

LAW À LA MODE

Special Edition – INTA 2016



Fashion, Retail and Design Group

TEN TIPS TO CONSIDER WHEN LICENSING
A BRAND

A VERY IMPORTANT DEVELOPMENT FOR BRAND
PROTECTION TEAMS IN THE FIGHT AGAINST
COUNTERFEIT – GRAB THE MOMENTUM

THE RIGHT OF A TRADEMARK OWNER
TO ACT AGAINST PREPARATORY ACTS
OF INFRINGEMENT

WHOSE NAME IS IT ANYWAY?

DELETION OF THE “GRAPHIC REPRESENTATION”
REQUIREMENT FOR TRADEMARKS: OPENING
PANDORA’S BOX?

THE DIFFICULT BALANCE BETWEEN
COMPARATIVE ADVERTISING AND TRADEMARK
PROTECTION

A NEW PROVISION FOR TRADEMARK PARODY:
IS IT A JOKE?



Contents

TEN TIPS TO CONSIDER WHEN LICENSING A BRAND	04
A VERY IMPORTANT DEVELOPMENT FOR BRAND PROTECTION TEAMS IN THE FIGHT AGAINST COUNTERFEIT – GRAB THE MOMENTUM	06
THE RIGHT OF A TRADEMARK OWNER TO ACT AGAINST PREPARATORY ACTS OF INFRINGEMENT	07
WHOSE NAME IS IT ANYWAY?	08
DELETION OF THE “GRAPHIC REPRESENTATION” REQUIREMENT FOR TRADEMARKS: OPENING PANDORA’S BOX?	10
THE DIFFICULT BALANCE BETWEEN COMPARATIVE ADVERTISING AND TRADEMARK PROTECTION	12
A NEW PROVISION FOR TRADEMARK PARODY: IS IT A JOKE?	14



Editorial

The French editorial team is delighted to bring you this special edition of *Law à la Mode*, marking the 138th INTA Annual Meeting in Orlando.

The focus for this special edition is the European Union trademark reform, which is the most significant reform since the introduction of the Community trademark system in 1996. The recently adopted European Trademark Directive and Regulation will bring substantial changes not only to Community trademarks (now called European Union Trademark, "EUTM") but also for owners of national trademarks in the EU.

Significant changes include the ability to register non-traditional trademarks (page 10), as the requirement to represent a mark "graphically" will no longer apply. Companies, especially in the fashion and retail industries, will therefore have a chance to let their imaginations run wild by exploring the possibility to apply for trademarks protecting smell, sound, color, shapes and movements.

Your rights as a trademark holder are also strengthened, as you will have the possibility to act against preparatory acts of infringement of your trademark. Such acts include the affixing of an identical or similar sign on packaging, labels, tags and any other security or authenticity features, as well as their offering, marketing, stocking, importing or exporting (page 7), and the right to prohibit use of your trademark in comparative advertising where such comparative advertising is contrary to Directive 2006/114/EC (page 12).

The enforcement of your trademark rights will be facilitated in the European Union, as trademark owners are now entitled to prevent the mere transit of goods in the EU (page 6). We will also explore in page 8 the fate of the own name defense currently only available for natural persons in situation where designers have knowingly assigned their namesake trademarks as part of a business transaction, and will also expand on the door opened by the Directive towards a parody fair use defense in trademark cases (page 14).

To begin this special edition our US colleagues have provided ten tips for fashion brands to consider to increase their success by licensing their trademarks (page 4).

We hope you enjoy this edition of *Law à la Mode*. If you have any comments, please get in touch with the Fashion, Retail and Design group via our email address: fashion@dlapiper.com.

PARIS EDITORIAL TEAM

Karine Disdier-Mikus, Farid Bouguettaya,
Charles de Raignac, Gaspard Debiesse
and Nancy Larrieu



TEN TIPS

TO CONSIDER WHEN LICENSING A BRAND

By **Ann K. Ford** (New York) and **James Stewart** (Washington, DC)

Fashion brands are recognized and loved by consumers for their ingenuity and innovative approach to apparel and accessories. Loyal consumers gravitate to high-quality products produced by a fashion brand and are eager to acquire these exclusive goods. Once earned, consumers' enthusiasm, loyalty, and trust are powerful factors that drive the profitability of the enterprise.

Many fashion brands launch with a narrow focus on the designer's expertise, whether it be in apparel, footwear, or accessories. This expertise in design is invaluable in creating captivating products that draw consumers to a brand. However, the narrow scope of a brand's product offering can limit the potential profitability. To increase profits, the brand must either sell more of its limited offering or expand its line to include additional complimentary goods.

Many fashion brand owners are reluctant to expand. Their expertise with respect to a particular class of good is the foundation of their commercial success. Expanding a fashion line to include additional products with which the

designer lacks familiarity creates the risk that consumers may be disappointed by the goods produced.

To balance the risks associated with consumers' expectations and brand expansion while maximizing enterprise profitability, fashion brands must rely on the value of their trademarks. By capitalizing on consumer recognition of a fashion brand's trademarks, fashion brands are well-positioned to expand their line through partnership with producers that have a track record of quality. These partnerships are created through licensing arrangements.

Well-drafted licensing agreements provide fashion brands with ultimate creative control and approval over producers' use of their trademarks. Further, through licensing, a fashion brand can shift the burdens associated with expansion to licensees.

To design an effective trademark licensing program, a potential licensor must ensure that it possesses trademark rights covering the proposed goods for expansion in all relevant jurisdictions. This protection provides potential licensees with assurance that a

licensing relationship with the brand will be a profitable investment and that the licensee will not run afoul of third-party rights.

Any brand licensing agreement must be carefully drafted with provisions to ensure that the brand owner retains sufficient control over the ultimate quality of the goods to which the trademarks will be applied. These provisions are essential for the continued validity of the trademarks that are licensed and to protect the reputation of the fashion brand.

Beloved fashion brands have the ability to augment their successes by licensing their trademarks to producers of quality complimentary goods that have a proven track record of quality. To fully exploit the benefits of a licensing program, fashion brands must be highly selective in identifying new licensees and must carefully draft agreements to protect the value of their brand.



01 Ensure key trademarks are registered in jurisdictions important to the brand and that cover the goods to be offered by licensees.

02 Conduct trademark clearance searches for goods not covered under existing registrations and in jurisdictions where the mark is not yet registered.

03 Consider whether licensees will be responsible for the costs associated with new trademark applications, domain names, and advertising.

04 Identify goods complimentary to the ethos of the fashion brand.

05 Carefully vet potential licensing partners to ensure they have the experience, financial strength, and proven record of quality necessary to fulfill their obligations under the agreement.

06 Work with an experienced intellectual property attorney to draft and negotiate licensing agreements.

07 Consider whether licensees will be responsible for distribution and sales of the licensed goods.

08 Consider whether licensees will be responsible for marketing the brand or committing a portion of their sales to a general marketing fund.

09 Ensure that the license agreement includes provisions that provide the brand with adequate creative control.

10 Create an internal structure dedicated to managing licensing arrangements, such as quality control and approvals.



A VERY IMPORTANT DEVELOPMENT FOR BRAND PROTECTION TEAMS IN THE FIGHT AGAINST COUNTERFEIT – GRAB THE MOMENTUM

By **Leonie Kroon** and **Anne Voerman** (Amsterdam)

When taking action against illegal fake goods, you are no longer limited to goods destined for the EU. The new EU trademark rules introduce the right to take action against all goods at EU borders even when they are in transit (Article 9(4) of Regulation (EU) 2015/2424, and article 10(4) of Directive (EU) 2015/2436). Counterfeit and to some extent lookalike goods are infringing unless proven otherwise by their holder. This means a reverse of the high burden of proof that trademark owners previously faced under the ECJ's Philips and Nokia case law. It is up to the holder of the goods to prove that the trademark owner cannot rely on trademark protection in the country of final destination.

Grab the momentum to give your brand protection activities a boost by considering the following takeaways:

- **Optimize your EU customs border applications.** This is the perfect time to consider which applications you currently have in place and if they sufficiently cover your trademark-portfolio and product range. Increase their effectiveness by adding as many relevant knockoff products, traders and transporters as possible. With targeted intelligence, customs actions can be optimized.
- **EU trademark law is on your side now.** The new rules will not prevent forgery of destination documentation nor a legal debate about the country of final destination, the existence of local trademarks rights and the infringement thereof. However, the starting point is that mere entry into the EU is infringing.
- **Strong global trademark coverage can discourage counterfeiters from giving your brand a go.** The more countries you cover, the harder the burden of proof for the holder of the goods. It can thus be worthwhile to also register your trademarks outside of your key markets.
- **Prevent unclearness about the entitlement to your trademarks.** If your trademark is registered in the name of a different group entity in the country of final destination, the holder of the goods can possibly use this against you. Consider preemptively bundling your trademarks in one owner's name or put a transparent licence system in place.
- **Feel strengthened by the leverage.** Worldwide trademark coverage is not realistic for every brand. In case a shipment is destined for a country in which you do not have trademark rights, the new rules are expected to at least provide leverage in negotiations about a controlled release under strict conditions and guarantees that the goods will not be diverted to countries where you are covered.



THE RIGHT OF A TRADEMARK OWNER TO ACT AGAINST PREPARATORY ACTS OF INFRINGEMENT

By Justyna Wilczynska-Baraniak and Aleksandra Baczykowska (Warsaw)

In the fashion industry, tags and labels are a key element of the end product. Therefore, the change of Regulation 2015/2424 and Directive 2008/95/EC of 16 December 2015 is an important step in combating trademark infringement. By deploying these preventive measures, a trademark infringement may be interrupted at source.

Following the change, as of March 23, 2016, EU trademark owners have the right to prohibit the affixing of trademarks to packaging labels, tags, security or authenticity features or devices, and prohibit the offering, marketing, stocking, importing and exporting of such products, if there is a risk that these products would be subsequently used in trademark infringement.

EU trademark owners do not have to prove a business link between the producer of tags, and the producer of clothes in order to claim that actions taken by the tags producer will lead to a trademark infringement. EU trademark owners may also prohibit the use of their trademarks even if they do not have trademark protection for the packaging of their products (Nice Class 16) or for labels or tags (Nice Class 24).

Poland has until January 14, 2019 to bring its own legislation into line with the EU Regulation and Directive. Nevertheless, it is currently possible under Polish law to seek monetary claims against a manufacturer of packaging or tags on the grounds that the manufacturer is aiding and abetting a tort which subsequently causes damage to the trademark owner. This means that a trademark owner cannot sue a manufacturer of packaging for its preparatory actions prior to the actual trademark infringement. Moreover, it is not clear under Polish law whether the manufacturer's behaviour has to be intentional and aimed at supporting the infringer's activities. It seems that being aware of creating an opportunity for tort is not sufficient.

In contrast, under the Regulation and the Directive, preparatory actions, bearing in mind the liability regime for trademark infringement, do not have to be intentional. Furthermore, Article 285 of the Polish Act on Industrial Property Law (also applied to EU trademarks) gives a trademark owner the right to prohibit acts that threaten the infringement of its trademark. However, this provision has only been used against direct infringers that took significant actions to infringe trademark rights.

WHOSE NAME IS IT ANYWAY?

By Ruth Hoy and Emily Leach (London)

Designing under your own name is a natural, even intuitive choice for many designers and is an established practice in the fashion industry. To protect their brand, designers often register their own name as a trade mark. Associating your own name with your designs has many advantages, but it is also important to understand that your trade mark, incorporating your name, is also a commercial asset. Losing the rights to that asset (through corporate restructuring, insolvency, or assignment) can be costly to a designer.

One famous case regarding an own-name trade mark involved Elizabeth Emanuel, well known for designing Princess Diana's wedding dress in collaboration with her then husband. After this initial design success, Emanuel entered into a partnership that she hoped would expand her brand offering. Emanuel's business and its assets, including her own-name trade mark, were assigned to the new partnership to allow for the licensing of her products. Within a few months, the partnership went into administration and, following a whirlwind of unfortunate circumstances, Emanuel lost all rights to design under her own name. She took her case to the European Court of Justice which, despite finding the potential for

consumer confusion about garments displaying the Elizabeth Emanuel name, ultimately found that the trade mark could not be revoked on that basis. The ECJ said the mark was valid and had been legally assigned; Emanuel could no longer design under her own name without risking a trade mark infringement action.

Since the Elizabeth Emanuel case in 2006, there have been numerous similar high-profile cases where a change in ownership of an own-name trade mark has resulted in the loss of designers' rights to associate their designs with their name.

The perils of losing ownership of an own-name mark were also seen in 2011 when, following an incredible success story that saw their fledgling shoe business catapult into a well-known luxury label, Kari Sigerson and Miranda Morrison lost their Sigerson Morrison trade mark in the wake of their unusual decision to seek financial backing from a low-cost shoe mogul. Following decisions to move shoe production from Italy to China, and suspected copying of designs by the financial backer's low-cost shoe line, relations soured; both Sigerson and Morrison were fired from their namesake company, which held their own-name trade mark.

The designers also feel their reputations have been tarnished by the company's continued production of lower-cost shoes designed by an anonymous in-house team and bearing their names.

Most recently, Karen Millen is pursuing a contractual claim in the UK for the right to design under her own name following a restructuring of the Karen Millen group. The case will be heard in the High Court in the UK in July 2016.

Continuing to design under your own name, despite having assigned rights in your trade mark to others, has proved to be a bad idea. Menswear designer Joseph Abboud did exactly that after selling his business and agreeing to a three-year non-compete clause. He launched a new line under his own name within three years, and was subsequently sued in the US for infringement of the Joseph Abboud trade mark. Abboud relied on a fair use defence; injunctive relief was granted against him. Abboud is now only able to use his name in a very limited manner in promotional materials, which must be accompanied by a burdensome disclaimer indicating that Abboud does not own his namesake trade mark.


SO HOW CAN DESIGNERS PROTECT THEMSELVES?

In contrast to all these stories of loss, Donna Karan set a licensing gold standard in this area when she sold Donna Karan International. She strategically granted intellectual property rights in the Donna Karan trade marks to Gabrielle Studio, Inc, a company she owned, which in turn, licensed the right to use the trade marks to the new owner. The licence contained a change-of-control provision allowing for termination of the contract if more than 30 percent of the new owner was acquired by a third party. Through strategic intellectual property management and licensing, Donna Karan has been able to control the ongoing use of her namesake trade mark.

The European Trade Mark Directive allows for an “own name defence” to trade mark infringement actions. Following amendments made by the Trade Mark Directive 2015 (to be implemented into national legislation by January 2019), this defence will now only apply to natural persons. Despite the own name defence aiming to prevent proprietors of registered trade marks from prohibiting “fair use” of a person’s own name to identify him – or herself, it is unlikely that this defence would assist designers who have knowingly assigned their namesake trade mark as part of a business transaction.

Designers should consider whether using their own name to identify their brand is the right decision long-term. If it is, protecting their own name by registering it as a trade mark is a wise choice. However, such a mark must be managed carefully. Ongoing consideration should be given to how the trade mark is held, and the extent to which the owner is prepared to assign or licence its use to others, being mindful of the long-term career implications for the designer of assignments of the mark. It is preferable for designers to protect and maintain a right to associate designs with their own name through strategic intellectual property management which will ensure the longevity of the brand and the designer’s career.





DELETION OF THE “GRAPHIC REPRESENTATION” REQUIREMENT FOR TRADEMARKS OPENING PANDORA’S BOX?

By **Ulrike Gruebler** (Hamburg) and **Gaspard Debiesse** (Paris)

To stay ahead of the competition, players of the fashion industry have a permanent need to renew their communication strategies, including the use of new technologies and media. “Sensory marketing”, the art of playing on the various senses of the customers (sound, smell, taste, touch, in addition, or in lieu of, vision), has lately become an important trend. Retailers like *Abercrombie & Fitch* use their customers’ senses as a communication tool: the same fragrance is diffused in every store worldwide, so customers instantly associate this scent to the products sold inside the stores.

The Community trademark system and the national trademark systems of the majority of the EU member states have been reluctant to register so-called unconventional trademarks, notably on the ground that marks must be capable of being “graphically represented”. In 2003, the Paris Court of Appeals rejected a trademark application for the taste of “artificial

strawberry aroma”. In 2012, the French Supreme Court invalidated a *Louboutin* red sole registration notably because neither the form nor the color of the sole was graphically represented in a way that it could be clearly visually depicted (*i.e.* in perspective). The French trademark office has also refused applications for smells although various means of graphic representation had been used (such as colored matrices, or chromatography in gas phase).

In 2014, the European Court of Justice ruled in *Apple’s Flagship Stores* case that the graphical representation of the layout of a retail store may be registered as a trademark, provided that the sign is distinctive (*Apple Inc v. Deutsches Patent und Markenamt*, C-421/13). The ECJ judgment rectified a contrary decision issued by the German Patent and Trademark Office (DPMA). The graphic representation criteria remained however at the heart of the ECJ’s reasoning.

In order to modernize European trademark law and adapt it to current business practices, the EU Trademark Reform Package will now abolish such requirement once and for all. Both the new Trademarks Directive (Directive (EU) 2015/2436) and the European Union Trademark Regulation (Regulation (EU) 2015/2424) affirm in harmony that to provide legal certainty and more flexibility “a sign should be permitted to be represented in any appropriate form using generally available technology, and thus not necessarily by graphic means...”. Both texts however immediately limit the foregoing: “...as long as the representation is clear, precise, self-contained, easily accessible, intelligible, durable and objective” (incorporating the ECJ decision in *Sieckmann v. Deutsches Patent und Markenamt*, C-273/00).

From a legal point of view, national trademarks and European Union trademarks (EUTMs) shall from now on consist in:

“

any signs, in particular words, including personal names, or designs, letters, numerals, colours, the shape of goods or of the packaging of goods, or sounds, provided that such signs are capable of:

...

(b) being represented on the register, in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor.

”

This change is one of the most important aspects of the EU Reform Package. Once the amendments have come into force, it will be easier for brand owners to apply for sound and colour marks (now expressly mentioned), but also holograms, shapes or movements. Formerly a musical score was deemed an appropriate graphical representation of a music mark; offices may now accept a digital sound file, therefore allowing not only musical sentences but also mere sounds, as long as they are distinctive. The same applies to motion marks, for which a video file may be submitted. But will this change really provide new brand strategies for the fashion industry?

In France, the trademark reform could be an opportunity for luxury brands to register perfumes as marks, and therefore circumvent the long refusal of the Supreme Court to consider fragrances as works of authorship protectable by copyright.

That said, from a practical point of view, there remain uncertainties and technical obstacles to the protection of unconventional trademarks. These obstacles are inherent to the current filing system for trademark applications, the examination process, and the need for a mark to be distinctive.

The assessment of a sound or smell mark's distinctiveness will indeed be a challenge. Likewise, given that the perception of a taste or a smell is subjective and variable, searches of any earlier rights will be problematic, let alone subsequent enforcement of those rights. Copyright law may also clash with trademark law, because trademark offices would not be in a position to assess who is the true author of a shape, a movement, a sound, or a jingle. Finally, the legality of unconventional signs with respect to public order may be an issue.

In spite of such challenges this aspect of the reform looks like a formidable opportunity for brand owners to

renew their communication strategies. The years to come will certainly see fascinating developments and debates, from both a legal and technological perspective.

The EUIPO and national offices will have time to figure out what should now be acceptable means and forms to represent a trademark. The relevant provisions of the European Union Trademark Regulation will become effective on October 1, 2017 for EUTMs, while the Directive will have to be implemented no later than January 14, 2019 with respect to national trademark systems of the EU member states.

THE DIFFICULT BALANCE BETWEEN COMPARATIVE ADVERTISING AND TRADEMARK PROTECTION

By Farid Bouguettaya and Karine Disdier-Mikus (Paris)

Have you ever compared products or services when contemplating a purchase? Companies, whenever they can, also strive to mark themselves out from their competitors to gain a competitive advantage and new clients. In an internal market where competition is highly encouraged by the European Union, comparative advertising has been strongly promoted and praised.

Comparative advertising inherently implies that both a competitor and its trademarks are being referred to in an advertisement. Since this ordinarily would constitute trademark infringement, the Advertising Directive (Directive (EC)2006/114) established conditions under which such comparative advertising is permitted. This is of course a difficult balance, and was only provided for by the Advertising Directive, until the recent adoption of Regulation (EU) 2015/2424, and Directive (EU) 2015/2436 (the Trademark Package).

Comparative advertising has been held up as an exception to trademark law, yet it has always been strictly circumscribed by reference to trademark law.

The Advertising Directive provides, in article 4, that an advertisement must comply with the following rules:

- “[...] d. It does not discredit or denigrate the trademarks, [...]”
- “[...] f. It does not take unfair advantage of the reputation of a trade mark
- g. It does not present goods or services as imitations or replicas of goods or services bearing a protected trade mark [...] and
- h. It does not create confusion among traders, between the advertiser and a competitor or between the advertiser’s trademarks, goods, services etc. and those of a competitor”.

The European Court of Justice established an interpretation principle that the conditions of the validity of comparative advertising needed to be interpreted in the most favorable way so as to allow such advertising.

The ECJ also ruled in favor of an extension of the notion of comparative advertising itself and included advertising or communications which do not even show any comparison element. For instance, it held that “*as regards the “comparative” nature of advertising within the meaning of [the directive] the test is that comparative advertising identifies, explicitly or by implication, a competitor or goods or services offered by a competitor*”. The “identification criteria” could seem far from the comparison nature that one could search in a comparative advertising.



Comparative advertising could include new comparison methods, such as web comparators, reference to adaptability of spare parts of branded products, or even concordance tables. With this extensive definition, one may also consider that advertising incurring no comparison but giving information on competitors' products or services, readily identifiable, falls within the scope of comparative advertising, and escapes from trademark law provisions regarding infringement, which supposed the reproduction and use of the competitor's trademarks.

In order to address the concerns that trademark owners may have, the EU judges extended the functions of trademark, beyond the traditional guarantee of origin, in order to allow trademark owners to prohibit the use of their trademark by third parties, not only in cases where the public could legitimately believe that the trademarks

compared are coming from the same companies or economically linked undertakings, but also in cases where the public would not legitimately believe that the goods compared have the same origin or are economically linked undertakings, but where such use would be detrimental to the other trademark functions, such as communication, investment and advertising.

Although the scope of these additional functions are still unclear at this time, it resulted from this case law that trademark owners were entitled to forbid any comparative advertising that might affect any of those trademark functions in filing trademark infringement claims, in addition to bringing a claim for non-compliance with the requirements set forth by the Advertising Directive.

In the meantime, the ECJ also realized that an overly extensive interpretation of comparative advertising could be

dangerous and came back to a definition more in accordance with the real purpose of comparative advertising.

Many considered that the above-mentioned case law and applicable rules were sufficient to reconcile trademarks and comparative advertising, so that no new provision was needed.

However, the Trademark Package fills a gap in protection by setting out a new ground of action for trademark owners. It clearly states that a trademark owner can launch an action for trademark infringement against any person who "uses a trademark in comparative advertising in a way that does not comply with the Advertising Directive" and it then aligns both sets of rules.

Time will tell if this additional prohibition improves the protection granted to trademark owners over comparative advertising and leads to a more relevant case law, with more refined definitions of what is authorized and what is not.



A NEW PROVISION FOR TRADEMARK PARODY IS IT A JOKE?

By Sara Balice and Elena Varese (Milan)

A number of fashion players base their business on the very thin line running between tribute and misappropriation. In this context, it is difficult to understand how quotations of well-known fashion trademarks made with humorous intent should be treated, especially as European Union legislation has not provided any guidance on the parody fair use defence – at least, up to now.

In fact, Regulation (EU) No. 2015/2424 of the European Parliament and of the Council of December 16, 2015, now provides in its Recital 21 that:

“

use of a trade mark by third parties for the purpose of artistic expression should be considered as being fair as long as it is at the same time in accordance with honest practices in industrial and commercial matters. Furthermore, this Regulation should be applied in a way that ensures full respect for fundamental rights and freedoms and in particular the freedom of expression.

”

The above provision has not raised much attention at the moment; however, it might have a relevant impact on the criteria to interpret the parody fair use defence within the EU and member states' trademark laws.

Traditionally, the concept of parody is more commonly applied in Copyright Law and this is true also at EU level, as the InfoSoc Directive (Art. 5, §3, k) provides that member states may allow exceptions or limitations to the exclusive rights of a copyright holder “for the purpose of caricature, parody or pastiche”.

In the copyright case C-201/13 *Deckmyn* of 3 September 2014, the Court of Justice of the European Union has observed that there is no definition in the EU Law of the meaning and scope of a parody. Thus, such meaning should be determined based on everyday language. In light of this, the essential characteristics of a parody were found in “first, to evoke an existing work while being noticeably different from it, and, secondly, to constitute an expression of humour or mockery”.

Nonetheless, the CJEU stated that, when determining the applicability of the parody-exception, it is for

the member states' courts to strike a “fair balance” between the right holders' interests and the rights of those who seek to make use of copyrighted works, by taking into account all the circumstances of the case, including for instance, the fact that the parody conveys a discriminatory message, which has the effect of associating the protected work with such a message.

It is reasonable to assume that the above copyright law principles might also apply to parody in the context of trademark law. However, the issue is not straightforward: while in the US the courts are more inclined to go along with parody fair use defence, Europe, including Italy, is still quite reluctant to uphold such defence, especially against the commercial non-authorized use of a well-known trademark.

The parody exception has been indeed denied by the CJEU in some trademark cases. In a quite recent decision (Case T-265/13 of 18 September 2014), the General Court held that the graphic representation of a person on a bicycle holding a polo mallet was a parody of the well-known polo player device and that its use, without due cause, infringed the trademark rights of a famous fashion house, because it took unfair



advantage of, or was detrimental to, the distinctive character or the repute of a trademark.

In accordance with European case law, Italian courts have traditionally considered the ironic use of well-known trademarks for commercial purposes as a trademark infringement.

In two cases, the Court of Milan held that the use of a third party's trademark would be justified where it is implemented as an artistic work (the best known example is Andy Warhol's *"Campbell's Soup Cans"*), but the parody defence would not apply in cases where a well-known trademark is used in someone else's goods as a decorative element. The cases concerned the ironic use of certain fashion iconic trademarks of Chanel and Louis Vuitton on t-shirts produced and marketed by a third company under the trademark *"Happiness is a \$10 tee"*.

In another case, the Court of Milan rejected the claim that the ironic depiction of a humanised crocodile incorporated reference to the well-known Lacoste trademark and could be confused with it. However, in this case, parody exception played a limited role as the court held that the trademarks at issue were overall dissimilar.

As we have seen, courts in Europe are still quite reluctant in upholding a parody fair use defence when a third party's well-known trademark is used in goods or services for commercial purposes instead of being implemented as an artistic work. But things may change in the future, given that for the first time European legislation on trademarks has dealt with this matter and has mentioned – albeit only in the recitals – the fair use of a

trade mark by third parties *"for the purpose of artistic expression"* and the *"freedom of expression"*.

To be continued...



CALENDAR



Berlin Fashion Film Festival 2016
June 2 – 3, Berlin

Graduate Fashion Week 2016
June 5 – 6, London

London Collections Men SS17
June 10 – 13, London

Milan Men's Fashion Week SS17
June 18 – 21, Milan

Paris Men's Fashion Week SS17
June 22 – 26, Paris



Paris Haute Couture AW16
July 3 – 8, Paris

Intertextile Pavilion Shenzhen
July 7 – 9, Shenzhen

Interfilière – Mode City
July 9 – 11, Lyon

New York Men's Fashion Week SS17
July 13 – 16, New York

Helsinki Fashion Week
July 22 – 26, Helsinki



Stockholm Fashion Week
August 29 – 31, Stockholm

Copenhagen Fashion Week
August 10 – 12, Copenhagen

Festival Mode and Design Montreal
August 15 – 20, Montreal

DLA PIPER GLOBAL FASHION, RETAIL AND DESIGN GROUP CO-CHAIRS



Ann K. Ford
Partner, Washington, DC



Giangiacomo Olivi
Partner, Milan



Ruth Hoy
Partner, London

www.dlapiper.com

fashion@dlapiper.com

DLA Piper is a global law firm operating through various separate and distinct legal entities. Further details of these entities can be found at www.dlapiper.com.

This publication is intended as a general overview and discussion of the subjects dealt with, and does not create a lawyer-client relationship. It is not intended to be, and should not be used as, a substitute for taking legal advice in any specific situation. DLA Piper will accept no responsibility for any actions taken or not taken on the basis of this publication. This may qualify as "Lawyer Advertising" requiring notice in some jurisdictions. Prior results do not guarantee a similar outcome.

Copyright © 2016 DLA Piper. All rights reserved. | MAY16 | 3087147