage to be built up based on an unfair act, since it was achieved not through investment, but through copying others.

⁶⁰ ILCL International Report on Question B (2007): “Ambush Marketing too smart to be good? Should certain ambush practices be declared illegal and if so, which ones and under what conditions?” by Pierre Kobel.

7.5 In tackling this issue, we touch on a broader question linked to the behaviour of economic players on the market: this is doubtless the point at which it becomes necessary to allow the initial company to act against a non-competitor company by acting as regulator, thus re-establishing equality of arms not on a given market, but on the market in general.

These concepts must be able to be used in order to sanction the undue use, or “theft” of a company’s brand image by a non-competitor, under conditions that must be strictly assessed.

Ultimately, a company that has made substantial investments in order to build up a strong, identified brand image must be able to act against a non-competitor company that unduly misappropriates this image, if it appears that said misappropriation does not comply with fair trade uses, that is to say it does not appear to be accidental or necessary, but rather it voluntarily aims to achieve economic advantage without incurring the expenditure that it should have, if the initial company on the market did not have this well-known image, and this means that the image of said company is debased or diluted, its reputation or awareness is infringed upon, a likelihood of confusion as to the origin of the products or services is created, or the existence of economic links between the companies in question is inferred.

Draft resolution:

A company's brand image can be defined as a group of elements that may or may not be protected by intellectual property rights, other distinctive marks, visual and/or verbal elements identifying the company in the minds of the public, and representing a substantial economic value.

The ILCL considers that it is useful for a company to be able to obtain protection in the event of "theft" of its brand image by a non-competitor, but specific regulation is neither necessary nor desirable.

The use of intellectual property rights or other distinctive marks may constitute a judicial basis for this protection and the current conditions for their implementation appear to be satisfactory both in terms of the mark that may be invoked (for instance: well-known trademark, widening of the trademark's functions) and the evidential items that must be produced regarding the nature and importance of the impairment and harm endured.

The protection of brand image against its misappropriation by a non-competitor company must more generally be ensured when it becomes apparent that this misappropriation contravenes fair trade uses in a non-accidental, unnecessary manner.

In this case, the company falling victim to said offences must provide evidence of the existence of its brand image in the minds of consumers, the impossibility of the non-competitor company to be unaware of this, and the nature of the harm it endures, (likelihood of confusion or of association, debasement, dilution) even if this is not quantifiable financially.

In the absence of direct prejudice, at the very least when ruling on prohibitive measures, the courts must take account of any undue gains made by the non-competitor company which necessarily predicate an imbalance on the market.

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APPENDIX: National reports

National Group	National Reporter
Austria	Max W. Mosing and Christian Handing
Belgium	Johanne Ligot
Czech Republic	Petr Hajn
France	Linda Arcelin, Sébastien Calmont, Arnaud Latil, Aurélia Marie and Linda Sadi
Germany	Franke Henning-Bodewig
Hungary	Péter Lukácsi
Italy	Francesca La Rocca
Luxembourg	Nicolas Decker and Marianne Decker
Sweden	Alexander Jute
Switzerland	Leila Ghassemi
United Kingdom	Ben Longstaff