


# Using the trademark as a protection from free riders

Panel: Silvia Bortolotti, Stella Padovani, Bendikt Rohrssen, and Peter E.P. Gregersen

## Using the trademark as a protection from free riders

- Welcome!
- Agenda:
  - Introduction of panelists
  - Introduction to the topic “Using the trademark as a protection from free riders”
  - National case law from Italy, Germany, and Denmark.
  - Practical experience
  - Discussions and Q&A

## Using the trademark as a protection from free riders

- Introduction of panelists
  - Silvia Bortolotti: Vice-Chair and Secretary General IDI, IDI country expert for agency, distribution and franchising (Italy); attorney-at-law at Buffa Bortolotti & Mathis, Turin
  - Stella Padovani:  Vice-President;
  - Benedikt Rohrssen: IDI Country Expert for Distribution (Germany); Attorney-at-law and AI Manager (bitkom) @ Taylor Wessing
  - Peter E.P. Gregersen: IDI Country Expert for Distribution and Agency (Denmark), Attorney-at-law and Partner @ Aumento Law Firm

## Using the trademark as a protection from free riders

- Introduction to the topic “Using the trademark as a protection from free riders”

### **DIRECTIVE (EU) 2015/2436 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**of 16 December 2015**

**to approximate the laws of the Member States relating to trade marks**

#### *Article 15*

##### **Exhaustion of the rights conferred by a trade mark**

1. A trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Union under that trade mark by the proprietor or with the proprietor's consent.
2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.
  - What are “legitimate reasons”? Note: We will not focus on “...where the condition of the goods is changed or impaired after they have been put on the market”. Rather, we will focus on other “legitimate reasons”.
  - Brief introduction to selected ECJ case law: C-59/08 of 23/04/2009, Copad/Christian Dior; ECJ C-337/95 of 04/11/1997, Christian Dior/Evora
  - Can “legitimate reasons” be used to protect against free riders?

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Italian case law

Do Italian courts grant protection to trademark owners against free riders, by applying the exception of “legitimate reasons”?

Yes, there are several court decisions of lower courts all over Italy (one of the Supreme Court) which have granted protection to brand owners (often by issuing precautionary measures, subsequently confirmed in the proceedings on the merits), in cases where:

- A third party (“free rider”) not pertaining the the brand owner’s network, legitimately purchased the products (the trademark right has been exhausted);
- The products have not necessarily been altered or modified by the free rider; BUT
- The brand owner can oppose further commercialisation of the products by the free rider, based on “legitimate reasons”

## Using the trademark as a protection from free riders

Italian case law

If yes, under which conditions?

- 1) Existence of a selective distribution contract containing a legitimate prohibition on sales outside the network
- 2) Control and protection of the integrity of the network by the owner
- 3) Marketing of luxury or prestigious products
- 4) Knowledge of the existence of this type of network by the free rider
- 5) Commercialisation by the free rider
- 6) Commercialisation causing serious damage to the reputation of the trademark owner

## Using the trademark as a protection from free riders

German case law

- How does German case law **define “legitimate reasons”** to prevent parallel sales under Article 15(2) of the Trademark Directive?
- **Key rulings** in favour of trademark owners against unauthorized resellers
- What **factors determine** whether resale damages the reputation of a luxury brand?



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### Danish case law

- What can be gathered from the key judgments in Denmark where Danish courts have applied, or considered applying, the exception of “legitimate reasons”?
  - Case law regarding “legitimate reasons” is very limited, and no case law concerns selective distribution systems and “free riders”
  - Judgment of 28 June 2001 by the Danish Maritime and Commercial Court, case V77/00, U.2001.210S - A parallel importer’s removal of bar codes, which were required under law for, inter alia, safety and recall purposes, and certain outer packaging from LANCASTER cosmetic products constituted a trade mark infringement by the parallel importer (see also case C-349/95 Loendersloot-Ballentines). Thus, under certain conditions, bar codes etc. can be applied to protect against free riders.
  - Judgment of 7 November 2012 by the Danish Supreme Court, case 16/2007, U.2013.376H – Company A’s refilling, with its own gas, of re-useable gas bottles, carrying company B’s trademark, did not constitute legitimate reasons for company B to prohibit Company A’s refilling (see also case C-46/10 Viking Gas-Kosan Gas). Thus, the Supreme Court found that the consumers would not assume that was any connection between Company A and Company B or that the gas used for refilling by Company A originated from Company B (whose trade mark was on the gas bottles). Company A had put a label on the gas containers stating “Filled by [Company A]. However, under certain conditions (e.g. if consumers believe that there is a connection between the proprietor of the trademark and a free rider), trade mark rights can possibly be applied to protect against free riders – also in “secondary” markets).



## Using the trademark as a protection from free riders

### Discussion

- Questions and comments?

**THANK YOU FOR YOUR ATTENTION!**