

## Caribbean

# Ambush marketing and trademark infringement in the Caribbean

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Ambush marketing is a significant international concern. As a result, many jurisdictions around the world are enacting legislation to protect the commercial interests of the sponsors of major events such as the Olympics, the *Fédération Internationale de Football Association* (FIFA) World Cup and the Cricket World Cup.

These global events are made possible by major financial sponsorship from companies, which will likely be withdrawn if competing companies imply that they too are linked to the events by manipulating marketing techniques. The official sponsors pay large sums of money, sometimes in the billions, and in return are awarded exclusive marketing rights, advertising space and protection from competitors. Rival companies cannot sponsor the same event.

### What is ambush marketing?

The focus of society on major sporting events such as the FIFA World Cup, the Cricket World Cup and the Olympics is such that commercial traders want to seize the opportunity to market and promote their products and services to the world. However, many non-sponsors of such events try to obtain the benefits of sponsoring an event without incurring the financial burden of making sponsorship payments.

'Ambush marketing' involves implementing a marketing strategy at major events without paying sponsorship fees – essentially, a company sees the activities held at the event as a marketing tool and as free promotion for its brands. This is evidently

a source of concern and frustration for the sponsors and organisers of these events.

### Examples of ambush marketing

The scenarios in which ambush marketing can be used are diverse, so the definition of what constitutes ambush marketing is rather fluid. However, the following activities can be identified and classified as such:

- advertising near the event, thus ensuring that attendees will see the marketing (this is not illegal as such);
- handing out free marketing paraphernalia (eg, t-shirts and caps) at televised events so that a brand is seen in the media around the world;
- selling unauthorised or pirated goods or services;
- selling goods or providing services using marks, indicia or dates that, although not official trademarks, suggest a connection with the event;
- placing billboards displaying the ambush marketer's name and brand near the event venue;
- using photographs of the sporting venue as background to a marketing campaign in a way that suggests sponsorship of the event;
- sponsoring the city where the event is being held or even a particular location;
- offering free tickets to the event as prizes in an advertising campaign and advertising in such a way that suggests that the advertiser is a sponsor;
- arranging aerial advertising over the venue immediately before or during the event so as to suggest sponsorship or association;
- sponsoring individual participants in the competition; and

- purchasing media slots and billboard advertising before the event to promote the advertiser's goods or services.

The 2011 Cricket World Cup was held in India, Sri Lanka and Bangladesh. According to the International Cricket Council (ICC), 'ambush marketing' is understood as: "unauthorised use of a Ticket as a prize or in a lottery or competition or for any other promotional, advertising or commercial purpose and/or any other activity by a person not authorised by IDI which: (a) associates the person with the Tournament; or (b) exploits the publicity or goodwill of the Tournament; or (c) has the effect (in the reasonable opinion of IDI) of conferring the status of a Commercial Partner on a person who is not a Commercial Partner or otherwise diminishing the status of any Commercial Partner."

Based on the above, it can safely be said that sponsorship can compromise the event – athletes are often not permitted to be photographed consuming certain goods, as this could negatively affect the sponsor of the event.

Two types of ambush marketing can be identified:

- Marketing by association – the competitor carries out activities that mislead consumers into believing that it is an authorised sponsor of the event.
- Marketing by intrusion – the competitor utilises the event to gain exposure for its trademark and brand name when it is not entitled to do so (ie, without the authorisation of the event organiser).

### Caribbean legal framework

No country will be named as the host of a major event such as a world cup or the Olympics if it is not prepared to implement legislation that satisfies the event authorities. Historically, this has been the case with the 2007 Cricket World Cup in the West Indies, the 2011 Rugby World Cup in New Zealand and the 2012 Olympic Games in the United Kingdom – all of these countries enacted special legislation dealing with ambush marketing.

In April 2006 the Legal Affairs Committee of the Caribbean Regional Organisation (CARICOM) approved draft legislation related

to the Cricket World Cup, which was to be held in nine Caribbean nations in 2007. At the time, the ICC announced that each of the nine host countries would use the draft legislation as a model and produce a piece of legislation for approval in its respective parliament.

The nine jurisdictions did in fact pass the bill, which was specially designed for the event and included provisions to:

- control the venues (eg, how operations would be undertaken and who would be in charge);
- control certain security issues;
- protect the relevant IP rights (eg, the production and sale of counterfeit ICC Cricket World Cup 2007 official merchandise) and the use of the event's marks (eg, the logo and mascot); and
- make ambush marketing illegal and impose a fine on any person or company that engaged in such activity.

The key characteristic of this legislation was that it would have effect until June 30 2007 (ie, sunset legislation), thus affording protection to the commercial rights of all Caribbean and international businesses which were sponsors of or had invested in the event.

### Tackling ambush marketing by association

The organisers of major events have various options in order to deal with ambush marketing by association at their events in the Caribbean:

- The organiser should register, ahead of time, all of the proposed trademarks, such as its mascot, logo and emblems. Unauthorised use of a registered trademark constitutes infringement.
- From a copyright perspective, the logos and artwork are considered to be artistic works and are protected under copyright law. Unauthorised reproductions of such art constitute copyright infringement.
- In common law Caribbean countries, the law sets down the offence of passing off. 'Passing off' is where a trader uses a trademark or other distinctive sign in such a manner that it misleads consumers into wrongly believing that the trader is connected in some way to the legitimate manufacturer and the mark owner.

### Enforcement in the Caribbean

Despite the common history shared by the Caribbean nations, the development of IP legislation has not been constant and progressive; rather, there are far more differences than similarities. More than 50 years since they gained independence from the United Kingdom, some of the islands have made no significant advances in updating their legislation.

Countries such as St Vincent, St Kitts, St Lucia, Grenada and Guyana still use outdated acts that are unsuitable for the current market. For example, in Barbados the Merchandise Marks Act dates back to 1949.

In some other countries, new bills have been awaiting approval since as long ago as 2003 – this does not make them attractive to trademark owners worldwide, as it makes the enforcement of IP rights extremely difficult.

Some of these countries are not members of the World Trade Organisation (eg, Grenada and the Cayman Islands) or the World Intellectual Property Organisation and its treaties. In the Caribbean, there are still various UK-dependent territories: Bermuda, the British Virgin Islands, the Cayman Islands, Montserrat and the Turks & Caicos Islands. In Montserrat, for example, new trademark legislation was enacted in 2009, but the Trademarks Registry is still applying the previous legislation. In some cases new legislation has been passed, but is not being applied as, among other things, the relevant regulations are not yet in place.

The Merchandise Marks Act of Jamaica is a clear exception to the rule, as it:

- includes provisions punishing the forgery of trademarks and false description of goods;
- sets down fines;
- empowers the commissioner of Customs to seize goods that infringe registered or well-known trademarks; and
- provides a number of remedies, including the forfeiture of infringing items, the destruction of infringing items, damages, injunctions and accounts of profits.

It is vital that every Caribbean country update its equivalent of the Merchandise Marks Act, or that a Trade Practices Act be passed in all countries. In so doing, the

government should ensure that the legislation includes provisions empowering the relevant authority to declare sporting events to be ‘protected events’. The legislation should specifically indicate that no person or company is entitled to make, publish or display any false or misleading statement, communication or advertisement which represents, implies or suggests a contractual or other connection or association between that person or company and the event or a sponsor of the event, or cause such statement, communication or advertisement to be made, published or displayed in connection with a sponsored event; and that in so doing, such party should be liable not only to pay a fine, but also to pay damages before the courts.

Such legislation would protect event organisers against ambush marketing and thus limit and monitor the sale of counterfeit goods not only on their arrival in each country, but also at the event itself.

Counterfeiting is an increasing concern not only in the Caribbean, but worldwide. In the Caribbean, several jurisdictions (eg, Jamaica, Antigua, Netherlands Antilles, Suriname and Trinidad) have taken measures to limit and eliminate this practice.

Because ambush marketing can involve the import of counterfeit goods which can sometimes pass Customs as originals, it is important that all Caribbean countries take measures to ensure the implementation of mechanisms that enable quicker, easier, cheaper and more efficient ways of enforcing IP rights and prevent the sale of counterfeit goods at major events, thus preventing unlawful competition.

As part of the legislative process, officials should carry out targeted consultations with a wide range of relevant parties, including major event organisers and the marketing industry, in order to ensure that any legislation enacted strikes an appropriate balance between fair marketing practices and the financial interests of major sponsors.

The key questions to be addressed here are as follows:

- What type of ambush marketing would be regulated by the specific legislation? This would ultimately involve the identification of IP rights and their enforcement. The

government of each country would need to identify what is reasonable based on previous experience not only in its own jurisdiction, but also worldwide. It may be that a host agreement would be suitable, whereby the organising body of an event to be held in the Caribbean would be afforded some sort of protection from an IP perspective.

- How would this legislation be crafted? Each government must address the question of whether it is willing to enact general or specific legislation, and which would be more effective in order for the provisions to achieve the proposed goal without affecting the rights of third parties.

### **Comment**

For sports event organisers and official sponsors, ambush marketing has become a negative side effect, posing a threat to the high revenues made from and gained by sponsors. The most effective defence mechanism against ambush marketing is for governments of Caribbean countries to adopt a proactive stance by punishing all unofficial associations with major events.

The Caribbean countries need to take immediate action to enact legislation punishing ambush marketing and thus protecting the IP rights of sponsors. This would facilitate the raising of revenue by the relevant organising bodies by granting them exclusive rights to use protected expressions and indicia for commercial purposes.

Further, the enactment of specific legislation would provide a much-needed incentive for international organisations to look at the Caribbean as a future venue for other events, as the last major event in the Caribbean was held in 2007.

Until then, when major sporting events take place around the world, look out for advertising from the major sponsors, but keep your eyes open: it is highly likely that around the corner from the stadium, there will be advertising and handouts of promotional goods from competitors that did not pay to sponsor the event, but are happy to profit from the prestige and goodwill of other companies. *iam*



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