FIFA Intellectual Property Rights Management: when corporate needs and legal principles collide

A thesis submitted to the Bucerius/WHU Master of Law and Business Program in partial fulfillment of the requirements for the award of the Master of Law and Business (“MLB”) Degree

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A special recognition to Dr. von Detten and Prof. Dr. Ernst for supervising my work. I am truly honored for having two great professionals and scholars supporting me.
To my Mother, thank you for being my friend.

To my Father, for never giving up!
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Introduction
Throughout the years, football (soccer) has evolved from being just a sport that moves the masses and ignites great passion into a powerful economic machine. The Fédération Internationale de Football Association (“FIFA”) is football’s international governing body of association football, with its seat located in Zurich, Switzerland. It was established on May 21, 1904, in an attempt to bring together football players from different nationalities and regulate the game and its norms. Nowadays it is estimated that there are 200 million active players (amateurs and professionals) around the world\(^1\), which shows the tremendous growth of the game of football. FIFA has evolved ever since, and correctly recognized the economic potential hidden in the sport and has recorded a total revenue of USD 4,189 million between 2007 and 2010. This is comprised of event-related revenue, other operating income and financial income\(^2\). This figure is an example of FIFA’s capacity to turn what for many is considered “just a sport” into a successful business model which relies on event organization, marketing, licensing and merchandising rights as some of the most critical elements for generating financial turnover. FIFA has developed a very strict strategic intellectual property management strategy to protect its own economic interests as well as those of their commercial partners, and so they require the cooperation of the host country, in this case Brazil (host of the 2014 FIFA World Cup), to provide the legal framework to support such an event and help eradicate ambush marketing. The author will not only describe the legal nature of intellectual property rights (IPR’s), but also analyze their commercial application and use in marketing for sporting events, and more specifically the FIFA World Cup 2014 in Brazil. The concrete aim is to outline a strong corporate strategy, which is necessary to stage such an event but to contrast it with an abusive and despair legal framework.

The first chapter of this Master Thesis will give the reader an insight into how FIFA manages its intellectual property portfolio and the detrimental effects of ambush marketing on the FIFA brand. This is a key part of the research due to the fact that the economic success of the FIFA World Cup largely depends on the application and protection of these intellectual property rights. In order to put things into perspective, it is necessary to review FIFA’s 2012 financial report in order to understand just how important intellectual property and event organization are. In this chapter, the author will then proceed to outline the different intellectual property rights in sports such as: trademarks, copyrights and a grey area known as event marks, for which it is necessary to briefly describe the evolution the FIFA “corporate mark” and to explain the process of merchandising and licensing. The investigation will also provide an insight on the marketing guidelines applied by FIFA, as well as its commercial partners, their privileges and the process of

\(^1\) http://www.fifa.com/classicfootball/history/fifa/foundation.html
becoming a commercial partner. The first chapter will then analyze the topic of ambush marketing from a corporate perspective and review the detrimental effects that such a phenomenon has on the organizers and commercial partners of this sporting event, as well as possible strategies to combat it.

The second part of this research will focus on the legal framework necessary for FIFA to preserve its commercial success as an organizer of mass sporting events. This chapter will address the concept of distinctiveness as a requirement for trademark registration and protection. This is important in order to best study the legal effects and the extent of legal protection of the Brazilian World Cup 2014 Law. In order to arrive at the culminating point of the legal analysis, the research will also consider the legal protection conferred to well-known marks, and the author will include research on the relevant legal aspects that are associated with ambush marketing. Finally, a complete understanding would be lacking without consideration that in order to protect their intellectual property rights, FIFA is dependent on the hosting countries’ legal systems, as they are the ones who can enforce these rights and also punish the infringers. Following this argument, the author will attempt to provide two perspectives to this underlying idea: first, by analyzing the WM 2006 decision of the Bundesgerichtshof (BGH) in Germany regarding the protection of trademarks during the FIFA World Cup of 2006, and second by analyzing the treatment given to intellectual property by the Brazilian World Cup 2014 Law.

Considering that the FIFA World Cup 2014 is knocking on our doors, it is only appropriate that this topic is covered, not only because this is a world-wide renowned event which provides great business opportunities and economic turnover, but also because of what it represents for the legal practice of intellectual property rights. There is much controversy surrounding the organization and staging of this event, which makes this investigation even more important.
Chapter I

The importance of intellectual property from a corporate perspective and the effects of Ambush Marketing
In the modern business world, companies need to find a way to obtain a competitive advantage in order to be economically successful. The FIFA is not a company *per se*, it is an association and does not face direct competition, but this does not mean that a well-defined intellectual property strategy (much like the ones used by major corporations) is not applicable. It is quite the opposite, the FIFA has recognized the need to present and protect their brand and their intellectual property, especially while hosting their flagship event every four years: the FIFA World Cup. This sporting event is quite successful from an economic perspective (details will be discussed in the following section), and it is the result of a thorough marketing strategy, licensing, merchandising and the commercial partnerships with sponsors, among other factors. In this scenario ambush marketing is a constant presence, and creates a problem for FIFA and for their official sponsors.

1.1 Financial Overview 2010 FIFA World Cup

In order to contextualize the problem of ambush marketing in the FIFA World Cup 2014, it is necessary to briefly mention the financial facts that are associated with such an event and consider the revenue and expenses that originated from the most recent previous event in South Africa:

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<th>2010 FIFA World Cup South Africa Financial Overview</th>
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<td><strong>Revenue (excluding tickets)</strong></td>
<td><strong>Origin</strong></td>
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<td>USD 2,408 million</td>
<td>Sale of TV Rights</td>
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<tr>
<td>USD 1,072 million</td>
<td>Marketing Rights</td>
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<td>USD 120 million</td>
<td>Hospitality Rights</td>
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<td>USD 55 million</td>
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<td><strong>USD 3,655 million</strong></td>
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As is indicated in this table, it is evident that USD 3,600 million from the total revenue generated by this event comes from the negotiation and commercialization of TV, Marketing and Licensing Rights, which are directly related to intellectual property rights. In order to preserve the commercial success of such an event, it is important that both the corporate strategy undertaken by

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FIFA as well as the legal framework in the host countries are both well established and functional.

Ambush marketing, as will be discussed in detail further, directly devalues the astronomical investments of FIFA’s commercial partners and the acquirers of the aforementioned rights. This is the reason why additional effort is being put forth to mitigate this damage during the next edition of this event in 2014. An example of these efforts is the fact that before the 2006 edition, which took place in Germany, the FIFA, in cooperation with the Organization Committee and German authorities, assembled a team of twelve people dedicated to detecting violations of IPR’s and ambush marketing. The result of this effort was around two thousand five hundred violations before the first match of the tournament⁴.

1.2 Trademarks, Copyrights and Event marks as an essential component in the economic success of the 2014 World Cup in Brazil

According to Cornish, intellectual property rights are: “the application of ideas and information that are of commercial value⁵”. Intellectual property is a product of the mind and is an intangible asset, but this does not mean that it cannot be commercialized. On the contrary, the term ‘property’ denotes that just like tangible assets, these ideas or pieces of information can also be sold, licensed, bought, assigned or commercialized in almost any way desired by the owner.

IPR’s are comprised of patents, trademarks, copyrights and design rights. For the sake of this investigation, only trademarks and copyrights will be considered due to the fact that patents, even though they are present in sports, are not relevant in the present case.

The most important idea for this section will be to understand the economic value that these forms of IPR’s have for FIFA and to outline that, without them, the organization of a mass event such as the FIFA World Cup would be nearly impossible. Commercial partners as previously described account for a substantial part of the revenues recorded during this event either through broadcasting rights (TV, radio, internet) or marketing associations. This is the reason why these rights are so heavily protected, and why FIFA during the early stages of organization must seek the cooperation of the host country that provides the legal framework. The author will also briefly explain the relationship between these two IPR’s and their materialization into commercial tools through licensing and merchandising.

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1.2.1 Trademarks:

The UK Trade Marks Act of 1994 defines a trademark as:

“Any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings. A trademark may, in particular, consist of words (including personal names), designs, letters, numerals or the shape of goods or their packaging6”.

The German Trade Marks Act contains a similar definition in Sec. 3 (1):

“Trade marks are all signs, especially words including personal names, graphical reproductions, letters, numbers, audible signs, three dimensional reproductions including the shape of the goods or packaging including colors and combinations which can distinguish the goods and services of an undertaking from those of another7”.

Both of these cited sections contain notable similarities that clarify the purpose of trademark registration. Firstly it is to distinguish goods and services provided by an enterprise from those provided by another enterprise, and determinative of an important trait required for trademark registration, which is distinctiveness. Secondly, another very important purpose of a trademark is to trigger an association in consumers’ minds between origin and value or quality8. And finally, a trademark is a cypher around which investment in the promotion of a product is built and that investment is value, which deserves protection as such9.

Following this argument, it seems only logical that the FIFA would seek protection of their trademarks, especially during an event that requires a high amount of investment and promotion such as the 2014 FIFA World Cup in Brazil. This need for protection would arise due to the previously mentioned purposes for a trademark, but most importantly because of the large economic efforts put in by the FIFA’s commercial partners to promote the necessary association with the World Cup brand.

The most notable trademarks registered by the FIFA in preparation for next year’s event are: FIFA, World Cup, Copa 2014 and Brazil 2014, Host City 2014 (ex. Rio de Janeiro 2014). Considering the requirement of distinctiveness for trademark

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6 UK Trade Marks Act 1994 (TMA), sec. 1(1).
7 Gesetz über den Schutz von Marken und sonstigen Kennzeichen (MarkenG), sec. 3(1).
8 Cornish, Llewelyn and Aplin, See note 6, pg. 637
9 Cornish, Llewelyn and Aplin, See note 6, pg. 655
registration, it seems questionable whether or not some of the previously mentioned marks could in fact be registered. This however is a topic that will be covered in the second chapter of this Thesis in relation to the legal framework against ambush marketing.

A key element for trademark registration and protection is distinctiveness. This element will be introduced and further analyzed by the author in the following chapter, as this paper will then focus on the legal aspects of ambush marketing.

1.2.2 Copyrights:

In addition to protecting their trademarks, FIFA applies a great deal of effort into protecting its copyrights.

The German Copyright Act Sec. 2(1) establishes that:

“Protected works in the literary, scientific and artistic domain include, in particular: literary works, speeches, computer programs, musical works, dance, art, architecture, photography, cinema, plans, maps and sketches”.10

Copyright can be described as a property right, encompassing several distinct exclusive rights that arise automatically upon creation of a particular class of works.11 The property right mentioned by the author would be the creation itself, while the exclusive rights come in the form of economic and moral rights.

Based on the legal definition contained in the German Act and on the rights granted by a copyright, it is understandable how this IPR plays a fundamental role in the marketing, licensing and economic strategy of the FIFA. As will be discussed later in this chapter, the marketing strategy designed by the FIFA and its commercial partners relies heavily on license agreements through which the official sponsors can be associated with the 2014 FIFA World Cup Brazil.

Examples of copyright protected works for this sporting event include: the official World Cup logo, mascot and poster and also broadcasting rights either through television, radio or Internet.

1.2.3 Licensing in Sports

10 Gesetz über Urheberrecht und verwandte Schutzrechte (UrhG), Sec. 2 (1)
After having analyzed the two most important components of FIFA’s IPR portfolio, it is necessary to explain the concept of licensing in order to understand how these rights generate economic value for both FIFA and its commercial partners.

The rights acquired in this case through registration of trademarks and copyrights will be commercialized by FIFA through license agreements, which grant the other party the right to use the copyright or trademark. In this case, the licensee merely has the permission or the authorization to use either right but there is no transfer of ownership, and the license may be exclusive or non-exclusive.12

In the context of such an important sporting event, licensing plays a crucial role due to the fact that it enables the licensee to produce merchandise and advertise its products in association with the event and the organizer. Throughout the preparation stages of the event, it is emphasized that commercial partners must be legally protected in order for them to be interested in investing in the FIFA World Cup. A license does not transfer the rights itself, but rather is a tool to ensure this protection because, concurrently with the rights of the registered proprietor, a licensee is given rights and remedies as though it were an assignee.13

The FIFA has recognized the importance of licensing and thus established the following policy:

“As a marketing and brand extension tool that speaks to fans worldwide through merchandise, souvenirs and quality products featuring the event marks, a successful licensing program is essential to the promotion of our events, a reflection of our brand identity and represents added value to consumers all over the world. Our licensing program therefore strives to go beyond traditional novelty merchandising. As world football’s governing body, FIFA takes a serious interest in establishing long-term licensing collaborations with highly professional institutions that have proven track records, and aims to deliver official licensed products that signal optimal quality and reliability to the end consumer.”

This policy follows the trend that, economically, trademarks reduce consumer search costs and facilitate investment by protecting the accuracy of trademark-related advertising and product quality.15

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13 Cornish, Llewelyn and Aplin, *See note 6*, pg. 723
14 http://www.fifa.com/aboutfifa/organisation/marketing/licensing.html
1.2.4 Merchandising Rights

After having discussed the most important IPR’s in FIFA’s portfolio and the role of licensing in this process, it is necessary to conduct a brief analysis on how these rights are converted by FIFA’s commercial partners into economic gains through merchandising.

Merchandising in a large-scale sporting event such as the FIFA World Cup is one of the key elements for economic success, and the FIFA as well as its licensees have recognized this. On one side the association and being an official partner of the FIFA provides credibility with the consumers, and on the other it prevents possible lawsuits and payments for damages in case of using intellectual property without permission.

A justification as to the existence of merchandising rights derives from the theory of unjust enrichment or free riding, which affects goodwill. This hypothesis stems from the premise that the trademark owner and by extension the licensee (in this specific case, commercial partners must be considered) are the ones entitled to control the use of the mark. It has been said that such an assumption contradicts free competition, but the merchandising theory expands the rights of trademark owners, giving them a new form of control over uses of their marks at the expense of the background norm of competition\(^\text{16}\). It seems as though the effect of merchandising rights on competition is far smaller than the detrimental consequences of free riding on the trademark proprietor (hence the term intellectual property). Additionally, free riding not only affects property rights over the trademark but also most certainly distorts consumers’ perception as to the origin of the product that in the author’s opinion is enough reason as to the existence of merchandising rights. In the aforementioned section on licensing, the FIFA emphasizes the need for quality and reliability of their merchandise; this would certainly be affected if it were not because of trademarks and merchandising rights. Scholars like Robert Bone support the goodwill approach because: “it was capable of reconciling seller protection with the dominant and persistent consumer protection strand of trademark law\(^\text{17}\)”. This means that applying this theory, both retailer and consumer protection are being considered.

1.3 Understanding FIFA as a brand


\(^{17}\) Bone, Robert, *Hunting Goodwill: A history of the concept of goodwill in trademark law*, University of Texas School of Law, 2005
Before analyzing the marketing strategy used by FIFA and the role of commercial partners, it is important to outline the concept of brand theory and how it applies to this specific case.

Brand theory is the evolutionary product of what was once a firm-driven and controlled effort to create value into what is known as a co-creation of value. The difference is that instead of using a single channel medium (firm-customer), companies are using a forum where dialogue amongst the consumer, the company, consumer communities and other networks might take place\(^\text{18}\). This interaction and the evolution of media and consumers have forced companies into shifting their efforts and providing not only a “product type” but also a brand experience. Prahalad and Ramaswamy explain: “the interaction between the firm and the consumer is becoming the locus of value creation and value extraction\(^\text{19}\).

FIFA is aware of this shift and has evolved from simply a football association into a worldwide brand that focuses on developing the sport worldwide and giving back to the communities that need it most. The evolution of the brand “FIFA” is the product of a very clever effort from the corporate perspective. According to FIFA, it is inspired by the role football plays in the world, implying a union between society and the beautiful game. The social responsibility of FIFA plays a strategic role in the organization’s decisions and represents an important part of FIFA’s renewed mission to develop the game, touch the world, and build a better future\(^\text{20}\). This shows how culture has contributed to FIFA’s evolution and the organization has a special funding program for football development. In the modern world companies are putting greater efforts into being socially responsible (Nike for example builds playgrounds out of old shoes). This is very important because it opens the possibility for co-creating value because the brand is used as a key vehicle by which a company communicates with society and because consumers not only support a brand because of its products but also identify with it\(^\text{21}\).

Understanding FIFA as a brand is relevant for the proposed topic because of the detrimental effects that ambush marketing has on brands in general and also because non-authorized association might diminish the effort put into the social mission and communication with consumers.

1.4 FIFA’s marketing strategy and the role of commercial partners

\(^{18}\) Prahalad, Ramaswamy, *Co-creation experiences: the next practice in value creation*, Journal of interactive marketing, summer 2004

\(^{19}\) Prahalad, Ramaswamy, *see note 18*


The previous discussion on the subjects of trademarks, copyrights, licensing, merchandising and the FIFA brand was intended to build a broader understanding of the elements involved in FIFA’s marketing strategy and also the role of its commercial partners. It is essential to outline the importance of a well-managed marketing strategy in a sporting event such as the FIFA World Cup because of the economic turnover that it generates (USD 1,072 million in 2010) and also to set the stage before discussing ambush marketing.

Sport is now perceived as a product which has the potential to generate great economic gains if marketed properly; this has developed over the last twenty-five years and was pioneered by Horst Dassler of the sports goods manufacturer Adidas. Dassler revolutionized the marketing of the Olympic Games and the FIFA World Cup by introducing a unified and global approach through his marketing company ISL. The marketing perspective for sporting events, specifically football’s big show, is something that still persists to this day. This has gone hand in hand with the FIFA brand and their slogan: for the game, for the world.

Before discussing the role of commercial partners in the FIFA World Cup 2014, it is necessary to establish the concept of sponsorship. This is because this element in sports marketing is a relevant topic for this investigation due to the direct relationship it has to ambush marketing:

“Sponsorship is a commercial arrangement, whereby a sponsor pays a certain sum of money (fee) or provides certain products, services or other facilities (value in kind) to the sponsored party (FIFA), in return for which the sponsor is granted certain rights of association (official designation) with the sponsored party, through which the sponsor can promote its own image as well as the sale of its products and/or services.”

After previously having mentioned that the marketing revenue for the 2010 FIFA World Cup in South Africa was valued at over one billion dollars, it seems important to examine the question of value of sponsoring a sporting event since it will be important when explaining the effects of ambush marketing. The first and most important effect of sponsorship value would be the exclusivity to promote a brand in the particular product or service category in respect of which the sponsorship rights are granted. In the case of a credit card for example, this would translate into the opportunity to design an advertising strategy as the official credit card of the tournament. The second result of sponsorship value lies

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22 Gardiner, James, O’Leary and Welch, see note 13, pg. 433
23 Gardiner, James, O’Leary and Welch, see note 13, pg. 458
24 Gardiner, James, O’Leary and Welch, see note 13, pg. 458
in the opportunity to be associated with the event\textsuperscript{25}. The context of this would find its roots in the already established social responsibility of the FIFA brand. Consumers can associate a particular commercial partner as part of this project or higher purpose, or a brand with similar values can benefit from this association. In addition, commercial partners benefit heavily from the possibility of having hospitality packages put together by FIFA in order to entertain their corporate clients.

Sponsorship plays a central role in outlining and understanding the marketing strategy that is being applied through the entire process of preparing and staging the most viewed sporting event in the world. In dollar value marketing is, after the sale of TV rights, the area where the FIFA realizes the largest amount of revenue, and sponsorship certainly plays a very important role in the FIFA marketing mix. This is the reason why during the preparations for the tournament staged in Germany in 2006, the FIFA came to the conclusion that they needed to revolutionize their commercial strategy and chose to apply a three tiered approach to sponsorship. This strategy was also successfully applied in 2010 and will be one of the cornerstones of accomplishing successful marketing during the next edition in 2014.

Having analyzed the concept and the importance of sponsorship, it is necessary to outline the three-tiered structure that is managed by FIFA. These three different tiers or levels of sponsorship start with the official partners at the highest level, which are then followed in the middle by FIFA World Cup sponsors and lastly come the national sponsors.

1. **Official Partners**: there are a total of six companies in this category (Adidas, Coca Cola, Hyundai/Kia, Emirates, Sony and Visa). According to the FIFA, the official partners enjoy the highest level of association, not only with the World Cup but also with all other tournaments organized by FIFA\textsuperscript{26}.

2. **FIFA World Cup sponsors**: this is the second level of sponsorship, consisting of eight commercial partners (Budweiser, Castrol, Continental, Johnson & Johnson, McDonalds, Oi, Seara and Yingli). Unlike the official partners, these sponsors are only present in the Confederations and the World Cup. The main rights for a sponsor in this tier are brand association, the use of selected marketing assets and media exposure, as well as ticketing and hospitality offers for the events\textsuperscript{27}.

3. **National Supporter**: the third level of sponsorship is reserved only for local companies of the hosting nation. It basically allows companies with roots in

\begin{footnotes}
\item[25] Gardiner, James, O’Leary and Welch, see note 13, pg. 458
\item[26] http://www.fifa.com/aboutfifa/organisation/marketing/sponsorship/strategy.html
\item[27] see note 26
\end{footnotes}
the host country of each FIFA event to promote an association in the domestic market\textsuperscript{28}.

Being associated with the most watched sporting event in the world is certainly a great stage for commercial partners to promote their products, but it also means incurring high investments for advertisement or other types of promotion. These costs are in addition to the annual fee that sponsors have to pay, in the first tier (between USD 24 and 44 million), the second tier (between USD 10 and 25 million) and the third tier (between USD 4.5 and 7.5 million)\textsuperscript{29}. These values are important because it makes the practice of ambush marketing even more outrageous and show the proportion of injustice that it creates for sponsors incurring those large investments.

1.5 The effect of ambush marketing in sporting events

Ambush marketing was conceived as a technique applied by those companies who were excluded from sponsorship deals. It did not then have the negative connotation it has now, as sporting events are now capturing the public’s attention more than ever\textsuperscript{30}.

After having established the commercial aspects of the World Cup, it is of utmost importance to study the practice of ambush marketing and the detrimental effects this phenomenon has on the economic success of the event. This section will focus solely on the concept of ambush marketing as an advertising technique; the legal aspects of this type of practice will be left for the second chapter of the dissertation.

In order to establish the context and the impact of ambush marketing during sporting events, specifically the FIFA World Cup, it is necessary to mention the ratings that were achieved during the 2010 edition in South Africa. The event was televised on all continents of the earth (it was shown on every single country in the world), including the Artic Circle, and was viewed by 3.2 billion people around the world (the final match between Spain and Netherlands was viewed by 909.6

\textsuperscript{28} see note 26
\textsuperscript{29} http://www.sponsorship.com/About-IEG/Press-Room/FIFA-Secures-$1-6-Billion-in-World-Cup-Sponsorship.aspx
million people). These figures demonstrate why sponsors invest high amounts of resources to be associated with such an event and to use its event marks, and why organizers are setting their sights on preventing ambush marketing.

Ambush marketing comes in many forms, as will be discussed in this section, but first this concept must be defined. Ambush marketing occurs when a company or firm claims an association with a sports event that it does not have and, perhaps more importantly, for which it has not contributed economically. This practice affects sponsors directly because, as it was mentioned previously, during a world class-sporting event such as the FIFA World Cup, every one of them has to make large investments to be associated with the event. It also affects event organizers because sponsors expect to receive returns from their investments and the organizers are the ones responsible for providing the proper conditions to advertise.

Regarding ambush marketing, Norman Mandel states the following: “what impacts on sponsorship is when you don’t get value. Let’s get this straight, ambush marketing is not clever marketing. It is stealing it is thievery. Michael Payne of the International Olympic Committee got it right when he called it parasite marketing”. Mandel, a business affairs counsel for Coca-Cola, a company who was previously mentioned as one of the official partners of FIFA, clearly indicates the position of some of the leading sports event sponsors regarding ambush marketing. Sponsoring an event that attracts mass audiences such as the FIFA World Cup seems to be a competitive advantage from a marketing perspective for those willing to invest in the event. From this perspective ambush marketing would destroy this advantage because association with the event would not be perceived by audiences as being something special or notorious.

When analyzing the effects of ambush marketing, it is necessary to establish that it not only affects sponsors in their efforts to maximize returns from the association, but it also affects the organizers (in this case FIFA) due to the fact that it loses its negotiating basis with sponsors due to the lack of value produced by the association. The only way for organizers and sponsors to get the appropriate protection is through a legal framework that attacks ambush marketing; this topic will be discussed in detail in the second chapter of this research paper as it is of paramount importance.

32 Gardiner, James, O’Leary and Welch, see note 13, pg. 459
There are many ways in which ambush marketing can materialize but before studying the most common ways it is necessary to differentiate direct and indirect ambush marketing. Direct ambush marketing is the type of activity in which the ambusher aggressively seeks to associate its brand to the event or to its sponsors, while indirect ambush marketing does not force the association, but rather aligns a brand through suggestion or reference to the event\(^\text{34}\). Direct ambush marketing is more straightforward and aggressive, while the indirect form looks to establish a more subtle association.

1.5.1 Forms of Ambush Marketing\(^\text{35}\):

**Direct Ambush Marketing:**

The first form of direct ambush marketing would be the unauthorized use of an event mark, in this case any of the registered trademarks by the FIFA. This can be materialized in the production and selling of merchandise in which a trademark registered by the host of the event is featured. An example of this would be the attempt to commercialize t-shirts or footballs with the registered trademark “COPA 2014”.

Another form of direct ambush marketing comes when the media uses a registered trademark or the event itself without having the organizers' authorization. This form of infringement turns into ambush marketing once the members of the media use the event to enhance themselves. The issues regarding this type of ambush marketing extend towards what is now a very popular practice during FIFA organized events: public viewings. In this scenario, the organizer of the public viewing event participates in ambush marketing in two ways: transmission of unauthorized material and possibly the making of profits (through the sale of food, drinks, etc. at the event).

Direct ambush marketing can also take place when a company confuses consumers into thinking they are official sponsors of the event. In this case, the ambush can be explicit through the claim of sponsorship, or implicit. A very clear example of implicit direct ambush marketing took place during the Beijing 2008 Olympics, when Nike, without being the official sponsor used the number 08 (year of the games and Chinese good luck) in an advertising campaign\(^\text{36}\).

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\(^\text{34}\) [http://www.marketing-schools.org/types-of-marketing/ambush-marketing.html](http://www.marketing-schools.org/types-of-marketing/ambush-marketing.html)


Companies and advertising agencies are very clever while engineering ambush marketing campaigns. A common practice is to give away clothing, hats or flags with certain team colors that also feature the product's name: this way fans will not only represent their country but also advertise a brand. During the 2010 World Cup in South Africa, the Dutch brewery Bavaria was accused of ambush marketing by the FIFA, as they allegedly had a group of models placed as spectators in one of the stadiums. The evidence of this however was rather circumstantial.37

Another form of direct ambush marketing that is frequently used during sporting events, especially the FIFA World Cup, are fake hospitality packages. Companies obtain a contingent of tickets for a certain match and give those away to people in a false form of hospitality packages.

*Indirect Ambush Marketing*

One of the most common forms of indirect ambush marketing takes place when a company issues, for example, a program or calendar. It is usual for companies to do so and the problems arise in two ways however. Firstly when registered trademarks by the event organizer are being used, and secondly when the issuing party is a direct competitor of an official sponsor of the event.

The launching of a certain product during the timeframe of a sporting event might also be considered a form of indirect ambush marketing if the product has a specific relation to the event or the sport. An example of this occurred in 2010 when the sports drink “Soccerade” was launched during the World Cup and had Cristiano Ronaldo as its spokesperson. This would not be a problem necessarily, except that the product had been already developed and could have been launched long before the event took place.

Indirect ambush marketing also takes place through the use of certain personalities that are related to the event and advertise for a competing product or brand of an official sponsor. This was the case in 2010 when the German goalkeeper Oliver Kahn was featured in Burger King's “Kahn Aktion” which featured testimonials by the player.


It is evident that there is a large amount of options for brands or companies to market their products by trying to associate themselves with an important sporting event. Some appear to be very subtle and non-threatening, but looking at the big picture (and the amount of resources invested by official sponsors), it becomes clear that this practice is out of control and could even lead to companies refusing to invest in events and, by association, the future of the sport.

1.5.2 Ambush Marketing according to the FIFA:

As was previously mentioned, the organization of the 2014 FIFA World Cup Brazil started approximately four years ago. The organizers have made it a priority to control ambush marketing and, besides the legal tools available, they have issued a communication to companies suspected of conducting ambush marketing.

Prior to taking any legal action, the FIFA seeks to create awareness in the companies that whenever they perceive a marketing campaign to be an ambush, they will act. In a formal letter, possible infringers are communicated the following:

“Illicit marketing activities may also involve a physical presence at or around the tournament venues. Such promotions often include the distribution of branded fan gifts such as hats or flags to fans outside the stadia or on their way to the stadia for a tournament match. Attempts to gain physical presence can also involve decorating commercial establishments around the stadia or placing prominent branding on buildings that are visible from these locations. Any distribution of branded fan gifts outside the stadia or on the way to the Tournaments (in public or in private, such as in a local bar), or to hospitality guests, will be considered a deliberate act of “ambush marketing” and is both a civil as well as a criminal offence under applicable anti-ambush marketing legislation in Brazil."

This excerpt clearly defines some of the examples of direct and indirect ambush marketing that were previously mentioned, as well as the actions to be taken if such a practice is detected.

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38 [http://www.fifa.com/mm/document/affederation/marketing/02/01/76/53/information_letter_on_marketing_activities.pdf](http://www.fifa.com/mm/document/affederation/marketing/02/01/76/53/information_letter_on_marketing_activities.pdf)
Chapter II

The legal aspects of Intellectual Property Rights and Ambush Marketing in the context of the 2014 FIFA World Cup Brazil
The first chapter of this dissertation outlined the corporate aspects of intellectual property rights, their importance in massive sporting events such as the FIFA World Cup, and the ongoing presence of ambush marketing as a detrimental force. To provide the reader with a complete perspective of this problem, this chapter will focus on the legal issues arising from the efforts to diminish the effects of ambush marketing. The previous chapter of the dissertation established the successful marketing strategy of the FIFA from a corporate perspective, while this chapter will contrast that by outlining the dubious legal behavior undertaken by FIFA and by some of the hosting nations in order to secure the large revenues.

2.1 Copyright and Trademark protection

It is important that this legal analysis commences by mentioning the general aspects of copyright and trademark protection, as well as the governing principles that serve as motivation. This will be fundamental in order to establish a basis for the other topics covered in this chapter, to discuss the treatment the FIFA is receiving in Brazil and also to outline the subject of recognizing the event mark as a real possibility with legal force.

2.1.1 Copyrights

Copyright law finds its primary relationship to technology and commercial evolution, but the anchoring behind it is justified by the concept of property rights, social and economic needs. Copyright is first and foremost an exclusionary right. A brief justification for copyright law is given by Dutfield and Suthersanen: “early writers such as Locke, Kant, Mill and Hegel offered a bifurcated perspective on the rationales for copyright: property rights should be granted either on the principle of rewarding or incentivizing labor. In the nineteenth-century, copyright law adopted a more societal approach justifying their existence in the common well of society. Nowadays, copyright law is justified from an economic perspective”39.

All of these reasons have played a major role in the evolution of copyright law but it is important to distinguish the focus given by different legal systems. Civil law countries tend to favor an approach which is more protective of the author, hence the term Urheberrecht in German or Derechos de Autor in Spanish; while common law countries such as Britain and the United States tend to view the producer or “investor” associated with the work as the rights holder. This differentiation has produced a divergence as to which works should be protected and the relationship between authorship and ownership40. Even though both perspectives seem to be a fair justification for copyright law, it is necessary to point out that FIFA has

39 Dutfield Graham, Suthersanen Uma, see note 12, pg. 75
40 Dutfield Graham, Suthersanen Uma, see note 12, pg. 76
adopted the “common law perspective” as the ownership of their copyrights because it is the material work that originated from others which is protected (mascot, emblem, official poster), but the economic effort to develop this work was done by them, which is why they consider themselves as the rights holders.

As to the scope of protection, it is necessary to look to what is established in the Bern Convention for the protection of artistic and literary works because the host country Brazil became a signatory in 1922. This treaty contains what the terms artistic and literary works are understood to mean in article 2 (1)⁴¹.

After having established the types of creations protected under copyrights, it is imperative to outline which rights are conferred to the author of the work. The first type of rights is the moral ones, which basically grant the creator of the work a claim to ownership of it. The second type of rights is economic, under these rights the author is entitled to economically benefit from the creation. A possible conflict arises when applying Chapter II (moral rights) and Chapter III (economic rights) of the Brazilian Law No. 9610⁴² on copyrights because according to this provision, moral rights are inalienable and irrevocable while under economic rights the author is granted the possibility to use and dispose of his work. If we take these two provisions and contrast them within the scenario of the World Cup, this could mean that there is a co-ownership between the actual author of the material protected and FIFA, who claims the copyrights for itself.

2.1.2 Trademarks

According to the German (Sec. 3 (1)) and European (Art. 4) directives, trademarks are all signs, which are suited to distinguishing goods and services offered by one company from those offered by another company. Trademarks can take up many forms such as words (Adidas, Nike or Puma), they can also consist of logos (the Nike “swoosh”) or a combination of both (McDonalds), but also numbers, colors, sounds and three-dimensional signs are registerable as a trademark.

⁴¹ literary, scientific and artistic domain, whatever may be the mode or form of its expression, such as books, pamphlets and other writings; lectures, addresses, sermons and other works of the same nature; dramatic or dramatico-musical works; choreographic works and entertainments in dumb show; musical compositions with or without words; cinematographic works to which are assimilated works expressed by a process analogous to cinematography; works of drawing, painting, architecture, sculpture, engraving and lithography; photographic works to which are assimilated works expressed by a process analogous to photography; works of applied art; illustrations, maps, plans
There are also three possible ways in which one could protect a trademark. The first option is the one that is best known, and that is through its registration with the national patent and trademark office. The second option is for the trademark to be protected due to its high degree of recognition with the public (Verkehrsgeltung). Finally, a trademark is highly renowned because it has gained at least 70% notoriety within the public\textsuperscript{43}. The subject of highly renowned marks will be discussed further on in detail, as it is the status that has been given to FIFA trademarks in Brazil.

The process of registration might seem easy, but there are requirements that need to be accounted for in order for a trademark to enjoy protection. Taking as a reference the German Trademark Act, section 8 establishes which signs are excluded from protection:

\textquote{1. Those that are devoid of any distinctive character for the goods or services,  
2. Which consist exclusively of signs or indications which may serve, in the course of trade, to designate the nature, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the services or to designate other characteristics of the goods or services,  
3. Which consist exclusively of signs or indications, which have become customary in the current usage or in the bona fide and established practices of the trade to designate the goods or services,  
4. Which are of such a nature to mislead the public, in particular with regard to the nature, the quality or the geographical origin of the goods or services,  
5. Which are contrary to public policy or to accepted principles of morality,  
6. Which contain state coats of arms, state flags or other sovereign state symbols or coats of arms of a domestic locality or of a domestic municipal or other local authority association,  
7. Which contain official certification marks or hallmarks which are excluded from registration as a trade mark in accordance with a notice made by the Federal Ministry of Justice in the Federal Law Gazette (BGBl.),  
8. Which contain coats of arms, flags or other symbols, seals or designations of international intergovernmental organizations which are excluded from registration as a trade mark in accordance with a notice made by the Federal Ministry of Justice in the Federal Law Gazette,  
9. The use of which can evidently be prohibited in the public interest in accordance with other provisions, or  
10. Which have been applied for in bad faith\textsuperscript{44}”.

\textsuperscript{43} Stockel, Maximiliane, Lucken, Uwe, \textit{Handbuch Markenrecht}, Berlin, Erich Schmidt Verlag, 2003
\textsuperscript{44} Gesetz über den Schutz von Marken und sonstigen Kennzeichen (MarkenG), sec. 8
These requirements are important for the purposes of considering the possibility of an “event mark”, and will be applied in that section.

As the governing body in football, FIFA has registered a vast amount of trademarks, and as it was discussed in the previous chapter. These are meant to serve three functions: origin, quality and advertising. In regards to their commercial partners, it is important that these marks are protected because when they associate themselves with FIFA, they can exploit all three functions as well. The FIFA currently has a list of 71 renowned marks registered in Brazil for the purposes of staging the World Cup.

2.2 Well known status of FIFA marks in the light of the Brazilian World Cup Law as a form of Sui Generis Protection

A well-known trademark can be defined as “a trademark known by a large portion of the public and that can be immediately recognized as relating to the products and services for which it is used”. Examples of well-known marks include: Nike, Adidas, Apple or McDonalds.

In relation to well-known marks, the Paris Convention has outlined the following in Article 6bis:

“The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country...”

As to the concept of sui generis protection, the International Olympic Committee is considered the precursor of this practice, as they have made it very clear that nations looking to host the Games need to enact special legislation or be signatories of the Nairobi Treaty for the Protection of the Olympic Symbol. In the context of the FIFA World Cup in Brazil, the local government had to provide certain infrastructural, economical and also legal guarantees in order to be able to host the event. Besides getting special tax exemptions, the FIFA also lobbied very strongly to pass the necessary measures to fight against ambush marketing. The way this was done was by incorporating certain provisions regarding intellectual property into the World Cup Law, which regulates special aspects that relate to the

46 Paris Convention
organization and successful staging of the event, and what can be considered a *sui generis* form of protection or legislation.

Section 1 of the World Cup Law is a complementary set of norms to the law that regulates Industrial Property in Brazil. Article 3 mandates the following:

“The Brazilian Institute of Industrial Property (INPI) shall promote the annotation, on their records, of the high importance of trademarks related to the following Official Symbols of FIFA proprietorship, under the provisions and for the purposes of special protection established by art. 125 of Law 9.279 (Industrial Property Law): emblems of the FIFA Confederations Cup 2013 and World Cup 2014, official mascots, other official symbols of FIFA proprietorship, as appointed by FIFA in a list to be registered by INPI”\textsuperscript{47}.

Based on what is established in the Paris Convention, legislators in Brazil have decided to extend all of the trademarks ‘well-known status’ upon request by the FIFA. As was previously mentioned, the list includes 71 registered trademarks, which now enjoy the status of well-known marks in Brazil. This certainly is proof that Brazilian authorities are keen to please the FIFA even if it means giving up their discretionary power to determine the status of well known of a trademark. An example of this loss of discretionary power and converse grant of over proportioned power to the FIFA is exemplified in Article 7 (2) of the special law, which states that INPI shall, by duty or by request of FIFA, deny any request of registration of trademark presented by third parties which are obvious reproductions or replica, in whole or in part, of official symbols, or which may cause evident confusion or non authorized association with FIFA. This raises serious doubts as to whether or not the legislation’s protective spirit is geared towards protecting the FIFA’s good will or if it is just a set of norms that arbitrarily hinders competition.

It seems though that the intellectual property situation has been limited very strictly by Brazilian authorities. A very important aspect that the author would see unfolding in this situation would be proving if FIFA’s good will is being abused or not. What the author means by this is whether or not the “infringer” of a registered trademark did it in order to profit from it or not. This is a very thin line that would need to be considered (especially with the sanctions for ambush marketing included in the World Cup Law) because if it is in good faith, the use for descriptive purposes is generally accepted in accordance to Article 6bis of the Paris Convention\textsuperscript{48}.

\textsuperscript{47} World Cup 2014 Law, available at: www.v-brazil.com/world-cup/law
\textsuperscript{48} Weckstrom, Katja, *Trademark Take-over or Sui Generis Regimes – Absolute merchandising rights in sports*, available at: http://ssrn.com/abstract=1742420
In order to exemplify this situation and the potential conflict, the author would like to propose the following scenario, taking the registered “well-known” mark Brazil 2014\(^\text{49}\) as an example. The fact that Brazilian authorities have granted well-known status to this is outrageous because first of all it lacks distinctiveness and secondly due to the fact that such an expression should be kept free to use for the public. If this example is expanded further, the mere use of the word combination Brazil 2014 in a promotional poster or calendar in a mere descriptive fashion could be perceived as a trademark infringement, even though it might not have any relationship to the event itself and even if it was not done in bad faith, and in this example (as well as the other twelve city names registered as trademarks), the mark clearly denotes a geographic indication. The proposed scenario seems rather extreme, but is supposed to provide a critical view of the fact that FIFA with the cooperation of Brazilian authorities are exercising an abusive control of terms that should be kept open for the public use, especially since they are not referring directly to the event itself. One of the main functions of trademark law is to facilitate the flow of truthful information\(^\text{50}\), and granting FIFA this discretionary power to register common use words as well-known trademarks would go against this purpose due to the limiting factor it would have on companies or individuals who would need to use them in good faith.

2.3 The event-mark as a tool for IPR protection during sporting events

The FIFA World Cup is a massive sporting event, which is televised in every single country of this planet; this has turned the FIFA into an economic powerhouse with a well-established marketing structure. Looking at the big picture from its perspective, it is only natural that it would expect to have all the revenues going back to it. As it was mentioned in the previous section, trademark registration plays a crucial role in the FIFA’s commercial strategy, and the effort and pressure exercised upon the host country is enormous; an example of this are the provisions regarding intellectual property contained in the World Cup Law. Another example of the pressure generated by sports event organizers is the one applied by the International Olympic Committee to ensure full trademark protection or to be a signatory of the Nairobi Convention on the Protection of the Olympic Symbol -- without these guarantees, a country would not be eligible to host the Olympics\(^\text{51}\).

According to Prof. Dr. Kur, the current situation of trademark registration in sporting events brings with it two types of problems. Firstly, in the perception of

\(^{49}\) published in November 2012, registration number 826632491,

\(^{50}\) Dogan Stacy, see note 10, pg.12

the buying public, their capability to indicate commercial origin may be minimal compared to their primary capacity of evoking the event as such. Secondly, granting an exclusive right to a term referring to an immensely popular event implies a huge competitive advantage to the person or entity owning that right, and thus it raises misgivings under the aspect of the public interest in keeping such signs free for the general use. The author would like to add what it considers to be a third problem, and that would be that some of the trademarks which are classified as ‘well known’ by Brazilian authorities upon FIFA request are mere geographical indications; examples for this include Rio 2014 or Sao Paulo 2014.

Prof. Karl-Heinz Fezer developed the concept of the event mark in 2003. What he proposes is basically to give event organizers the opportunity to register a mark which identifies with the event and which protects the goods and services offered. An evolution or redefinition of this concept occurred in 2007 as a result of the WM 2006 decision of the German Supreme Court, which will be discussed herein. This redefinition opened up the spectrum of the event mark and sets off the distinction between service and product event marks; the service event mark is geared towards protecting sponsors (the service event mark protects the organization, planning, financing and execution of the events) while the product event mark targets the protection of merchandising (this category includes only the merchandising products which are commercialized and offered by the event organizers themselves, it excludes licensed products). The basic problem one might find is the allocation of protection for FIFA’s licensees because Fezer conceptualized the product event mark in relation to the goods offered commercialized by the event organizers themselves. The importance of this lies in the fact that FIFA does not profit much from merchandising products directly, rather then by granting licenses to commercial partners, thus requiring protection for them in order to justify the high prices required to pay for association.

After conceptualizing the event mark, it is important to analyze the line of thought behind Fezer’s rationale. According to him, in order to understand the event mark,
one must shift from the traditional view of the trademark functions (distinguish goods and services, establish a source of origin and quality, and serve as an advertising tool) and embrace the idea that the event mark has other functions, such as providing the public with information of the organizer’s identity, as well as to identify the sources of financing for the event. If one translates this function into a practical scenario, it would enable the commercial partners of the FIFA World Cup to use the event mark to symbolize the association to the organizer. The notion of the event mark registration and protection was in Fezer’s view a necessity for ensuring fair competition because it allows companies to attract consumers with their products and services, because this designation of origin and quality come from the association with the organizer.

Another function of the event mark that is worth mentioning is the capability to serve as an advertisement tool. When proposing this idea, Fezer indicates that the European Court of Justice has recognized this advertisement usage in the Dior decision, in which it is stated that there is a general advertising right for distributors of branded goods. Going back to the sporting event scenario, such an advertisement right only seems logical due to the amount of resources that commercial partners need to invest in order to enjoy the association rights with FIFA and with the event itself, it would certainly provide for an additional mean to fight against ambush marketing.

Arguments against the event mark

After having analyzed the conception of the event mark and its main functions according to Fezer, it is necessary to point out three main arguments that would go against this concept: lack of distinctive character, descriptiveness of the mark, the possibility of registering generic terms and the possibility that event marks would create regarding competition law. For this section we must assume that in order to register an event mark, one would have to fulfill the same requirements as those inherent to trademarks; in other words it is my opinion that the same absolute grounds for refusal are applied in the case of event marks.

a. Lack of distinctive character:

56 Fezer, see note 52
57 Fezer, see note 52
59 Gesetz über den Schutz von Marken und sonstigen Kennzeichen (MarkenG), sec. 8
During the course of this dissertation, it has been already stressed that one of the core functions of a trademark is that of distinguishing goods and services from those of others. Section 8 of the German Trademark Act recognizes this requirement and establishes in numeral one that those trademarks that are lacking in any distinctive character for the goods and services shall be excluded from registration\textsuperscript{60}. A prominent example of refusal under lack of distinctiveness is the "babydry" decision of the European Court of first instance, in which P&C was denied registration due to the fact that the words baby and dry lack distinctiveness to differentiate the goods (diapers) from those of the competition\textsuperscript{61}. In the case of event marks, this would also have to be a requirement if we consider the function of providing the public with information of the organizer's identity. An example of an event mark with distinctive character would be FIFA 2014 World Cup Brazil, because of the fact that one can distinguish the event mark through the inclusion of the organizer's name. An opposite example would be Rio 2014 or World Cup 2014\textsuperscript{62}, which are registered as well known trademarks in Brazil. In this case two "well known trademarks" that do not have any distinctiveness confront us and are ultimately just mere geographical indications followed by the year of the event. From a legal perspective it seems rather outrageous that Brazilian authorities have allowed registration of these terms of common use. The WM 2006 decisions consider this issue in depth, as it will be shown in the following section.

b. Descriptiveness of the mark:

The second scenario in which an event mark should be refused registration would be if it is mere descriptive such as an indication of the kind, quality, quantity, intended purpose, value, geographical origin, time of production or other characteristics\textsuperscript{63}. This is also what the German Trademark Act considers absolute grounds for refusal\textsuperscript{64}. The rationale behind this requirement according to Dutfield is that: "other traders need to access such words in order to describe their own goods and services, unless there is convincing evidence that the market has attached a secondary meaning to the word\textsuperscript{65}". In the case of event marks, this would also apply in the sense that, if descriptive, it should not be registered because of the underlying need to keep the designation open for use. Taking this rationale into the World Cup scenario, one encounters plenty of registered trademarks.

\textsuperscript{60} Gesetz über den Schutz von Marken und sonstigen Kennzeichen (MarkenG), sec. 8
\textsuperscript{61} European Court of First Instance, T-163/98
\textsuperscript{63} CTMR, Article 7 (1) (c)
\textsuperscript{64} see note 58
\textsuperscript{65} Dutfield Graham, Suthersanen Uma, \textit{see note} 12, pg. 143
trademarks which are mere descriptive such as Brazil 2014\textsuperscript{66}. It seems outrageous that such a term would be registered because it does not indicate anything in particular, just the hosting country and the year of the event, without any existing secondary meaning to the term.

c. Event marks might already be generic:

The third consideration for refusing the registration of an event mark stems from the fact that it could imply the use of a generic term. According to the German Trademark Act, there are absolute grounds for refusing registration of terms: “which consist exclusively of signs or indications which have become customary in the current usage or in the bona fide and established practices of the trade to designate the goods or services\textsuperscript{67}”. Generic trademarks are usually the product of improper advertising strategies or integration into daily language; an example for this would be the use of the trademark Tempo to describe paper tissues, or Aspirin when referring to ibuprofen pills.

In the present situation, one might argue that the use of the term ‘World Cup’ before, during and after the staging of the football competition has become generic to describe the tournament itself, and that the public has done so in good faith and it is thus unconceivable that an organization would hold absolute rights to its commercial use, hence registration as an event mark should not be permitted.

d. Unfair Competition:

Finally, when considering the legal implications of event marks it seems necessary to mention the detrimental effects on competition. The Paris Convention defines unfair competition in Article 10bis as: “any act of competition contrary to honest practices in industrial or commercial matters\textsuperscript{68}”. This is a broad definition, but if one takes into account the underlying situation, one can identify the possibility of unfair practices because consumers do not have the possibility of experiencing with different sources of goods. The fact that an official partner offers their products during the FIFA World Cup is identifiable by the designation of official sponsor; this could be the ultimate differentiator between sources of goods, thus eliminating the need to isolate competition.

The fundamental idea behind this is in line with Prof. Dr. Kur’s argument (see page 20) of keeping the signs free for general use. The essence of the conflict according to her is that: “granting an exclusive right in a term referring to an immensely\textsuperscript{66} see note 59
\textsuperscript{67} see note 58
\textsuperscript{68} see note 46
popular event implies a huge competitive advantage to the person or entity owning that right, and thus it raises misgivings under the aspect of the public interest in keeping such signs free for general use. As it has been mentioned in previous sections, the FIFA was given the power to register trademarks under the “well known” status, and although some of them do fulfill the necessary requirements for registration, others are just common use words or geographical indications that should be kept free for the public use. This would certainly be a major argument that those who are left out of the commercial partnerships with FIFA might use while contesting the legality of sui generis protection or event marks.

2.4 The WM and Fussball WM 2006 Decisions and WM marks in 2009

As it was explained in the second chapter of this dissertation, structural changes in the marketing strategy of FIFA were undertaken in order to maximize profits from marketing rights. Now it is necessary to analyze how this new structure seems incompatible to a certain extent from a legal perspective, and the best way to do so is through case law.

Eight years ago, Germany was chosen to be the hosting nation of the FIFA World Cup. As has been the case throughout this analysis, there were some major legal conflicts arising between those considered official partners or official sponsors of the event, and companies or individuals using certain words considered by FIFA to be protected as trademarks.

Germans are considered to be among the biggest fanatics in football, and every staging of a FIFA World Cup or UEFA European Championship is considered among commercial entities to be a good time to advertise. This led to a decision by the German Supreme Court regarding registration of the mark Fussball WM 2006 and another in 2009 that involved a major chocolate products manufacturer and the FIFA. Both these cases will illustrate the problem of trademark registration during sporting events.

a. Fussball WM 2006 Decision (German Supreme Court):

The German Supreme Court regarding the registration of the word mark “Fussball WM 2006” produced the first decision that will be analyzed in this section. The petitioner in this case was FIFA. The main decision put forward by the court was that the pursued trademark registration was invalid because it sought protection for a term that is commonly used in everyday language to refer to the football

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69 Kur, Anette, see note 52
70 BGH, Beschluss v. 27.04.2006 – I ZB 96/05 – FUSSBALL WM 2006
tournament, and did not indicate any commercial origin. This reasoning is in the author's opinion correct because in the author's personal experience as a German speaker, when one refers to the Football World Cup this would be the term to use; and there is no association to the FIFA itself. The Court reinforced this reasoning with the absolute grounds for refusal established under Section 8 (2) subsections (1) and (2) of the German Trademark Act; this basically means that the Court considered the application to be indistinctive and just a mere indication of the characteristics of the goods and services.

FIFA then tried to apply Section 8 (3) of that legal statute in which a trademark can be registered even without distinctiveness once it has acquired this trait throughout time. The Court rejected this argument as well in a very coherent manner based on the fact that the term itself has no relationship whatsoever to the organizer, it is only a commonly used word.

In this decision, the Court also analyzes the proposed registration of the term as an event mark. As was considered in a previous section of this dissertation, event marks according to the German Supreme Court need to abide by and fulfill the same requirements as an ordinary trademark, and for the already mentioned reasons there are no legal grounds for such a registration.

b. FIFA vs. Ferrero (German Supreme Court)

This is a Decision by the German Supreme Court in 2009, in this case the FIFA was asking the Court for the cancellation of registered trademarks (WM 2010 and 2010) by Ferrero for products in classes 9, 16, 25, 28 and 30. The chocolate manufacturer was planning on launching a campaign in which their products would be accompanied by stickers with photographs of the football stars.

In the First Instance, the FIFA brought the claim in front of the Hamburg District Court and argued that Ferrero was creating confusion among consumers and wrongfully associating itself with the FIFA World Cup 2010 in South Africa. FIFA filed the claim based on registered trademarks such as: Germany 2006 (community mark), FIFA WM and South Africa 2010 (international marks). After analyzing the claim, the Hamburg District Court ruled in favor of the FIFA.

71 see note 70
72 see note 70
73 see note 70
74 see note 70
75 BGH, Beschluss v. 12.11.2009 – I ZR 183/07 – WM-Marken
76 LG Hamburg GRUR-RR 2006, 29
because it created a disadvantage with official sponsors as well as the event organizer.

Ferrero filed an appeal at the Hamburg Court of Appeal\textsuperscript{77}, which overthrew the decision of the Court of First Instance. This meant that Ferrero could keep making use of the trademarks.

The case was appealed by FIFA at the third and final instance, which is the German Supreme Court. After analyzing both parties’ arguments, they supported the ruling of the Second Instance Court. The arguments are similar to those in the Fussball WM 2006 case. First of all, the Supreme Court did not find any unlawful association by Ferrero that would induce consumers into treating them as official partners to the event\textsuperscript{78}, because they never used the phrase “official sponsor”; this also served to dismiss the claims of unfair competition. The decision is also based on the fact that there is a lack of distinctiveness of the supposedly infringed trademarks. The author considers this to be the correct line of thought because of the broadness of the marks, and also due to the fact that they are geographical indicators (South Africa 2010).

Regarding the registration of such terms as event marks, the Supreme Court basically supports the decision, which was discussed previously. Their argument is that in order to serve the purpose of an event mark, it would need to be descriptive\textsuperscript{79}. According to Kur, the legal problem in this decision is that: “competitors can not be completely barred from making use of a term which has inherent commercial value deriving from its capability of capturing the attention of the public\textsuperscript{80}”, this goes in line with event marks having to fulfill the same requirements as regular trademarks.

These decisions by the German Supreme Court demonstrate the paramount importance of freedom of speech and fair competition that prevail in that legal system, regardless of the economic needs and pressure of major players such as FIFA.

2.5 The legal aspects of ambush marketing and restrictions in light of the World Cup Law 2014

The first chapter of this thesis outlined the marketing structure of FIFA as well as the detrimental effects of ambush marketing. In order to protect themselves from this ever-growing practice, they rely on legal provisions, either \textit{sui generis}
(Brazilian World Cup Law) and/or through copyright and trademark protection. Before arriving at a conclusion it is necessary to outline ambush marketing from a legal perspective and how this practice is regulated in the World Cup Law; the relevant provisions will be mentioned and commented.

The first provision of the special Law that limits ambush marketing is determined by Article 11, Section 1 which states that: “the boundaries of the areas of exclusivity related to the Official Venues of Competition shall be established by the competent authority, considered the requirements of FIFA or third parties indicated by FIFA, respected the provisions of this Law and observed the perimeter maximum of two kilometers around the aforementioned Official Venues81”. This provision appears to be one of the legal bases used to prevent ambush marketing. It shows the cooperative spirit of Brazilian authorities and the empowerment given to FIFA and its commercial partners. As is noted in the provision, this means that in terms of advertising or marketing activities within the surroundings of the venue, the organizer and sponsors have exclusivity.

Article 16 of the World Cup Law establishes six activities related to ambush marketing and unauthorized use of FIFA IPR’s that would lead to Civil Sanctions. Numerals one, two and three include marketing activities within the area established in Article 11 or in areas which are visible from the perimeter. The unauthorized marketing practices include: food or beverage tasting, pamphlet distribution, advertisements on cars, aircrafts, boats and balloons (or similar). These provisions seem reasonable considering that they are limited to the radius of two kilometers within the venue; the only problem that seems to arise would be that airspace is not specifically regulated within Article 11, which means that ambushers are left with some grounds to argue. This might seem like a technicality, but having specific limitations on Article 11 as to the radius of the Official Venues opened up the door for possible argumentation as to how far an advertisement should be to not be considered visible anymore, or the airspace or nautical miles which are not specifically listed; this is definitely a weak spot.

The fifth situation that would carry out civil sanctions during the World Cup is the organization of public viewing events in which a product is sponsored or admittance is charged. One could think that the spirit behind regulating public viewing events would be to protect copyrights such as unauthorized projection of games or to protect the marketing rights of the official partners.

The sanctions for infringement through any of the aforementioned practices are economic. According to the legal text, the sanctions are established either by the amount of losses experienced by the prejudiced sponsor, which is obviously highly

81 World Cup 2014 Law, available at: www.v-brazil.com/world-cup/law
open for interpretation since the losses would be very hard to determine. On the other hand, Article 17 provides that if the previously mentioned sanctions cannot be established then the violator would have to pay the amount paid by the rights holder or sponsor in the contract with FIFA. This is very dangerous for infringers, because as it was pointed out before, the official partners of the FIFA sign multi-million dollar contracts in order to become rights holders so the potential fines might be very high.

After having discussed some of the civil sanctions in the Brazil World Cup Law, it seems imperative to mention the criminal sanctions that are included in the legal text which are related to ambush marketing. There are four Articles that establish criminal sanctions for inappropriate marketing practices; this seems to be very controversial due to the severity of the sanctions, which range from a fine to one-year imprisonment.

Article 30 and 3182 are two provisions in the legal text that regulate the use of official symbols owned by FIFA. If a person or corporate entity engages in commercial or marketing activities with these Official Symbols, the sanction ranges from one to three months imprisonment or an economic fine. This type of sanction seems disproportionate only because it includes imprisonment, but the fine is fair if one considers the unauthorized use of FIFA intellectual property.

Article 32 governs ambush marketing by association. This provision establishes a penalty of one to three months of detention or an economic fine. The condition that must be foreseen is that the infringer is obtaining economic or marketing advantages resulting from an association to the Event or the Official Symbols and the registered “well-known” FIFA trademarks.

Article 33 of the Law regulates ambush marketing by intrusion. This Article specifically regulates activities within the previously mentioned radius of the Official Venues. Infringement is the result of practicing unregulated marketing activities or experiencing economic gains in that area. The penalty for this type of ambush marketing is the same as the one prescribed in Article 32.

82 see note 81
Conclusion and Proposals
Football has evolved; it is no longer just a sport, it is now a very lucrative business that moves large amounts of money. The FIFA World Cup is the most important tournament in football and the most popular sporting event in the world, and as love for the sport keeps growing worldwide, the economic gains to be had are astronomical and ambush marketing has become one of the most controversial related topics.

As the next tournament approaches it is necessary to analyze the topic of ambush marketing from the corporate and the legal aspect because the first depends on the second. This co-relation

From a corporate perspective the marketing strategy applied by FIFA seems necessary in order for the event to be economically sustainable. As it was established in the first chapter, one of the most important categories in terms of revenue generation is marketing rights. The organizers have put great effort into developing the current marketing strategy, which uses trademarks and copyrights as cornerstone tools for commercial partners to create association with the event. These association rights are very valuable and this has forced some individuals or corporations to engage in ambush marketing activities in order to avoid incurring expenses. If we see the problem from this perspective it seems only natural for the hosting party of the event to want to prevent this practice.

The legal aspect of the dissertation comes into play as it provides the tools to regulate unauthorized marketing activities but also questions whether these practices are legitimate. As it was presented in the second chapter of the dissertation, the FIFA has effectively forced the hosting nation to create a very strict legal framework against ambush marketing, which is excessive as to the sanctions applied to infringers. In addition to this Law, the hosting nation has given FIFA trademarks well-known status, which seems unjustified because some of these registrations are done without taking into account the main principles for trademark registration. The case study of the German Supreme Court decisions showed how this legal system protects freedom of expression and respects the principal requirements for trademark registration; in contrast, the *sui generis* protection provided by the Brazilian World Cup Law seems unlimited, and the position taken by the Brazilian Intellectual Property authorities is quite doubtful. This behavior could be attributed to the high amount of pressure exerted by FIFA on candidates willing to host a World Cup, which leads to questionable behavior and abusive sanctions to those who do not comply.

This type of conduct has led to the debate featured in this Thesis, which displays the collision and intersection of IPR management for a successful business strategy with the proper legal treatment of these rights. After having taken into account both of these perspectives, it would seem necessary for the evolution of organized
football and the successful staging of FIFA sanctioned tournaments that ambush marketing prevention and eradication are treated in the form of an international treaty. This supra national approach would lead to the incorporation of the basic principles of Intellectual Property Law into a treaty in which only the Official Symbols of FIFA and the Tournament would have well known status, while other so called trademarks (Rio 2014 for example) which lack certain characteristics for registration would need to pass examination by the competent authorities before being granted protection. This would allow the FIFA to sustain protection for their most important assets while having the hosting nations respect the freedom to use certain common usage terms. Through this harmonization of rules, commercial partners would enjoy the certainty of having their rights protected and their investments secured, while giving non-affiliated entities the chance to trace their own marketing strategies without participating in ambush marketing, but most importantly it would provide a stronger legal framework in accordance with the basic principles of intellectual property.
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