Trade Marks – Unfair Competition and its relationship. (Short introduction to the problem)

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Generally, unfair competition is not tied together with the Trade Mark regulations. It has a separate regulation protected another sphere. However, it is not possible to state that the two are not connected. It is important to realize the mutual relationship between trade marks and unfair competition and utilize the relationship when settling disputes.

The legal regulations of unfair competition and trade marks complement each other and fill up the gaps in trade mark protection. Unfair competition affects particularly activities in the field of economic competition, i.e. in the sphere which is not directly regulated by the Trade Mark regulations.

The relationship which exists between them is quite obvious – let me name at least two most common levels:

- Activities of unfair competition are often prevented by the infringement rights arising from trade mark registration;

- A court's decision concerning unfair competition may have an effect on the existence of a trade mark registration if the Patent Office cancels the trade mark whose use has been held to constitute unfair competition because it profits from the distinguishing ability or the good name of another mark without authorization.

Generally, the Patent Office strictly distinguishes if it is authorized to consider the case from such a point of view which is in the competence of the unfair competition rules and therefore in the competence of the court.

There is one case however the Czech Patent Office (it is not final closed) but the first instance decision has been given). It concerns an application for beer consisting of two words – the first is the geographic name protected as PGI for beer ("XXX") and the second is a distinctive word.

The application had been objected by the company which is the authorized user of the PGI. The crucial problem for the applicant is that neither the applicant nor his beer had any connection to the place protected by the PGI. That means that one of the most important conditions for use of a Geographic indication – the connection with the specific geographic area - was not met. In spite of it the applicant tried to register the trade mark with such geographic name.

Nevertheless, the Patent Office decided that the application was not confusingly similar with the PGI. The decision of the Patent Office did not respect the rules protected the right of other person which could be offended by the use of applied trade mark.

If this decision is upheld by the competent authorities and the applicant starts to use the trade mark the claim for unfair competition will be submitted to the court. If the court overturns the decision of the Patent Office is overturned this will be a case where the unfair competition rules repair the wrong decision of the Office, and the cancellation of registered trade mark will be ordered.

In order to enable application of the provisions regulating unfair competition to a case of violation of trade mark rights, a certain activity must take place, i.e. use of the registered trade mark, since without a particular instance of use the requirement for action in the sphere of economic competition cannot be met. Generally speaking, if any such activity has taken place, it is preferable to claim not only violation of trade mark rights before the court but also the unfair competition behaviour of the defendent.

The reason is simple: if only the Trade Mark Act is relied on we can usually claim only to prohibit the use of the Trade mark in business.

But when we claim that unfair competition has taken place, the chances of compensation are increased and we may demand not only refraining from unfair competition, removal of the detrimental situation but also e.g. satisfaction which can be provided also in monetary form, compensation for damage or surrender of unjustifiable enrichment. We can also demand product recall and destruction.

Of course, not all provisions of the Trade Mark Act can be the subject of action before the court . This applies particularly where the plaintiff believes that the filling of a trade mark application was done in bad faith and against the good practice of competition. The claim asking for the prohibition of filling such application could not be submitted before the court. There is a decision of the High Court on this question and it states:
“The registration proceeding is before the Patent Office. It is not possible for the court to have an effect on such proceedings and to limit the acting rights of proceedings’ participants and competence of the Patent Office to give a decision. If it is the plaintiff’s conviction that the activities of defendants met the conditions of unfair competition, it must use this argumentation in the frame of Trade Mark Act during the registration proceedings before the Patent Office as it is permitted by the Trade Mark Act. A Court decision could limit <u>the rights</u> of the Trade Mark owner if they meet the conditions of unfair competition but the court could not restrict

the constitutional right of any person to submit his proposals before the Office, initiate the proceedings before such Office and proceed in it."

Generally it could be said that although the provisions on unfair competition and provisions of the Trade Mark Act are independent at the same time they can work together. Then the strength of these rules is multiplied.

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