

France

Trademark rights v free speech: can prejudicial trademark use still be prevented?

The French Supreme Court recently decided two cases involving the use of a trademark in a way that was prejudicial to its owner (Supreme Court, *Areva v Greenpeace* and *Esso v Greenpeace*, April 8 2008). The cases have been widely reported in the French media. In each case a market leader in the energy sector sued Greenpeace for painting its trademark in a negative light: Greenpeace reproduced the AREVA trademark with the shadow of a skull and modified the ESSO mark to include dollar signs (E\$\$O). While such uses were initially considered unlawful, the Supreme Court ultimately found in favour of Greenpeace.

This recent case law is a good opportunity to consider the extent to which trademark right holders can oppose the use of their trademarks by third parties when such use adversely affects their image.

Several types of use of registered trademarks by third parties can be detrimental to trademark owners, aside from the classic situation of trademark infringement on counterfeits. Use for humorous purpose in jokes, satirical television programmes and newspapers can be prejudicial to the trademark's image in the eyes of the public. In addition, use for the purpose of criticism in polemical situations has the potential to harm significantly the image and reputation of the trademark and its owner.

In order to prevent such detrimental uses, trademark owners have employed legal actions based notably on French trademark law and general civil liability provisions. While these lawsuits initially succeeded in the French courts, case law now seems to have evolved towards a tolerance of trademark use for the purpose of humour or criticism, based on the principle of freedom of speech.

Legal basis for action against harmful trademark uses

Initially, the French courts were sympathetic to actions initiated against the use of registered trademarks for the

purposes of humour or criticism, based on trademark infringement and/or trademark disparagement.

Trademark infringement and parody exception

French trademark law prohibits the unauthorised use by reproduction or imitation of a protected trademark to designate certain products or services. In particular, Articles L.713-2 and L.713-3 of the Intellectual Property Code provide that one shall not, without the consent of the trademark owner:

- reproduce a trademark to designate identical products or services;
- reproduce a trademark to designate similar products or services, if this is likely to create a risk of confusion in the public's mind; or
- imitate a trademark to designate identical or similar products or services, if this is likely to create a risk of confusion in the public's mind.

As regards well-known trademarks, Article L.713-5 of the code further provides that one who uses a famous or well-known trademark for goods or services that are not similar to those designated in the registration shall be liable under civil law if such use is likely to cause prejudice to the trademark owner or constitutes unjustified exploitation of the trademark.

Based on these provisions, the French courts previously held that the unauthorised use of protected trademarks for humorous purposes qualified as trademark infringement or as harm to a well-known trademark.

For example, the Paris High Court ruled that the parodic imitation of the verbal trademark LACOSTE and the figurative trademark of a crocodile device by the expression "*Attention, j'accoste*" ("Beware, I'm accosting")

and a device of coupling crocodiles constituted trademark infringement. The judge stressed that "the right to parody or caricature could not apply in a field which is purely commercial" (Paris High Court, February 17 1990). The basis for this ruling was the fact that although the provisions on French authors' rights expressly allow an exception with respect to parody, such exception does not exist in French trademark law.

The French courts have likewise considered whether trademark use for the purposes of criticism constitutes trademark infringement. Following mass redundancies at the Gervais Danone company, a website entitled www.jeboycottedanone.com was set up. The website contained imitations of the semi-figurative DANONE trademarks including the terms "*Je boycotte*" ("I boycott"). In the summary proceedings and in first-instance proceedings on the merits of the case, the Paris High Court considered that the use of the DANONE trademark constituted trademark infringement (Paris High Court, July 14 2001). Similarly, in the summary proceedings initiated against Greenpeace further to the reproduction of the ESSO trademark in the modified form E\$SO, the Paris High Court granted a preliminary injunction against use of the modified trademark, based on trademark infringement. The judge took into account:

- the significant reputation of the ESSO trademark;
- the fact that the trademark was reproduced in an almost identical form; and
- the fact that an association between the modified sign E\$SO and the trademark ESSO could be made in the minds of consumers (Paris High Court, July 8 2002).

In addition to trademark law, French courts also applied general civil liability rules to prevent trademark use for the purpose of humour or criticism of protected trademarks, on the grounds that such use constituted disparagement of the trademarks.

Disparagement

The concept of disparagement relates to conduct that aims to discredit and belittle. Under French law, the legal basis for disparagement is general civil liability, set out in Article 1382 of the Civil Code, which provides: "Any act whatsoever which causes damage to another, obliges the one by whose fault it occurred to compensate it." The French courts have required parties to compensate trademark owners for damage to their trademarks' image based on this broad provision. Thus, on several occasions the imitation or reproduction of a protected trademark by an unauthorised party for the purpose of criticism or parody has been considered as disparagement of the

trademark in French case law. Based on disparagement, courts have allowed rights holders to limit the freedom of speech invoked by defendants, where such speech was detrimental to the image of the trademark.

In *Greenpeace v Areva* the lower courts found that the use of the AREVA trademark constituted disparagement. Greenpeace had imitated the AREVA trademark and added the shadow of a skull to the logo. Areva had filed a legal action against Greenpeace based on trademark infringement and disparagement. Greenpeace based its defence on freedom of speech, among other arguments. Conversely, Areva claimed that the right to criticise freely should be exercised within the constraints of a general obligation of objectivity and prudence. Areva stressed that while the reproduction of trademarks was not essential to its action, Greenpeace had nonetheless reproduced its trademark with an obvious intent to harm by placing the trademark in a degrading and disparaging context which devaluated its image and impaired its activities. The Paris High Court took these arguments into account and held that:

- Greenpeace could have used other means to alert the public to the dangers relating to Areva's nuclear activity;
- the use in question would be immediately understood as meaning that Areva caused death; and
- such an association of the trademark constituted disparaging conduct.

Confirming this decision, the appellate court expressly considered that Greenpeace had abused its freedom of speech by creating a generalisation in relation to the AREVA trademark, inducing consumers to believe that all of Areva's products were harmful and discrediting Areva's entire activities.

However, the Supreme Court refused to find that Greenpeace had committed trademark infringement. The most recent decisions, following the same reasoning, have similarly refused to find trademark infringement in cases where protected trademarks have been used for the purpose of humour or criticism.

Evolution of case law in favour of trademark use by third parties

No infringement without use in 'business life' and/or risk of confusion

The French courts have relied on different legal grounds to dismiss claims of infringement where trademarks are used for the purpose of humour or criticism.

The first (objective) criterion is the fact that use of the trademark "in business life" is a prerequisite in

infringement actions. Where a protected trademark is used in a polemical context, without any commercial exploitation, it is arguable whether such use will be considered a use in business life.

The second (subjective) criterion concerns the existence of a risk of confusion, which is a requirement for trademark infringement in some situations. So can there be a risk of confusion when a third party uses a protected trademark for the purpose of criticism? In their most recent decisions the French courts have answered this question in the negative.

In the *Esso Case*, while the Paris High Court had initially found that the trademark had been infringed, the Paris Court of Appeal considered that Greenpeace's use of the E\$SO sign was outside the scope of the trademark right, since the sign was not used in business life (Paris High Court, July 8 2002).

Similarly, the Paris Court of Appeal considered that no trademark infringement resulted from the www.jeboycottedanone.com website, due to the addition of the words '*Je Boycotte*' and the fact that the accompanying text clearly showed an intent to denounce the company's social practices, without misleading the public as to the identity of the authors of the communication. The court stressed that no products or services were offered under the imitated sign, and that the context of the use was strictly polemical and distinct from business. It also stressed that a reference to the protected trademark was necessary for the purpose of criticism. For these reasons, the court considered that there was no trademark infringement or disparagement in the absence of any reference to Danone's products, so the use had been made within the limits of the freedom of speech.

No disparagement based on freedom of speech and proportionate means

In addition to finding that there is no infringement where a trademark is reproduced or imitated for the purpose of parody or criticism, the French courts have held in their most recent decisions that such uses also do not qualify as disparagement, except where the use is outrageous. The basis for such rulings is the principle of freedom of speech and the fact that, according to the courts, the defendants used proportionate means in view of their purpose.

The first test is thus the purpose of the trademark use. The fact that a trademark is used exclusively for the purpose of humour or in the public interest tends to weight in favour of the defendants, as opposed to use for a commercial purpose. (Note, however, that a use may be simultaneously both humorous and commercial.) The second test is whether the trademark use is proportionate. The courts have considered whether the

trademark use was necessary and whether it caused manifestly excessive trouble or nuisance.

On these grounds, the French courts ruled that a joke comparing car brand LADA to the AIDS virus (SIDA in French) did not constitute disparagement, based on the fact that the use was for the purpose of humour. The case concerned movie dialogue which included the line: "What's the difference between a Lada and SIDA? Try transmitting your Lada..." While the joke may have appeared shocking to the car manufacturer, the court nonetheless ruled that the humorous nature of the dialogue and the absence of any harmful purpose precluded a finding of disparagement (Paris High Court, September 19 1990).

In a case where an association had adopted the name 'sosvictimesducreditagricole' ('SOS victims of Credit Agricole', a French bank), the court similarly found that such use did not constitute trademark infringement. Based on the reasoning in the *Danone* and *Esso Cases*, the use created no risk of confusion. Moreover, an express statement that Credit Agricole had used unlawful methods was made within the limits of freedom of speech, because according to the court, the allegation was not outrageous and did not constitute intolerable damage to the bank. However, the absence of any excessive trouble was disputable, as the bank was publicly accused of engaging in illegal conduct (Aix en Provence Court of Appeal, October 3 2005).

The Supreme Court issued a similar ruling in a case involving use of the PEUGEOT car brand in satirical television show "*Les Guignols de l'Info*". In the show, a puppet representing the president of the Peugeot group disparaged products of the company. The Supreme Court overruled the lower courts' decisions, which had held that the outrageous, provocative and repetitive nature of the speech caused damage to Peugeot. The Supreme Court ruled instead that dialogue in a satirical television programme is covered by the freedom of speech (Supreme Court, April 2 1997).

The Supreme Court seems to have followed the same reasoning in its recent *Areva* and *Esso* decisions. While in *Esso* the court confirmed the court of appeal's decision, in *Areva* it overruled the appellate judgment, which had held that associating Areva with death constituted an act of disparagement. The Supreme Court found that, based on the general interest purpose of Greenpeace, the organisation had used proportionate means and had not abused its freedom of speech.

Towards other grounds of action

In *Areva* Greenpeace argued, among other things, that because the appellate court had found that Greenpeace

had induced consumers to believe that Areva's products were harmful and had thus discredited the company's activities, Areva should have brought a defamation action rather than an action based on disparagement. However, the Supreme Court ruled that the Greenpeace campaign targeted not the company, but rather its trademarks and thus its products, so that no harm was caused to the company's reputation. Therefore, it rejected this argument.

It is interesting to consider whether defamation could apply in some cases involving disparaging use of a trademark. Is there a clear distinction between damage to a trademark's image and damage to a company's image? Under the Law of 1881, defamation occurs where an allegation or an assessment of a precise fact is made targeting a specific person so as to harm his or her honour or reputation. One might have thought that the

presentation of a trademark in a way that associated the trademark holder with death would meet these criteria. In addition, although the Supreme Court has held that criticism of products and services does not fall within the scope of defamation under the Law of 1881 (Supreme Court, July 5 2000), a lower court has ruled that a person can be targeted through criticism of products or services (Paris Court of Appeal, April 22 1980). Thus, defamation may be a potential alternative to actions based on trademark infringement or disparagement, although such actions are subject to a three-month statutory limitation period.

Finally, similar trends have been observed outside France, especially in the United States, where the enactment of the Trademark Dilution Revision Act of 2006 has finally codified the common law exception to trademark rights for parody and criticism.

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