Analyzing Secondary Trademark Liability from the Perspective of Economic Strategy in US and Iranian Law

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Abstract: In US law, trademark infringement can occur in two ways: direct and indirect. In the latter case, a person, without committing an act that constitutes trademark infringement, performs a behavior that, depending on the case, results in the realization of participatory (and motivational) or vicarious liability. Considering the state of technological innovation in America, the identification of such an institution seems justified. In the Iranian legal system, indirect liability for trademark infringement is not foreseen and various instances of this type of infringement are subject to general civil liability regulations, which is logical considering the state of technological innovation in Iran. The purpose of the present study, using a desc riptive-analytical method, is to examine the liability for indirect trademark infringement from the perspective of its effects in the field of technology. The US situation in terms of technology justifies the recognition and application of such a liability, considering its elements.However, considering the state of technological innovation in Iran and considering all the circumstances, including international regulations, Iran's political-economic situation in the international arena, etc., the failure to recognize the entity of indirect liability resulting from trademark infringement and reliance on general civil liability provisions in this context is justified and recommended.

Keywords: Secondary Infringement, Trademark, Brand, Technology, Iranian Law, US Law.

INTRODUCTION

Liability arising from trademark infringement may be direct or indirect. Indirect liability has been established in US jurisprudence and plays an important role in the functioning of the trademark system in order to avoid misleading consumers and reduce search costs for them, as well as to provide broader protection for the rights of trademark owners. This practice seems justified, given the commercial and economic situation of the United States and technology in this country. It can well guarantee the commercial and economic interests of the United States in the world, not only in the domestic system of this country, but also at the level of international trade. Innovation is the foundation of sustainable economic development in the era of knowledge-based economy, and among them, technological innovation and its components such as inventions and research and development costs play a major role. However, in recent decades, attention has also been paid to the role of non-technological innovation, including trademarks, in economic growth and development. However, this role is still secondary and complementary, and it is technological innovation that determines the competitiveness of companies and governments in domestic and international trade. The United States is a country that has a privileged position in the world in terms of trade and economy, and this privileged position is undoubtedly strongly dependent on the country's position in the field of technological innovation production. Technological innovation, by improving its competitiveness, has led to increased export growth and, as a result, economic growth in this country. Obviously, in such a situation, strengthening the non-technological innovation system will strengthen the position of technology and provide significant assistance to technology owners and the technological innovation production cycle in protecting the rights created by technology. With this analysis, regardless of the legal and common law foundations of indirect liability for trademark infringement, recognizing such liability is in line with the technological and economic status of the United States and can better guarantee and protect the rights belonging to this country in international trade relations. On the other hand, the economic systemThe Iranian Social and Economic Commission has not recommended the recognition of such an institution, and it seems that, at least based on the state of innovation production in Iran and exports in this field, the failure to recognize a similar institution is logical and the application of general civil liability regulations in this field seems sufficient.

1. THE CONCEPT AND SCOPE OF SECONDARY TRADEMARK INFRINGEMENT

In the common law legal system, secondary infringement, in general, is the failure to commit a direct wrong, which leads to secondary liability. Imposing liability on someone who, without directly committing the wrong, becomes liable due to inciting, facilitating, or benefiting from that wrong is called secondary liability. Indirect or secondary infringement is the opposite of direct or principal infringement, and in American law, it

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includes contributory, inducing, and vicarious infringement. On this basis, indirect liability for trademark infringement is also of two types; liability based on participation in the infringement and liability based on the existence of a relationship, which are called contributory (and incentive) and vicarious liability, respectively. In contributory liability, the indirect infringer participates in the commission of the direct infringement in some way by inciting the direct infringer to commit the tortious act, facilitating its occurrence, or participating in the commission of the tortious act by the direct infringer. Under US trademark law, such an infringement is called contributory infringement, which seems to be a more appropriate term given the role of motivation in it.

In contrast, vicarious infringement is the direct financial exploitation of a direct trademark infringement by someone who has the right to control the infringing acts. This type of infringement is based on the formation of a relationship. The essential elements of vicarious infringement are: 1- The existence of a personal right of control and supervision over another person, which is usually created in the form of a contract for another. 2- The direct benefit of the person with the right of control from the infringing act of the infringer.[1]

Some courts also consider the existence of a contribution to be sufficient to establish a relationship. In fact, the courts have not considered the condition of the existence of a relationship to be limited to the formal relationship of agency and attorney, and have also considered real or apparent participation in this regard.[2]

2. SECONDARY TRADEMARK INFRINGEMENT EXAMPLES IN US LAW

Like copyright, participation in trademark infringement has no legal basis and is the result of the case law of the American courts. In this regard, the case law of the American courts also contains decisions that impose liability on individuals who have aided and abetted the direct trademark infringer. In some cases, those who have provided the means of infringement of the product, label, or packaging for the direct trademark infringer have been found liable. The Supreme Court of the United States also confirmed the validity of such decisions by issuing a decision in the Inwood case. In this case, the Supreme Court declared that if a manufacturer or distributor intentionally encourages another to infringe a trademark or if, with actual or implied knowledge of the buyer's illegal activity, he continues to supply his product to the buyer, such manufacturer or distributor will be jointly and severally liable for any damages resulting from this fraud (substituting his product for another's product).[3]

The main examples of contributory infringement include cases in which the defendant supplies products to the direct infringer of the mark and the latter subsequently places the products on the market by affixing the infringing mark. It is also possible for the latter to commit trademark infringement without affixing the infringing mark to the products. For example, where consumers request a particular product, the person may substitute the same products for the requested products and offer them to the consumer (passing-off). In this case, too, the person who provided the products to the infringer will be liable for contributory infringement by meeting the condition of knowledge and inducement to infringe.

In some cases, a person may assist the infringer in his unlawful operation by printing the infringing mark or packaging the products. The Lanham Act holds such persons liable for damages if, first, direct infringement occurs, and second, they knowingly commit such an act. Otherwise, they will only be prohibited from reprinting the mark but are not required to pay damages. This cannot be considered an example of contributory infringement of a mark because the enforcement of its enforcement, i.e., the issuance of an injunction prohibiting reprinting, is not subject to proof of direct infringement of the trademark, while filing a claim for contributory infringement of a mark requires initial proof of direct infringement. Therefore, it seems that, as some scholars have also acknowledged, such a presumption is direct infringement, not indirect.[4] However, Article 7 of the US Unfair Competition Restatement, under the title of contributory liability of printers, publishers, and other distributors, has deemed such persons to be contributory liable. According to Section 1 of this Article, a person who directly and substantially assists another in the marketing of

[1]Paula Pinha *,(2009).* Secondary Liability Under U.S. Copyright *Law,* east africa regional Seminar on: Copyright Enforcement in the Internet Era Nairobi. pp. 1-54

[2]See: Hard Rock Café Licensing Corp. v. Concession Services, Inc., 955 F.2d 1143 (7th Cir. 1992).

[3]Inwood Laboratories, Inc. v. Ives Laboratories, Inc. 456 U.S. 844 (1982).

[4]John T Cross, (1994). Contributory Infringement and Related Theories of Secondary Liability for Trademark Infringement, 80 Iowa L. Rev. pp.105-6.

counterfeit goods by supplying materials or rendering services to him shall be jointly and severally liable for the marketing of counterfeit goods. However, Section 2 of the same Article, in line with Section 32 of the Lanham Act, exempts the ignorant agent from monetary damages and only subjects him to an injunction. Under Section 877(c) of the Second Revision of the United States Code of Errors, the act of assisting a direct infringer by a complicit infringer includes a wide range of conduct, including merely providing an infringing label or authorizing the use of property for the purpose of infringing the mark.

Like patent and copyright, the inducement to trademark infringement is broader in scope and therefore includes verbal inducement. Section 877(a) of the Second Revision of the United States Code of Errors also supports this meaning. Article 8 of the Unfair Competition Recast also provides for an incentive infringement; according to paragraph (a) of this article, intentional conduct that encourages another to engage in deceptive marketing is considered an incentive infringement of a trademark. Paragraph (b) of the same article also considers the failure to take precautionary and preventive measures against infringing conduct where such conduct is commonly foreseeable to be a cause of liability for the party who has failed to act.

3. BASIS FOR IDENTIFYING SECONDARY TRADEMARK LIABILITY

Given that in indirect trademark infringement, a person does not directly commit a legally prohibited act, it may be legally challenging to identify this liability, but other evidence can be presented for this purpose. This evidence is different in the two legal systems of Iran and the United States because it seems that the general basis of trademark rights in Iran and the United States is different; preventing consumer mislead and reducing his search costs forms the dominant and main basis for trademark protection in the American legal system.[5] However, in Iranian law, traditionally, protecting the rights of the trademark owner is of primary importance.[6] Therefore, the identification and implementation of the rules of liability arising from indirect trademark infringement in these two legal systems will also be based on different evidence and principles. The implementation of the rules of indirect trademark infringement liability in the United States basically leads to strengthening the basis of not misleading the consumer and reducing his costs in the market and can be interpreted on this basis, but in Iranian law, this, as a first principle, leads to the development of the exclusive rights of the trademark owner and, as a result, the interpretation of other related issues is also based on this basis.[7]

There is no doubt that the development of trademark rights entails the limitation of the public domain, but if the basis of this development is not to mislead the public and reduce their search costs, the limitation of the public domain will seem justified, but if the development of trademark rights is carried out with the aim of providing broader protection for them, the limitation of the public domain here is devoid of logic. With this analysis, the lack of recognition of indirect liability in the Iranian legal system has a logic. However, even in American doctrine, one of the arguments against the recognition of indirect liability for intellectual property rights is considered to be the limitation of legitimate commercial activities.

In addition to these main principles, in the doctrine.[8] The basis for combating unfair commercial competition has also been mentioned as another basis for identifying collaborative trademark infringement, which can also be considered applicable in the Iranian legal system under certain circumstances and in light of Article 10 bis of the Paris Convention, to which Iran has acceded.

4. ELEMENTS OF SECONDARY LIABILITY

Regardless of the occurrence of direct infringement, which is a prerequisite for entering into the issue of indirect trademark infringement, unlike direct trademark infringement, which entails the pure liability of the wrongdoer and does not require the existence of a specific relationship, indirect liability is subject to the existence of a relationship between the direct and

[5]See: Landes and Posner, 1987: 265-309, Dinwoodie and Janis, 2008: 66, Dogan and Lemley, 2007:1223,1251, McKenna, 2013:1839-1916.

[6]See in this context: Sadeghi, Shamshiri, 2014: 105-77; Sadeghi, Taherifard, 2015: 179-151).

[7]Each of these two bases forms the first principle but does not negate the other as a second-degree basis. For example, in American law, the recognition of indirect trademark liability expands the exclusive rights of the trademark owner and enables him to prevent infringement of his trademark on a large scale at a lower cost. In Iranian law, although the main basis for trademark protection is to protect the rights of the trademark owner, consumers also benefit indirectly from the benefits of not being misled and reducing search costs. See:Kaiser, Brian, Contributory Trademark Infringement by Internet Service Providers: An Argument for Limitation, 7 J. TECH. L. & POL'Y, 2002, p.97.And also, Mohsen Sadeghi, Sadegh Shamshiri, above, pp. 105-77.

[8]Bikoff, Johnston, Heasley, Marano, and Long, 2010:334) and the case law Inwood Laboratories, Inc. v. Ives Laboratories, Inc 456 U.S. 844 (1982)

indirect infringer. In both types of joint and several liability, the existence of this relationship is necessary, with the difference that in joint and several liability, unlike joint and several liability, this relationship is less intense. In addition, in joint and several liability, the relationship is the defendant's positive knowledge and information and ultimately his fault, but in the case of joint and several liability, it leads to the establishment of the right to control and supervise the direct infringer's behavior and proves the entry of property into the defendant's property. The defendant's fault in a joint and several liability lawsuits is based on the criterion of his knowledge of the direct infringer's illegal activity. Currently, courts, unlike some older opinions that considered "intention" as a requirement,[9] The criterion of "specific knowledge" is considered to be the standard in this regard.[10] In other words, it must be proven that the defendant in a particular instance of infringement knew of the occurrence of that infringement or, given the circumstances, was typically aware of the infringement.[11] Of course, as some scholars argued, the distinction between actual and specific knowledge may not have practical effect because a person who has specific knowledge is also considered to have actual knowledge.[12]

In the famous Inwood decision, the Court stated that "the Court held that if a manufacturer or distributor knowingly induces another to infringe a trademark or if he continues to supply his product to the purchaser with actual or implied knowledge of the purchaser's unlawful activity, such manufacturer or distributor is jointly and severally liable for any damages resulting from such fraud." [13]Thus, if the indirect infringer at the time of the infringer's commission of the infringer's direct infringement was, in principle, aware of the direct infringement, he is liable as a contributory infringer of the mark.[14] In any case, the defendant must have knowledge of the specific circumstances, and general knowledge of the occurrence of the infringement is not sufficient.[15] That is, actual or specific knowledge of the occurrence of direct infringement is a condition for establishing contributory liability for trademark infringement in the United States.

The proof of the defendant's knowledge is made differently depending on the subject matter; if the subject matter is a product, the knowledge requirement is established if the defendant knowingly encourages another to infringe the trademark, but where the subject matter is the provision of services such as online and Internet services, the proof of the knowledge requirement is subject to proof of the defendant's control and supervision over the means of direct infringement.[16]

In addition to the knowledge requirement, which indicates the moral element of contributory infringement, the substantiality of the defendant's participation is also a requirement as a material element. In the past, the instances of this requirement were very narrow and courts generally considered it limited to the concept of manufacturers and distributors of products necessary for subsequent infringement.[17] However, courts and authors agree that the intentional act of aiding or abetting constitutes the material element of civil liability arising from aiding and abetting.[18]

Therefore, the mere act of inciting, encouraging, and advising to commit an infringement, without providing physical assistance or participation, also provides the essential condition of assistance.

Obviously, a narrow interpretation of the aforementioned condition will jeopardize the rights of trademark owners and pave the way for abuse by competitors. For this reason, over time, and especially with the development of modern technologies such as the Internet, American judicial practice has also provided broader interpretations of this condition and has tried to achieve a broader and more flexible concept of the essential element of contribution in order to adapt to new circumstances. This change in approach led the court in the Amazon case to not adopt simple measures to the defendant's intent to prevent and deter direct infringement is a ground for contributory liability.[19] The Eleventh Circuit Court of Appeals has also expressly extended the scope of

[9]Adams, 2007:652-653) 683).
[10]See: A & M Records, Inc. v. Napster, Inc., 239 F.3d 1004, 1020 (9th Cir. 2001).
[11]See Gershwin Publ'g Corp. v. Columbia Artists Mgmt., Inc., 443 F.2d 1159, 1162 (2d Cir. 1971).
[12]Adams, op.cit: 683)
[13](Inwood Laboratories, Inc. v. Ives Laboratories, Inc. 456 U.S. 844 (1982).)
[14]Ives Laboratories, Inc. v. Darby Drug Co., 638 F.2d 538, 543 (2d Cir. 1981). See also: Reid, Murdoch & Co. v. H. P. Coffee Co., 48 F.2d 817 (8th Cir. 1931)., Coming Glass Works v. Jeanette Glass Co., 308 F. Supp. 1321 (S.D.N.Y. 1970).
[15]see: Tiffany (NJ) Inc. v. eBay Inc., 600 F.3d 93 (2d Cir. 2010).
[16]Lockheed Martin Corp. v. Network Solutions, Inc., 194 F.3d 980, 984 (9th Cir.1999)
[17]Academy of Motion Picture Arts &Scis. v. Network Solutions, Inc., 989 F. Supp. 1276, 1279–80 (C.D. Cal. 1997)
[18](Combs, 2005:289)
[19](Perfect 10, Inc. v. Amazon.com, Inc., 508 F.3d 1146, 1172 (9th Cir. 2007).)

contributory infringement to the acts of licensors and franchisors, noting that a trademark franchisor may be held contributory liable for the direct infringement of a franchisee and for failing to make reasonable efforts to stop the infringement.[20] In addition, the Seventh Circuit Court of Appeals has held that if a rental market owner willfully ignores a vendor's (tenant's) infringement, liability His participation is evident[21].

The rules of contributory and vicarious liability arising from infringement of intellectual property rights in the online environment are also applicable. Providers and users of Internet services may face legal liability. It is obvious that the liability of users for infringements committed in the online environment is personal and direct, but providers may face indirect liability, both contributory and vicarious, for providing services to users in connection with direct infringement. These providers generally include Internet service providers (ISPs), Internet search engines, credit card companies and Internet auction sites. There are opinions in the legal practice regarding the liability of such instances which whose indirect liability has been confirmed under certain conditions.

In Iranian law, the specific provisions on the liability of Internet service providers (ISPs) are limited to two regulations: "How to Provide Information and Internet Services (AVA ISP)" and "Regulations for Units Providing Information and Internet Services (AVA ISP)" approved in 2001 by the Supreme Council of the Cultural Revolution, with the latter apparently being considered new and mandatory. The liability proposed in these regulations reflects the general rules of civil liability in Iranian law, which are based on the absence of indirect liability for ISPs.

Unlike in contributory liability, in vicarious liability, the relationship between the direct infringer and the non-infringer isthe relationship between the direct and indirect infringer is a means of establishing the existence of control and supervision of one over the other. Of course, unlike contributory liability, which, in the case of providing services, lack of control and supervision of the behavior of another leads to the establishment of his fault and entails contributory liability, in vicarious liability, lack of control and supervision of the behavior of another is not considered in terms of establishing fault. Establishing a relationship in vicarious trademark liability is subject to the existence of an agency relationship in its own sense[22] and if this is accompanied by the establishment of direct financial benefit by the vicarious infringer, vicarious liability is ruled out.[23] A principal-agent relationship is established when the relationship between the defendant in the vicarious infringement and the direct infringer is based on apparent or actual agency and can bind each other in transactions with third parties or have joint control over the infringing product.[24]

5. ANALYSIS OF THE ELEMENTS OF LIABILITY IN US LAW FROM AN ECONOMIC PERSPECTIVE

The existence of the indirect liability institution of the trademark in the United States has two effects; 1- It reduces the possibility of consumer misguidance and his search costs 2- It expands the exclusive rights of the trademark owner. The commercial-economic situation and technological innovation in the United States are such that it has placed this country in a very privileged position in the world, and it is obvious that other tools that maximize this capability at the domestic and international levels must be created. Trademarks, as one of the types of non-technological innovations, are a tool at the disposal of policymakers who can use them to achieve their goals in promoting domestic and international competitiveness. In the domestic sector of the United States, competitiveness is very high, and the existence of numerous companies that produce products and provide services based on globally defined standards has increased the level of competitiveness based on technological innovation. The rules of indirect trademark liability are also in line with this competitive environment. In general, in societies with high technological development, attention to competition prevails over monopoly rights, but the United States has violated this general principle in some cases.[25] However, it seems that in formulating the rules of indirect trademark liability, it has referred to the principle and, while ensuring the rights of trademark

[20](Mini Maid Servs. Co. v. Maid Brigade Sys., Inc., 967 F.2d 1516, 1521 (11th Cir. 1992)

[21](Hard Rock Café Licensing Corp. v. Concession Servs., Inc., 955 F.2d 1143, 1148-49 (7th Cir. 1992).)

[22](Cross, 2001:638)

[23] (Hard Rock Café Licensing Corp. v. Concession Services 955 F.2d 1143 (7th Cir. 1992). See also: Batholomew and Tehranian, 2006:1375)

[24](Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc., 955 F.2d 1143, 1150 (7th Cir.1992); Perfect 10, Inc. v. Visa Intern. Serv. Ass'n, 494 F.3d 788, 807 (9th Cir.2007); see also Banff Ltd. v. Limited, Inc., 869 F.Supp. 1103, 1111 (S.D.N.Y.1994).)

[25]For example, courts and the US Patent and Trademark Office apply a relatively light standard of patentability when granting patents. See: Gaétan de Rassenfosse , Adam B. Jaffe, Elizabeth Webster, Low-quality patents in the eye of the beholder: Evidence from multiple examiners, NBER Working Paper No. 22244, 2016, pp.1-24.

owners, has taken the side of competition and formulated these rules. On the one hand, where the defendant has real or some kind of knowledge of the direct infringement of the trademark, he is held liable (ensuring the rights of trademark owners), but at the same time, the existence of specific knowledge, not general and general, is considered the condition of liability[26] (supporting commercial competition and free trade). The same rule applies in the case of vicarious liability; on the other hand, if there is a relationship and the condition of obtaining financial benefit for the defendant, liability is established (protecting the rights of trademark owners) and on the other hand, this relationship has been limited to representation in its own sense (supporting free trade competition).

The establishment of these arrangements at the domestic level will provide for the increasing promotion of technological and non-technological innovation. At the level of international relations, if we assume the existence of similar standards in this field, especially in developing countries, these arrangements will act strictly in the direction of protecting the interests of American trademark owners and will not help develop the competitiveness and competitiveness of products in destination (developing) countries because logically, due to the lack of development of technological innovation in underdeveloped countries, the competitiveness of domestic products of these countries with American products is low and as a result, the development of liability arising from trademark infringement through the institution of indirect liability will lead to a decrease in competitiveness in the destination country and an increase in the guarantee of the rights of trademark owners and ultimately the productivity of American products. This analysis is also consistent with the intellectual property provision in the US Constitution, which states: "Congress shall, by securing to authors of literary and artistic works, and to inventors, exclusive rights in their writings and discoveries, for limited times, to promote the advancement of science and useful industries."[27]

6. ANALYSIS OF EXAMPLES OF SECONDARY TRADEMARK INFRINGEMENT BASED ON IRANIAN LAW

According to the Iranian legal system, the condition for the liability of the causer is the existence of fault; the realization of the title of contributory and motivated infringement also requires the determination of the knowledge or intent of the defendant (fault). Therefore, assuming the realization of the contributory and motivated infringement of intellectual property rights, it can be said that the defendant was the cause of the infringement and the case will be subject to the rules of attribution of damages.

Examples of vicarious infringement in Iranian law, which are of course described as liability arising from the act of another, include the liability of supervisors arising from the act of minors and lunatics, and the employer's liability for damages caused by workers to third parties. Unlike the American legal system, such liability is also based on fault according to the Civil Liability Law of Iran 1339 and is not absolute. Therefore, where damage occurs as a result of the behavior of a child or a lunatic or a worker towards the life and property of another, the resulting damage is also attributed to the fault of the supervisor or employer, as the case may be, and for this reason, if no fault is proven, they will be exempt from ultimate liability. Criminal liability arising from the act of another in the Islamic Penal Code 1392, which exactly corresponds to the situation in which the worker or supervisor is held liable due to the fault of the worker or person under supervision[28], is also based on fault because according to Article 142 of this law: “Criminal liability due to the conduct of another is established only if the person is legally responsible for the acts of another or is guilty of fault in relation to the result of the conduct committed by another.”

Accordingly, it can be said that since in the Iranian legal system, instances of vicarious infringement based on fault may also lead to liability, they are covered by the rules of attribution, and for this reason, the use of the term attribution to describe instances of vicarious infringement in Iranian law is not prohibited. Of course, this does not mean that in American law, the concepts of contributory, incentive, and vicarious infringement are completely separate and distinct from each other and there is no commonality between them.

With this explanation, wherever the term secondary infringement is used in the present study for Iranian law, this term is general and includes contributory, incentive, and vicarious infringement.

In the Iranian legal system, one of the main pillars of civil liability is the realization of damage. Indirect

[26](see: Agress, 2011:211)
[27]The Constitution of the United States, Article. I., Section. 8., clause 8
[28](Gholami, 1396: 9)

trademark infringement, assuming its existence, is also subject to this rule. Therefore, if, for example, a person knowingly supplies another person with products, but the buyer does not subsequently infringe the trademark, the supplier will not be liable. The general rules of civil liability in Iran contain provisions that, if the conditions are met, can include instances of indirect trademark infringement. If the direct infringer of the trademark is considered an accomplice in the destruction of another person's property,[29] the person who provides the basis for such an event is the cause of the infringement and will be subject to the rules of attribution in the destruction.[30] Therefore, instances of indirect trademark infringement in Iranian law are governed by the rule of association of attribution and cause. Therefore, such instances can never be examined under the title of pure attribution in Iranian law. These instances are all subject to the rule of joint cause and effect and follow its effects. On this basis, the view of those[31] who have considered collaborative infringement of an invention in Iran to be absolutely subject to the provisions of attribution is not without problems. In such a case, due to the existence of the principle of vicarious liability, only the direct infringer is liable and the perpetrator is exempt from liability unless in special circumstances such as the existence of coercion or arrogance[32] there is a stronger cause, in which case only the responsible cause will be.[33] Of course, it may be claimed that if the case is determined to be subject to the rule stipulated in Article 526 of the Islamic Penal Code, it is possible to rule on joint and shared liability of the direct and indirect infringer. This claim cannot be accepted because, according to the well-known opinion in Imamiyyah jurisprudence, which is the main basis of the Iranian legal system, there is no doubt that the condition for the realization of contributory liability is the occurrence of the effect of multiple causes in the occurrence of damage in a transversal manner[34] and the instances of secondary infringement of intellectual rights are all of the types of multiple causes (direct and causal) in a longitudinal manner. Therefore, secondary infringement of intellectual rights can never be examined with regard to the provisions of participation in a crime or participation in a mistake. Although the application of this article has created the illusion of its inclusion in all assumptions of association, including the longitudinal association of the cause[35] and the assistant, it must be rightly acknowledged that, according to the well-known opinion in Imamiyyah jurisprudence, in the assumption of the association of the cause and the assistant, the assistant is basically the guarantor unless the cause is stronger; The rule stipulated in Article 526 is contrary to this indisputable jurisprudential principle and, as a result, should be interpreted narrowly and, therefore, should be considered applicable only in the case where the association of the direct and the cause has indirectly caused the damage.[36]

If direct infringement of a trademark is considered causation in infringement, based on the existence of some opinions, in the case where the direct infringer infringes another person's trademark by creating a background, the case will be subject to the association of multiple causes in infringement; the most famous theory regarding the determination of the responsible cause in longitudinal causes is the antecedent cause in the effect.[37] The antecedent cause in the effect is the cause that has the first effect in creating the harmful event. In the Islamic Penal Code of 2013, the rule of the antecedent cause in the effect has been accepted as a criterion in the assumption of the association of longitudinal causes; According to Article 535 of this law, "When two or more people, by performing an unauthorized act, commit a crime in a way that causes and"...are involved longitudinally, the person whose effect on the commission of the crime precedes the effect of the other cause or causes is the guarantor, such as if one of them digs a hole and the other places a stone next to it and a passerby falls into the hole due to hitting the stone, in which case the person who placed the stone is the guarantor, unless all of them intend to commit the crime, in which case it is considered participation in the crime." Considering the specific nature of intellectual property, it seems that in the event of indirect trademark infringement, the effect of the direct infringing conduct always takes precedence over the causality of the indirect infringing conduct. Because it is the direct infringing conduct that

[29](see: Jafarzadeh, Ghazizadeh, 2013: 333-340.; Sadeghi, 2008: 577)
[30](see: Katouzian, 2003: 216)
[31](Jafarzadeh, Ghazizadeh, op.cit: 339-340)
[32](see. Shahid Thani, 1413: Vol. 7, 33, Heli, 1410: Vol. 1, 455)
[33]Article 332 of the Civil Code stipulates that "whenever one person causes financial loss and another person is responsible for the loss of that property, the responsible person is liable, not the causer, unless the cause is stronger in such a way that the loss is customarily attributed to her.
[34](see: Sadeghi, 2014: 104)
[35]See: Mohammad Hadi Sadeghi, The Gathering of Reasons in the Islamic Penal Code 1392, Journal of Legal Studies, Volume 6, Issue 2, 1393, pp. 100-101.
[36](Mohseni, Malkooti, 2015: 145)
[37]For other opinions and their criticism and review in this regard, see: Nasser Katouzian, Non-Contractual Obligations, previous, pp. 463-82, Seyyed Morteza Ghasemzadeh, Fundamentals of Civil Responsibility, Tehran, Mizan Publications, 5th edition, 2008, pp. 380-401

gives cause to the previous act of the indirect infringer and turns it into an unlawful act. This analysis seems justified because, according to the consequential nature of secondary infringement, the unlawfulness of the conduct of the first cause in secondary infringement is subject to the direct infringement by the direct infringer. Considering the direct cause as effective in a priori terms here is consistent with the practice that considered the conventional cause responsible even in the presence of the mandatory provision of the prior cause in the effect, because it seems that custom also considers the direct cause responsible in such cases in principle.[38]

7. ANALYSIS OF THE IRANIAN SITUATION FROM THE PERSPECTIVE OF ECONOMIC STRATEGY

The above general provisions in Iranian law have two effects regarding indirect trademark infringement; 1- It does not reduce the possibility of consumer misguidance 2- It does not develop the rights of trademark owners. As mentioned, the trademark system in Iranian law was formed primarily with the aim of protecting the rights of trademark owners. In Iran, due to the low level of competition in the market and the lack of diversity of domestically produced products, the function of trademarks is also in practice more focused on achieving this goal than on promoting consumer welfare by providing information to avoid misguidance and reducing search costs for them. In such a situation, although the lack of identification of the indirect liability entity in Iran may be considered to the detriment of trademark owners and their personal rights, it seems that the existence of general liability provisions in this field is sufficient to secure the individual rights of the trademark owner and preserves his incentives to the extent possible for the purpose of production. At the same time, given the market's need for new business environments and market development, the general rules are also in line with these requirements because they do not transfer the risk of liability to the public domain. At the international level, the lack of recognition of indirect liability for trademarks seems desirable, given the lower competitiveness of Iranian products with foreign products and the greater preference of consumers for foreign-branded products resulting from the low level of technological innovation in Iran, because technological innovation plays a major role in economic development and the promotion of social welfare, and non-technological innovations such as trademarks play an auxiliary and complementary role. In other words, until technological innovation reaches a desirable level, protection of trademarks representing these technologies will not lead to economic growth and development. The heterogeneity of products available in the market in international trade due to the differences in countries in terms of technology level causes consumers to feel loyal to products that belong to high-tech owners, and as a result, strong protection of trademarks will lead to strong protection of foreign technology owners. Meanwhile, domestic industry owners in developing countries face a greater risk of liability due to infringement of trademarks owned by high-tech owners, because the effective factors that play a role in shaping the consumer's sense of loyalty to a particular trademark are: 1- Product features, which may be induced in the consumer by examining the product before purchasing[39] it or by purchasing and using it[40]. 2- Consumer demand; the consumer and his behavior are also effective in examining brand loyalty. For example, older consumers who have used a particular drug over time have a greater sense of loyalty to that drug. 3- The rate of technological changes in products; The level of technology in the patented products is another factor affecting the strength of the trademark and the formation of loyalty to that trademark in the consumer's mind. Consumers are loyal to a trademark that has higher technology, and for this reason, when a product with higher technology enters the market, they may lose their loyalty to a particular trademark and switch to a new product. 4- Mental generalization of consumers; Consumers can divide their sense of loyalty and interest in a particular brand among all the products produced by a particular company. For example, if a person buys a product from Company A and has a positive experience and feeling about that product, they will also find the same positive feeling about other products produced by that company and will generalize their previous favorable experience to other products as well. Here, if the first product is patented and the second product is only protected by the trademark system, the consumer's desire to buy the second product causes the company to set a favorable price for the first product (patented), and thus the interests of consumers are ensured. Although the

[38] For example, Branch 26 of the Supreme Court, in its judgments Nos. 9109975611200951 and 9009975611201387, has considered only the common cause responsible, not the cause preceding the effect, in the assumption of a combination of causes.

[39] Search characteristics.

[40] Experience characteristics

favorable price of the product is one of the effective factors in creating loyalty to a brand, it seems that loyalty to a brand causes the consumer to continuously desire to buy that product even if it is accompanied by an increase in price.[41] In addition, in the situation where Iranian consumers are inclined towards foreign goods, extensive protection of trademarks will have two other negative effects; 1- In a situation where the import of some products is legally prohibited, merchants, taking into account the consumers' desire for foreign products, smuggle these products into the Iranian market. 2- Iranian product manufacturers will offer their products in the Iranian market under foreign brands.

8. BRAND LOYALTY AND TECHNOLOGY PRODUCTION RISK IN DEVELOPING COUNTRIES LIKE IRAN

One of the important effects of customer loyalty to the brand is the confidence of manufacturers in the production and shaping of new products, which in turn plays an important role in paving the way for the production of technologies. Domestic industries in developing countries like Iran are unable to compete with foreign brands,[42] and for this reason, the risk of producing new products is always on the shoulders of these industries, and on this basis, there is no sufficient incentive to produce. In contrast, foreign brands are always successful in producing new innovations due to the popularity and loyalty of consumers to that brand, because they believe in the successful market for those products, and consumer loyalty to those products will create sufficient incentive to take action in producing new products.[43] In other words, the low competitiveness of domestic products with foreign brands will lead to a further decrease in the competitiveness of domestic industries, and conversely, the competitiveness of foreign brands will increase as a result of consumer loyalty.[44] If we consider the three factors of competitive[45] power in technology, the capacity to deliver the product to the market on time and its price as the determining elements of competitiveness, the results of some research indicate that, unlike price, the technology itself and the capacity to deliver on time play a very important role in this field.[46]

The results of some research also confirm that Iranian consumers prefer foreign brands over domestic ones for reasons such as the higher quality of foreign products, and this tendency is observed even among low-income people due to luxury and prestige.[47] The results of some other research also indicate that the consumption of foreign goods in Iran, regardless of the way it satisfies its biological needs, also has symbolic importance. And the consumption of foreign goods in Iran has become a culture.[48] This, in turn, and based on the findings of some research, has caused domestic producers to offer their products under counterfeit foreign brands in the Iranian market.[49] Of course, this does not negate the desire of Iranian consumers for domestic brands in the field of natural products such as dairy products. In this regard, the results of some research confirm that there is a significant relationship between the identity and reputation of the "Kale" brand and the Iranian consumer's tendency to and loyalty to the products of the Kale Dairy Products Company.[50] However, considering the cognitive criteria of loyalty to foreign brands, Iranian consumers in relation to the products Audio, video, and computers, which are among the high-tech or close-to-high-tech products, prefer buying smuggled foreign products over Iranian products, even assuming equal quality.[51]

On the other hand, it can be said that the lack of strong protection of intellectual property rights in developing countries may reduce the motivation of domestic companies to produce new products and innovate. In other words, the lack of strong protection of trademarks of domestic companies may lead to a decrease in technological growth. Although this claim is acceptable, it seems that expanding the circle of protection for trademark owners by recognizing indirect liability will have more or at least equal negative effects in this regard. This analysis seems justified in particular because Iranian companies are deprived of access to advanced technologies due to numerous sanctions

[41](Keller, 2003: 595-600)

[42]The results of some studies in developing countries such as Jordan support this claim. See:Factors Influencing Brand Loyalty in Durable Goods Market Abdelbaset M. Alkhawaldeh& Bilal Mohammad Eneizan,Factors Influencing Brand Loyalty in Durable Goods Market,International Journal of Academic Research in Business and Social Sciences, 8(1), 2018, pp.326–339

[43]In commercial industries, production risk refers to the risk of a product failing in the marketplace. In this context:MariaCrealey, Applying New Product Development Models to the Performing Arts: Strategies for Managing Risk. International Journal of Arts Management, 5(3),2003, pp. 24-33. delivery(capacity)

[44](see: a Grabner, Bidmon,2008: 154)

[45]Numerous definitions of domestic and international competitiveness have been proposed, each of which contains some of the elements of this business-economic concept. To see these definitions, see: (Siudek&Zawojska, 2014: 91–108)

[46](Fagerberg, 1988: 355-374)

[47](Nalchi Kashi, Rasoulian, Boujari, 2012: 56-47, Fard Sabouri, Chirani, 2011: 60-41)

[48](Shaterian; Yaghoubi; Nejadi, 2018: 34-5)

[49](Ebrahimi; Jafarzadeh; Bozorgy, 2012: 34-1).

[50](Bakhshizadeh, Jafarzadeh Kanari, Dehdashti Shahrokh, 2012: 106-87)

[51](Shaterian; Yaghoubi; Nejadi, previous: 24-25)

and, in any case, due to the existing sanctions, moving towards innovation is facing difficulties. Due to these sanctions, Iranian companies are unable to come close to internationally set standards, and accordingly, it is not possible to consider the existence of technologies that are accepted by consumers in the Iranian market. This is while competitiveness in current knowledge-based markets is largely dependent on standardized products. These sanctions also rule out the attraction of foreign investment, and therefore, this basis cannot be considered as a reason for the desirability of identifying the entity of indirect liability for trademark infringement. The results of research in the Iranian consumer community also show that despite the importance of the symbolic aspect of the tendency towards smuggled foreign brands, the safety features of these products, including quality, efficiency, health and safety, and guaranteed services, are of greater importance in this regard.[52]

The extension of liability to activities that may indirectly lead to intellectual property rights infringement has been met with criticism and challenges, which have been raised by American researchers. Some of these challenges include: 1- Indirect liability can limit legitimate activities as well as illegal activities.[53] 2- Indirect liability potentially hinders the formation and development of technologies such as peer-to-peer networks., which, if used legitimately, are powerful and useful tools for disseminating information. 3- The recognition of indirect liability is, in fact, imposing the task of managing the gray area of law on those who provide facilitating services, and this does not seem appropriate. From this perspective, the area of indirect liability has been called a gray area due to the legal ambiguity and the duality of the legitimacy and illegitimacy of using facilities.

4- In principle, business activists and social facilitators do not have a specific incentive to distinguish legitimate from illegitimate activities, and for this reason, the recognition of indirect liability, which imposes a kind of agency cost on them, leads to a decrease in the movement towards the production of legitimate content and, as a result, indirectly, the exclusive rights of rights holders are expanded. 5- The recognition of indirect liability, especially in the area of copyright, may lead to a loss for intellectual property rights holders in the long run, because although combating technologies such as video recorders may reduce activities with illegitimate purposes in the short term, paying attention to the legitimate aspect of such tools can lead to the formation of new technology markets for intellectual property rights holders in the long term.[54]

These analyses show that supporting domestic production and promoting competitiveness in this field is more dependent on the quality and technology used in products than on advertising. It may be argued that the failure to recognize indirect liability for trademark infringement in Iran not only reduces the scope of protection for trademark owners but also harms consumers and may increase the likelihood of their being misled and increase their search costs. From this perspective, the failure to recognize indirect liability is criticized. In response, it can be said that first, the frequency of secondary infringements similar to those prevalent in the United States is low in Iran and, in principle, it seems that trademark infringement in Iran occurs directly and without personal intervention as a facilitator of infringement. Secondly, the scope of electronic transactions in Iran, as the main vehicle for indirect trademark infringement, is much smaller than in the United States, and in cases where individuals use the virtual environment to infringe on another's trademark, it can be claimed that consumers are not misled because, as mentioned, Iranian consumers generally prefer foreign brands, and as a result, sales in the virtual environment are mostly focused on these brands. On the other hand, given the general awareness of Iranians of the existence of severe economic and trade sanctions, the presence of foreign products in Iranian markets can be interpreted in two ways: 1- Genuine products have entered the Iranian market in the form of smuggling. 2- Counterfeit products with foreign brands have been offered in the Iranian market. In the first hypothesis, since the products are genuine, there is definitely no harm to the consumer. In the second hypothesis, it seems that consumers' sense of luxury and desire to improve their brand image is the reason why they can be said to purchase the product knowing that it is counterfeit, and in this case, they are not misled.

9. CONCLUSION

The degree of technological development of countries and their political, commercial and economic

[52] Ibid.: 19-21

[53] see: Keith E. Maskus ,Strengthening intellectual property rights in Lebanon, *Catching Up*with the *Competition* (Bernard Hoekman & Jamel E. Zarrouk,k eds., forthcoming 2000), pp.259-292.

[54] Lemley, Reese,2004:1379-1390)

conditions, especially at the level of international interactions, play a pivotal role in determining the legal policies of countries. Legal regulations and policies are tools at the disposal of countries to pursue their objectives by using them optimally. Accordingly, just as one intellectual property rights framework is not suitable for all types of this legal system, a single framework cannot be the criterion for the actions of all countries. The institution of indirect trademark liability has two different results and functions in the two legal and economic systems of Iran and the United States; in the United States, due to the high level of technological innovation and superior competitiveness of this country in the domestic sphere, it leads to the development of legitimate commercial competition, and at the level of international interactions, it will also increase the economic growth of this country through the development of technological innovations. On the contrary, recognizing this in Iran will reduce new businesses and legitimate activities in the domestic arena, and in the international arena, due to the transfer of liability risk to legitimate commercial activities and the imposition of costs for managing a foreign trademark, it will cause foreign exchange to leave the country and will make technological innovation difficult. Therefore, not recognizing the entity of indirect trademark infringement in Iran and relying on the general rules of civil liability in this regard is considered sufficient and seems more desirable, especially in the context of the scientific and technological embargo on Iran.

ACKNOWLEDGEMENT

I wish to thank my wife, Mahrou Madani, who has stood by me through all my travails, my absences, my fits of pique and impatience. She gave me support and helped me. She was always with me throughout the writing of this article.

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Received on 16-10-2025 Accepted on 14-11-2025 Published on 11-12-2025

https://doi.org/10.6000/2817-2302.2025.04.11