

TASK FORCE 2

UCC COMMITTEE – POLICY DEVELOPMENT SUBCOMMITTEE INTERNATIONAL TRADEMARK ASSOCIATION (INTA)¹

Objective: Identify possible contemporary unfair competition practices that are detrimental to trademark ownership and use (so-called “Modern Unfair Competition”) and depict their characteristics and particular elements (activity patterns).

“Modern unfair practice” means commercial practices of disloyal nature found in new commercial platforms used to trade, such as social media, internet, international trade, advertising programs and other commercial events. Such identification of “modern unfair practices” should be directly or indirectly related to impairing the legitimate rights of trademarks, disturbing trademark rights and/or leading to trademark discrediting.

Accomplishment: Identification of 12 “Modern Unfair Competition” practices in some jurisdictions, such as Brazil, China, Colombia, Germany, Guatemala, India, Israel, and the United States,

The identified “Modern Unfair Competition Practices” are as follows:

1st. Identified Unfair Practice: **TYPOSQUATTING (Unfair Competition in the virtual Space)**

‘Typosquatting’ is an unfair commercial practice based on the malicious use of spelling errors of an internet address by a competitor with the objective to divert clients of another competitor or consumers to its address in the internet.

¹ Heather Dunn, José Carlos Vaz e Dias, Cindy Kang, Dolores Cañadas Arcas, Paulo Monteverde, Philipp Strommer, Raka Roy, Sandra Iriarte, Tom Williams, Ximena Castellanos.

The meaning of Typosquatting comes from the junction of the word **typo** (error in typing a word) and **squatting** (occupation of an empty or abandoned space). It is therefore the occupation of a virtual space in the internet.

The basic requirements or trade behavior of this practice are the following:

- (i) an internet address is created by a squatter to identify a business;
- (ii) such internet address is comprised of a typo commonly committed by the local consumers when typing an internet address in the browser;
- (iii) such typo is intentionally created by the squatter to resemble the internet address of a leading competitor;
- (iv) when internet user types accidentally and/or incorrectly the internet address of a leading competitor (inputting the website address into the website browser) the user is driven automatically to the squatter's business' address or the squatter's business' address comes up;
- (v) the user is led into confusion as to the correct internet address and business, since user thinks that he is accessing the leading competitor's address and business.

Therefore, a squatter takes advantage of this typo mistake to lead users into confusion and divert for his own benefit another's clientele.

Typosquatting has already been identified and classified as an unfair practice by the Brazilian Courts. One of the decisions dealing with this matter was issued by the State Court of São Paulo. It involved two companies in homepage hosting services. The Brazilian company **Locaweb** Serviços de Internet S.A. is a leading homepage/internet hosting services, which disposes the address www.locaweb.com.br to those interested in its services. A competitor adopted the address www.localweb.com.br – using the main expression **Localweb** - to promote its services in the web. The court understood that the use of www.localweb.com.br was an unfair practice derived from a typo commonly practiced by Brazilian users in accessing the internet.

Further to that, typosquatting has been addressed in some European jurisdictions, such as Germany and France. In Germany, the case was named Typosquatting through Affiliates (18.10.2013 – High Regional court, Civil Division at Köln/Germany. Proceedigs n. 6 U 36/13 (.de) – Domain Name). In a nutshell, the High Regional Court in Köln dealt with the unfair practice based on the direction of users to the website of the respondent - www.T.de - when typing wrongly the applicant's website - www.V.de – to www.V2.de.

Unfair practice proposed by Dolores Cañadas Arcas and José Carlos Dias

2nd. Proposed Unfair Practice
TRADEMARK USE AS EXPRESSIVE CONTENT (Video Games, Entertainment and similar platforms)

This matter involves the use of trademarks in videogames, movies, television, and other creative works as a reference to actual or fictional stores and commercial establishments. The question would be whether the use of trademark in this context is regarded as unfair competition based on the likelihood of confusion among consumers regarding whether the depicted trademark in the product or services is associated with the video depiction.

The possible unfair competition practice was based on a court case, *E.S.S. Entm't 2000 v. Rock Star Videos Inc.*, 547 F.3d 1095 (9th Cir. 2008), where a video game company used the mark "Pig Pen" to re-create a business in a fictional city and neighborhood. Plaintiff E.S.S. argued that the use of the mark "Pig Pen" in the video game was a clear reference to its strip club called "Play Pen". Such practice allegedly constituted trademark infringement and unfair competition based on a likelihood of confusion regarding endorsement and association of the plaintiff's strip club with the video depiction.

The court held that the depiction of the strip club had artistic relevance because the game involved a seedy fictional area based on East Los Angeles (California) where the plaintiff's club was located. Further to that, the depiction did not mislead consumers, because nothing in the case record indicated that consumers would have believed that the plaintiff produced the video game or that the video game producers operated a strip club. Further to that, the court recognized the artistic relevance to the accused material that outweighed allegations of trademark infringement.

The basic requirements or trade behavior of this practice are the following:

- (a) use of similar or identical trademark in creative works, such as video games, as an inspiration, including the re-creation of fictional products, services and commercial establishments;
- (b) possible unfair practice based on likelihood of confusion among consumers of the original trademark and the depicted trademark used in a creative or expressive context;
- (c) whether the accused use of the trademark has "artistic relevance" to the creative work.

Unfair practice identified and proposed by Tom Williams

3rd. Proposed Unfair Practice **AMBUSH MARKETING (Sports and Cultural Events)**

Ambush marketing or marketing by association is a commercial practice commonly found in sport events of great magnitude where one or more businessmen take advantage of the reputation of the event and the overall public. There is an attempt to associate directly or indirectly with a specific sport venue and benefit from the reputation of the event, in detriment to the official sponsors' investment.

Such practices are commonly seen when the Olympic Games, World Cup of Football and other influential sports events take place. It is greatly found in TV broadcasts and digital means of communication, which permit launch and intensive exposure for the associated marketing for a very short period of time.

Further to that, ambush marketing may reach cultural events, such as the RockInRio Festival in the city of Rio de Janeiro and Lisbon. Back in 2013, there was a curious fact based on a comment by the singer Bruce Dickinson during the concert of the Iron Maiden band in RockInRio. During its presentation, the singer stated that the beers of Brazil were not good ("***The beers sold over here are shit and therefore I had to bring mine***") and started drinking the beer "Trooper" (brewed by Robinson Family Brewers in England). After drinking the beer, he burped loudly in the show, as a clear reference to the British beer. The question was whether Iron Maiden aimed to commercially promote the aforementioned beer in detriment to the RockInRio beer sponsor, Heineken, or it wanted to promote its famous music named "Trooper". Had Iron Maiden damaged the RockInRio sponsor – Heineken – despite the fact that Trooper was not available to the public? Was the promotion of a beer not sold in the RockInRio in detriment to sponsor: Heineken? Had Iron Maiden really damaged the reputation of the sponsor?

The basic question is whether ambush marketing is an effective unfair competition practice that implies morally questionable behavior in commerce. Also, there is a question as to whether it may be tolerated in specific situations where the event is embedded into the culture of a specific society and expected calendar, such as Christmas time or Carnival. Further to that, would the simple use of a trademark in an event or any reference constitute an unfair practice?

The basic requirements or trade behavior of this practice are the following:

- use of a mark in association with an event despite the fact the mark is not the promoter of the event.
- the use of the mark in association needs to be for commercial purposes.

- possible illicit enrichment needs to be evidenced so that the practice is classified as unfair.
- territorial limitations or territorial scope needs to be observed.

The examination of ambush marketing is of importance in view of existing and differing legislation and regulations, especially in those countries that held international events of great magnitude.

Unfair practice proposed by Sandra Iriarte and case identified by Jose Carlos

4th Possible Unfair Practice **DECODING ON TRADEMARKED PRODUCTS (international trade)**

Decoding of trademarked products is a practice commonly found in international trade on which a dealer (usually not an authorized one) acquires original products, removes the product identification code or replaces it by a “fantasy code” (most of the time with no meaning) and then resells them in the market.

The reasons behind the decoding practice are to hide the source of the product or its quality, since the identification code (identifying marks or number on the products and/or packaging) is used to allow the brand owner to track its products within distribution channels and identify where/when and the channels in which the products were sold.

By adopting the decoding practice, the dealer aims to sell the products to parallel importers without being identified by the brand owner. This further prevents a breach of contract, as the dealer will place the products in jurisdictions that are not authorized to trade. Further to that, decoding may involve purchase of products by dealers from a lower cost jurisdiction and resale to a jurisdiction where the products may be sold at higher price as well as the resale of original lower quality products (products with different quality requirements) into a competitive market.

Coding of products is regarded as essential for safety, for consumers and public health purposes, especially in the health, foodstuff, cosmetic and beverage industries. It further provides a consumer warranty and confirmation that the product is fully sponsored by the brand owner.

Decoding is as an unfair competition practice since it hides the source of the product and provides a false designation of origin. Further to that, it may confuse consumers and erode consumer goodwill towards the branded added to the product.

Decisions issued by US courts and the European Court of Justice classify decoding as a significant change to the specific properties and characteristics of a product, which is a fraudulent means to divert customers to the seller's commercial advantage.

As a final comment, this unfair practice is understood under the concept of the trademark exhaustion of rights when the product identified by the mark is placed into the market by the holder directly or with his consent. Decoding has been understood as an exception to the exhaustion of rights, since it is an alteration or impairment of genuine products (they can be no longer regarded as the exact product placed into the market by the trademark holder's consent)..

The basic requirements or trade behavior of this practice are the following:

- (a) Buyer purchases original products in the market and removes the product identification code;
- (b) the identification code is replaced by a fantasy code or the code is simply removed;
- (c) the product is then replaced into the market without any restrictions, as to quality and price.
- (d) decoded product may gain unfairly market competitiveness, as it may be matched as a high-quality product and does not hold the burden of securing the quality of the product;
- (e) decoding practice is a false designation of origin and may confuse consumers about the quality and assurance or consumer warranty;
- (f) it is a likelihood of confusion under a false designation of origin;

Unfair practice proposed by Iris Gunther and Heather Dunn.

5th Possible Unfair Practice
**UNAUTHORIZED USE OF OTHER REGISTERED TRADEMARKS AS SEARCH
KEYWORDS (Internet Promotion)**

This practice usually involves the unauthorized purchase and use of a competitor's trademark as search keywords for internet promotion. When searching for a service or product, the searcher types a specific trademark, but it is directed instead to a competitor.

This practice resembles AdWords in the sense that a specific company hires a service from Google (for example) to display briefly and advertise its services/products when the internet searcher enters a specific mark, name or expression.

Although it is recognized that the use of a mark as a search keyword for internet promotion is not a direct use of a third party's mark in commercial behavior, its unauthorized use may damage the trademark goodwill and weaken the existing connection between the trademark owner and the quality product or service rendered by the owner. Therefore, the exploitation of the goodwill should not be allowed, as it would evidence an unfair advantage of the reputation and efforts of the used trademark. Therefore, it would be considered as a breach of good business practice.

An example was provided by our colleague Cindy Wang in China. The Chinese court "Chongqing Fifth Intermediate People's Court" issued a decision stating that the unauthorized use of other registered trademark as search keywords constitutes a breach of good business practice and a misleading advertising.

According to a Chinese decision involving the companies Jujiao e Qianjin, the search of the marks 汇博人才网 (HUIBO REN CAI WANG in Chinese character), HUI BO (汇博 in Chinese character) and 汇博网 (HUI BO WANG in Chinese character) within address bar through Baidu search engine, which immediately directed the viewer or the internet searcher to Qianjin's website www.51job.com, confirmed Qianjin's intention to use the goodwill of Jujiao. Further to that, 汇博 (HUI BO in Chinese character) trademark carried out a deep publicity and specific connection between Jujiao's activities and its registered trademark. Therefore, the unauthorized use by Qianjin would reduce the identification of the origin of the goods and services of Jujiao's trademarks and damage its business.

This case was included in the White Paper on Judicial Protection of Intellectual Property in Changqing Courts (2018 version).

Further to that, one important case was found in India where a specific court case was brought to our attention. This is the *Matrimony.com v. Google LLC & Ors.* (CCI- Case N^o. 7 of 2012) and *Consumer Unity and Trust Society v. Google LLC & Ors.* (CCI- Case N^o. 30 of 2012)

The Information in case n^o. 7 of 2012 was filed by Consim Info Private Limited ("**Consim**") (now known as Matrimony.com Limited) and the Information in case no. 30 of 2012 was filed by Consumer Unity and Trust Society ("**CUTS**") (collectively, the "**Information**") before the Competition Commission of India (the "**CCI**"). Upon

consideration of the Information filed by Consim and CUTS respectively, CCI directed an investigation to be made into the allegations by the Director General of the CCI (the “**DG**”).

Google provides for ‘Adwords’ which is its ad platform that allows advertisers to bid for ads to appear on Google pages. Through Adwords, advertisers may bid for keywords for which an ad will be displayed on the Google pages and there is no bar on advertisers to bid on keywords on which a trademark may have been obtained. Through the course of the investigation, the DG found Google to be dominant under section 4 of the Competition Act, 2002 (“**Competition Act**”) in the relevant market for “*Online general web search service in India*” and “*Online search advertising in India*”, and noted that Google abused such dominant position by allowing the trademarks of certain trademark owners to be bid as keywords by third parties for the purpose of ads to be displayed on the Google pages. Competitors of such trademark owner have the chance to free ride on the goodwill and brand value associated with such trademark, which is adverse to fair competition. This was also noted to be capable of causing confusion between marks amongst consumers and eventual consumer and mark harm. If the owner of the trademark was to ensure that its ads appear before those of its competitors, it would be compelled to outbid its competitors, resulting in increased advertising budgets.

The DG also noted that even though Google’s AdWords policy prohibits the use of trademarks that have been notified to Google in the ad text of competitors, there were instances in which Consim’s trademarks appeared in ads of competitors in response to searches of these trademarks and Google had permitted use of minor variations in Consim’s trademarks that had been notified to Google. This results in unfair bidding between the trademark owner and other competitors. Such conduct by Google was noted by DG as resulting in unfair business gains to the competitors of the notified trademark. In light of this analysis, the DG found the Adwords policy to be in contravention of section 4(2)(a)(i) of the Competition Act, which prohibits the imposition of an unfair or discriminatory condition by a dominant enterprise. However, in its final order passed under section 27 of the Competition Act, the CCI did not agree with the findings of the DG with respect to the finding of Google’s Ad Text Policy. The CCI noted that Google’s keyword bidding policy was applied universally and advertisers were allowed to bid on Google’s trademarks as well. The CCI noted that by allowing bids on trademarked terms, there is increased relevance of Google’s ads which eventually benefits consumers. By allowing advertisement through bids on keywords, advertisers would be able to target ads towards consumers who may wish to view ads of competitors. The CCI found that since no unfair or discriminatory condition had been imposed by Google with respect to keyword bidding, and therefore there was no violation of section 4(2)(a)(i) of the Competition Act.

The basic requirements or trade behavior of this practice are the following:

- a competing businessman purchases and uses a competitor's trademarks as a search keyword;
- when internet searchers type the trademark, name and other distinguished expression of a company in the address bar, the searcher is directed to a competitor businessman's link;
- both businessman and the competitor need to compete for the same consumers;
- the competitor should be a reputed company that holds an attraction from others to associate, exploit the goodwill and divert consumers from the competitor.
- The unauthorized use should evidence the unfair advantage in adopting the unauthorized use of the competitor's trademark.

Unfair practice proposed by Cindy Kang and Mr. Bharath from the Indian firm Anand Anand.

6th Possible Unfair Practice

GEO-PRICING (Different Price Charge on the Geographic Position of Consumer) and GEO-BLOCKING (Blocking Access to Services or Goods)

Geo-Pricing is a practice used by some websites that offer different prices for services based on the geographic location of consumers. These sites hold an algorithm to identify consumers based on possible acquisition power, gender, race among others commercial issues. Therefore, they allow websites to offer higher or lower prices for the services based on the consumers that want to serve.

This practice is underway in some jurisdictions, such as Brazil. For example, this is a common practice led by website holders and companies related to travel facilities (accommodations and trip packages). In the aforementioned company, there is a court action - 7th Business Law Chamber n^o 0018051-27.2018.8.19.0001 of January 25, 2018 - at the moment involving the company DECOLAR.COM (www.decolar.com.br), which is a Brazilian subsidiary of the Argentine DESPEGAR.COM, the latter considered the biggest and most influential travel agency of Latin America. The name "DECOLAR" is a literal translation of the word "DESPEGAR" (Spanish), which means TAKE OFF for airplanes.

It was found that DECOLAR.COM was practicing discriminatory prices against Brazilian consumers in relation to foreign ones due to the following practices. Firstly, DECOLAR.COM was blocking the access of Brazilians to specific hotels in Brazil. Secondly, the prices of the local hotels were higher for the Brazilians in relation to the

foreigners. This practice was realized through search undertaken simultaneously in different jurisdictions for the same hotels, trip packages and trips. It was obvious during the Olympic Games in 2016. Booking at some specific hotels were also blocked to the Brazilians.

The reason behind the price discrimination and consumer blocking for hotel reservation to Brazilians was due to the realized higher consumption made by foreign consumers in trips and hotels. Therefore, hotels and trip packages (but especially hotels in Brazil) prefer holding consumers of other jurisdictions instead of the Brazilians. For that purpose, DECOLAR.COM uses an algorithm that makes possible such discrimination and blocking.

A competitor called BOOKING.COM (that does not exploit the geopricing model in its business, as it considers illegal) filed a complaint at the Public Attorneys of the State of Rio de Janeiro by highlighting that such practice interferes in the consumers' decision and it may be framed as unfair practice.

Although the focus of the complaint is consumer rights or the Brazilian Consumer Rights Code, there is a close related unfair competition and trademark damaging component in the matter. By using the Geo Pricing/Geo Blocking platform and algorithm (especially disposing the algorithm to hotels), hotels will prefer maximizing its profits by offering accommodations through DECOLAR.COM instead of the BOOKING.COM. DECOLAR.COM's practices may be regarded as tarnishment insofar as the famous trademark or services under the brand BOOKING.COM is linked to services or to the idea of supplying shoddy quality services. Therefore, this practice may be regarded as fraudulent means to divert another's clientele.

In view of the existing matter, the Public Attorneys established a Civil Investigation (Civil Investigation n. 347/5th PJDC/2016) initiated a court action (Public Civil Court Action based on collective rights) against this practice at the State Courts of Rio de Janeiro. The petition filed by the Public Attorneys of the State of Rio de Janeiro is fully available (<http://www.migalhas.com.br/Quentes/17,MI273955,91041-MPRJ+acusa+Decolarcom+de+manipular+precos+para+discriminar+brasileiros>). However, no other materials and information are available, since the court case is processed under secrecy.

The basic requirements or trade behavior of this practice are the following:

- a travel agency disposes to consumers a group of hotels, entertainment companies and air flight tickets;

- a travel agency disposes the geopricing/geoblocking algorithm that blocks specific consumers from hiring specific services and leads to higher profits;
- the practice is unfair as it gives a competitive edge from its competitors;
- a travel agency promotes the travel agency marks and services based on discrimination of rights instead of normal commercial practices.
- evidence that a trademark and business goodwill obtained in foreign market based on artificial methods in detriment to competitors.

Unfair practice proposed by Filipe Fonteles and by José Carlos Vaz e Dias

7th Possible Unfair Practice
DILUTION (USE OF A FAMOUS TRADEMARK IN CONNECTION WITH NON-COMPETING GOODS (DILUTION)

This matter involves the use and depiction of trademarks in connection with non-competing goods. Trademark infringement requires a likelihood of confusion, namely, that a consumer viewing the accused goods or services bearing the mark would believe that the trademark owner was actually the source of the goods, or had sponsored or approved them. To prevail, the trademark owner must typically establish that the goods are competing, or at least related. The relatedness of the goods is one of the key factors in the multifactor “likelihood of confusion” test applied in US courts. However, in some instances, the accused goods are non-competing and entirely unrelated. In those cases, courts may not find the required “likelihood of confusion.” As a result, there is no trademark infringement. To remedy this, the US enacted a “dilution” statute that protects owners of famous marks. It is fairly limited in scope.

A recent example of a dilution case is Pinterest, Inc. v. Pintrips, Inc., 140 F. Supp. 3d 997 (ND Cal. 2015). Plaintiff Pinterest is a social media website where users can share photos, articles, and other information on their personalized “Pinboards.” The Pinterest Pinboards are publicly accessible by more than 80 million viewers. Defendant Pintrips offers an online tool that enables its users to track fluctuating airline fare prices. Each Pintrips user has a private “Tripboard” to track the selected flights. It is not publicly available to other Pintrips users. Pinterest sued Pintrips alleging, among other claims, that the name PINTRIPS infringed its PINTEREST trademark. However, the court held that the parties’ goods and services were unrelated and therefore unlikely to cause confusion. Pinterest’s infringement claim was dismissed.

Pinterest also asserted that Pintrips was liable for trademark dilution because the PINTRIPS mark was likely to blur the distinctiveness or tarnish the PINTEREST mark. US law provides a federal cause of action for trademark dilution. 15 USC 1125(c). Under

the Dilution Act, a plaintiff can prevail even where the goods are completely unrelated and there is no likelihood of confusion. The plaintiff must prove: (1) its asserted mark is famous; (2) defendant is making use of the accused mark in commerce; (3) the defendant's use began after the plaintiff's mark became famous; and (4) defendant's mark is likely to cause dilution by blurring or tarnishment. The court clarified that only truly famous marks are protectable under the Dilution Act. The plaintiff's mark must be "a household name." *Pinterest*, 140 F. Supp. 2d at 1030. However, Pinterest's Dilution Act claim was dismissed because it was unable to prove that its PINTEREST trademark was famous as of the date Pintrips adopted its accused PINTRIPS mark. *Id.* at 1031. Although the PINTEREST mark was famous at the time it filed its lawsuit, it was not held to be famous at the time Pintrips adopted its PINTRIPS mark. Therefore, the court dismissed the lawsuit.

Basic requirements for a dilution claim:

- (1) the plaintiff's mark is "famous";
- (2) defendant is making use of the accused mark in commerce;
- (3) plaintiff's mark became famous prior to the defendant's use;
- (4) defendant's trademark is likely to blur the famous mark by impairing its distinctiveness;
- (5) evidence that the defendant's trademark is likely to tarnish the famous mark by harming its reputation;
- (6) the tarnishment is an unfair competition practice

Unfair practice case proposed by Tom Williams.

8th Possible Unfair Practice **COMPARATIVE ADVERTISING (When the Truth is Disloyal)**

According to the Brazilian Trademark Law (Federal Law 9,279/96), the publication of false information about a competitor with a view to obtain advantage is regarded as an unfair competition practice, since it may discredit the goods, marks and the business activities of a competitor.

Nevertheless, the use and publication of true information about a competitor may be regarded as an unfair competition practice when such use aims to obtain a competitive advantage or the information is made public by a competitor in such an ostensive manner that may be regarded as disparaging.

This practice was viewed in a comparative advertisement in Brazil led by the company MICROLITE S.A in 2013 for the alkaline battery called RAYOVAC. In order to promote its new alkaline battery, RAYOVAC was publicly compared to DURACELL by using the following statement “**RAYOVAC: Same Duration, Lower Price**” (**RAYOVAC – Mesma Duração, Menor Preço**). PROCTER & GAMBLE opposed MICROLITE S.A.’s statement on the price of the batteries (since there is no price control in Brazil. Therefore, businessmen may sell DURACELL cheaper than RAYOVAC) and on the duration.

Most importantly, PROCTER & GAMBLE attacked the overstatement of the comparative advertisement, as MICROLITE wanted to make clear that RAYOVAC was compared with the leading battery in the local market. The comparative advertisement could be found in the main commercial centers of the country and the competitor indeed over exposed DURACELL. The rationale was that RAYOVAC and DURACELL could have the same characteristics and provide similar results, but the excessive exposition of the “truth” and exploitation of the trademark DURACELL could be classified as unfair competition based on defamation of the mark.

Although the state courts of Rio de Janeiro affirmed that true commercial information may be regarded unfair when exploited by a competitor unreasonably in its favor and in detriment of the competitor (recognized that the excessive exploitation of true information could hamper the competitor’s business), the courts understood that DURACELL was over exposed in total favor of consumers. Therefore, the comparative advertisement was accepted.

The Superior Court of Justice (RESP nº. 1668550/RJ (2014/0106347) reaffirmed the decision of the state court of Rio de Janeiro and decided that RAYOVAC’s comparative advertisement was accepted and beneficial to consumers.

This case opened up the discussion about unfair competition based on the use by a competitor of commercial information of another considered real and true.

The basic requirements for the unfair use of true commercial information of another competitor are as follows:

- (a) There is a true and real information about a product, trademark or activity of a company;
- (b) A competitor uses this real commercial information about the company in connection with its mark and product;
- (c) The use of the company’s information aims to highlight some relevant characteristic of the competitor’s products or the use is overstated.
- (d) The excessive use of the companies’ information is unfair, since it is used to promote the competitor’s products with disparagement effect on the reputation of the company.

It was also found in India a relevant case addressing the same line of comparative advertisement in *Havells India Ltd. and Ors. vs. Amritanshu Khaitan and Ors.* (2015 VIAD (Delhi) 139).

In the instant case, Havells India Limited (“Havells”) sought to restrain a misleading and disparaging advertisement, challenging the promotional advertising of Amritanshu Khaitan (“AK”). AK compared its product ‘Eveready LED Bulb’ with that of Havells which is ‘Havells LED Bulb’. Havells contended that AK was comparing the two products through its slogan, creating an impression in the mind of the consumers that the AK’s product was superior to that of Havells. It was averred that all significant characteristics of the product must be disclosed, rather than only a few features which lead to comparison in a tricky and misleading fashion.

AK argued that the representations made in the advertisement were true and made only on the basis of information cultivated from the product packaging of utilized by Havells. Additionally, it was maintained that there is no obligation under the existing law to reveal every feature in comparative advertisement and since relevant features had been divulged and compared, no action for disparagement can be made.

The Delhi HC, in the present case, observed that comparative advertising is acceptable if the goods or services meet the same needs or are intended for the same purpose; if it contains one or more material, relevant, verifiable and representative features (including price) and if the products with same designation of origin. Further, simply because the advertisement fails to point out the competitor’s advantage it does not always amount to dishonesty. Thus, not all factors of a product need to be compared and a certain amount of disparagement is implicit in the comparative advertisement. Nonetheless, it must be ensured that the advertisement in question must not be defamatory, libellous, confusing or misleading concerning the compared trademark, product or business. Mere trade puffery, even if uncomfortable to the registered proprietor, does not amount to trademark infringement.

Unfair practice proposed by José Carlos Vaz e Dias (concerning the Brazilian case) and Mr. M. S. Bharath from the Indian law firm Anand and Anand.

9th Possible Unfair Practice

BAD FAITH (as opposed to good faith or the conscience of having acquired the property by legitimate means free from scams or other vices)



The existence of Bad faith when applying for a trademark registration has been considered by the Andean Tribunal to be an indication (prima facie evidence) that the application has been filed to commit, facilitate or consolidate an unfair competition practice. Therefore, a registration for an application under these circumstances may be rejected.

Basic requirements of this practice are the following:

- (i) The involved parties must be competitors, exercising the commercial activity in an identical or comparable way.
- (ii) The applicant must act in Bad Faith (using fraudulent means).
- (iii) The activity made by the applicant is susceptible to cause damages to the competitor. The possibility of damages and not the actual damage is required.

Therefore, a competitor acting in Bad Faith is looking forward to taking advantage over the market by leading consumers into confusion or blocking the access of the legitimate trademark owner to this same market, by applying for a trademark registration.

Bad Faith has already been recognized by the Colombian Trademark Office as an unfair competition practice when applying for a trademark registration.

One of the decisions dealing with this matter involves a French Company, Sushi Shop Management, owner of an international registration for trademark , without a trademark registration in Colombia or any other Andean Pact Country. This company filed an opposition against an application for registration of trademark  from Cocina de Mercado SAS, a local company.

Within the IP system in the Andean countries, exclusive rights over a trademark can be acquired ONLY by registration. There are no rights derived from use. Even though the French company had no IP rights in any of the Andean Pact Countries, the Trademark Office considered that the reproduction of the international trademark cannot be regarded as a mere coincidence. This situation allows to conclude that the applicant is pretending to take ownership over the opposer's trademark to have access to a market already conquered by the opposing party. Further on this application filed in bad faith may not only lead to confusion but may also prevent the opposer to use and register his legitimate trademark in our Country.

Unfair practice proposed by Ximena Castellanos.

10th Possible Unfair Practice **FAKE NEWS AND UNFAIR COMPETITION**

Fake or false news in social media news has not been an issue in Brazil concerning only politics with the impeachment of the President of Brazil back in 2016. It has been also a reality in the commercial arena, since a great number of publications can be found about companies' behavior, especially those that hold a reputation in the market.

Back in December/2017, consistent information was made public in blogs and in specific users' profiles (Facebook) about Coca-Cola great financial loss on implementing a campaign for the promotion of the Brazilian transsexual singer called "Pablo" on its can.

Coca-Cola adopted a promotion in Brazil where the buyer of Coke could pick the can based on its favorite singer. Several Brazilian singers have been invited to participate in the Coca-Cola promotion where the three (3) most voted would be invited for a big concert. One of the invited signer was exactly the transsexual "Pablo" who holds resistance by part of the Brazilian society due to its sexual orientation.



Due to the fact that "Pablo" (on the far left can - above) was stamped on the cans, it was publicized in blogs and social media about a financial loss of Coca-Cola in the amount of USD 1, 143 billion. This publication in social media was followed by the news that the conservatives in Brazil started boycotting Coca-Cola and commenced, instead, to buy a new can of Pepsi that holds a stamp of the right-wing politician who run for the next Presidential election called "Bolsonaro". In fact, he run and won the election in 2018.



Although such information in social media is recognized as being promoted essentially by the public in general, the lie affects greatly the reputation of renowned trademarks. A company is required to spend a great deal of effort in preventing the propagation and trademark damages derived from the use of fake news.

Further to that, it opens up the discussion about publication of fake news promoted or instigated by companies in social media against their competitors in order to obtain commercial advantages and the competitor's clientele.

The publication of false information against a competitor is already framed as unfair competition under Item II of Article 195 of the Industrial Property Law. However, the peculiarity of the fake news lies on the online platform through social media where the propagation is much more aggressive and the damage comes up quicker.

The basic requirements for the unfair use of untrue commercial information of another competitor are as follows:

- (e) There is a false information about a product, trademark or activity of a company;
- (f) A competitor incites this false information to be propagated through social media, such as blogs, Twitter, Facebook, Reddit, Google etc.
- (g) Sometimes, a competitor does not incite the false information propagated through social media, but it uses the information by any means to promote its product by damaging the reputation of other companies.
- (h) The false publication aims to highlight some relevant characteristic of the competitor's products to diminish its reputation and the credibility before consumers.

A court decision that possibly highlights the unfair competition practice of fake news was issued in November 7, 2016 by the 11th Civil Chamber of the State Court of São Paulo involving the subsidiary of the Chinese company BAIDU BRASIL INTERNET LTDA. against the defendant PSafe TECNOLOGIA S.A.

The case – Civil Action TJSP nº. 1006564-47.2015.8.26.0100 - involved the request of PSafe TECNOLOGIA S.A. to interrupt the sale of the applicative “Du Speed Booster” of BAIDU, for the equipment that operate the Android system, through the virtual store “Google Play” until BAIDU makes the needed changes not to send fake information about “PSafe Total”. PSafe TECNOLOGIA S.A. wants that “PSafe Total” would no longer be identified as a virus.

The problem derived from BAIDU’s practice to make public through its website and social media false information on “PSafe Total”. BAIDU alleged that this applicative was infected with virus and it was a malware. Further to that, BAIDU programmed its applicative “Du Speed Booster” to send false alerts to users stating that “PSafe Total” was a malware and recommended the user to uninstall the “PSafe Total”. Therefore, BAIDU’s practice was regarded as unfair competition against the Brazilian startup focused on the digital security “PSafe Total”.

BAIDU was condemned to pay losses and damages for this unfair practice to be determined in due process and a fine that may reach 20% of BAIDU’s gross revenue.

Further to that, BAIDU will be obliged to issue public messages in its websites and social media informing about the propagation of untruth information on “PSafe Total”. It was further required to modify its applicative “Due Speed Booster” so that it no longer sends false alerts on “PSafe Total”.

Court case provided by Filipe Fonteles of Dannemann law firm

11th Possible Unfair Practice
TRADEMARK DISPARAGING FROM EMBEDDING SOFTWARE (FORCING USER TO MODIFY SOFTWARE FUNCTIONS)

A trademark may be disparaged in an online platform when competitors or non-competitors (who add software and applicative with different functions) publish that the efficiency or quality of a specific software or applicative may be increased by embedding another applicative developed by them thereby leading consumers to delete the software or forcing them to modify and adopt the publicized embedded software.

By adopting this strategy, competitors profit from value-added services and free product advertising derived from trademarks. It also discredits such trademarks and business (adding software that transmit the inefficiency of the software and impact the trademark) based on the idea of quality, especially those not yet comprising a reputation in the market. It is worth highlighting that the characterization of unfair competition is

independent of the veracity of the information, although false publications aggravate the violation. Unfair competition may be seen as the practice that goes beyond appropriate and reasonable commercial comment and advertising and impairs the legitimate trademark rights of a company.

A specific case concerning trademark disparaging from an attempt to embed a software in an online platform was identified in a Chinese court action. It involved the company Tencent Technology (Shenzhen) Co., Ltd (**Tencent**) who is holder of the instant messaging software service called QQ that is highly used in China. Tencent initiated a court suit back in 2011 before the Guangdong Price High People's Court against the local company called Beijing Qihoo Technology Co., Ltd (**Qihoo**) under the ground of leading consumers to delete value-added business plug-ins encompassing the "Tencent's QQ platform".

According to the collected facts, Qihoo's software "360 扣扣保镖" ("360 KOU Bodyguard" or QQ Bodyguard") – aimed to monitor computer viruses and monitor whether internet users are being "tracked" by others.

Tencent alleged that Qihoo promoted false advertising as Qihoo stated that the QQ software had security problems as this software would access private files stored on users' computer hard drives and led spying activities in regard to private data of QQ files. The spread of these facts attempted to induce QQ software users to embed QQ Bodyguard to protect their QQ accounts. Therefore, the practice could be framed as fraudulent to divert clientele for its own benefit or simply to amplify business.

Guangdong Price High People's Court and Supreme People's Court took into account that Qihoo aimed to convince QQ users to embed its products and services into the QQ software and replace some of QQ's functions to promote the QQ Bodyguard. This means that by embedding its products and services, i.e. "360 KOU KOU Bodyguard" into Tencent's QQ platform, Qihoo increased its opportunity to trade in the market and obtained a competitive advantage. The court confirmed that Qihoo published a good number of negative comments about QQ on its 360 website. They were regarded as of unfounded nature. This was classified as unfair competition, since it took improper advantage of Tencent's success in the market besides the fact that embedding another software into the QQ could provoke the discredit and disparagement of the software and the mark.

The court decided among other things that Qihoo: (i) should pay Tencent RMB 400,000; (ii) should publicize an apology on the 360 website and (iii) halt distribution of the 360 Privacy Protection.

Therefore, embedding software based on the efficiency – either comprising false information or overcoming overcome the reasonable commercial practice for the relevant market – leads to discredit of products and trademark and an impairment of a company’s business and goodwill. This matter should be examined by the Unfair Competition Committee.

Unfair competition addressed by Cindy Wang.

12th Possible Unfair Practice
USE OF AN “ABANDONED” TRADEMARK CAN CONSTITUTE INFRINGEMENT
(“ZOMBIE” MARKS)

This matter involves the use of an “abandoned” trademark by a subsequent unauthorized user. In some cases, even where the prior owner has not actively used the mark in commerce for many years, the subsequent user’s adoption and use of the mark can constitute infringement. To be protectable after what would otherwise be deemed abandonment, the mark must be a well-known mark that consumers continue to recognize. Commentators have referred to these marks as “zombie” trademarks because they rise from the dead.

A recent example of “zombie” trademarks protected by a court is *Macy’s Inc. v. Strategic Marks, LLC*, 117 U.S.P.Q.2d 1743 (N.D. Cal. 2016). In this case, department store owner Macy’s Inc. filed suit against a company operating a website named “Retro Department Stores,” which offered t-shirts for sale under several trademarks previously used in connection with department store services. These marks included FILENE’S, THE BON MARCHE, ROBINSON’S, and others. Macy’s was the successor-in-interest to the department stores previously operating under the marks, but Macy’s no longer operated stores under those marks. Instead, Macy’s converted those stores into “MACY’S” department stores. Macy’s only ongoing use of those marks was in connection with commemorative items such as t-shirts sold on the “Macy’s Heritage Shop” page of its main website. It obtained federal trademark registrations for these marks, but only claiming t-shirts and tote bags. Macy’s filed a lawsuit alleging trademark infringement and related claims. The court ultimately granted summary judgment in Macy’s favor on most of the asserted trademarks.

The court described Strategic Marks as “a business that revives ‘zombie’ brands, or brands that have been abandoned.” *Id.* at 1745. Strategic Marks unsuccessfully argued that Macy’s existing federal trademark registrations covering t-shirts and tote bags were invalid because the use was “merely ornamental” and that the registrations were improperly granted. The court did not accept the argument, despite some evidence that the t-shirts did not depict proper trademark use under the applicable USPTO registration

rules. However, the crux of the holding was that although Macy's no longer operated department stores under the asserted marks, they were "well-known marks" that were "specifically chosen by Strategic Marks precisely because they are well-known and there remains favorable consumer recognition and feelings toward the brands." *Id.* at 1747. Consequently, consumers were likely to be confused. Despite Macy's lack of use (apart from the commemorative t-shirts), the court held that the marks were "well-known, strong marks that indicate a source, as emphasized by the use of 'TM' on the shirts."

Although this court case did not address specifically the practice of unfair competition, the revival of zombie brands by third parties may involve disloyal matters related to the appropriation of reputed (no longer registered) by competitors, which lead to improper benefits for the competitor based on freeriding on the former trademark holder.

Unfair competition practice addressed by Tom Williams