



International Trademark Association

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PRAKTIKER Bau- und Heimwerkermärkte AG
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Re: PRAKTIKER Bau- und Heimwerkermärkte AG; Reference by the German Federal Patent Court to the European Court of Justice, Decision of October 15, 2002

Dear Mr. Schaeffer:

The International Trademark Association (INTA) has prepared this letter to assist the European Court of Justice (ECJ) in giving a preliminary ruling (Article 234) in the PRAKTIKER case referred by the German Federal Patent Court (FPC) in its decision of October 15, 2002. INTA is commenting below only on the first question that has been referred by the FPC, i.e., is the retailing of goods a service within the meaning of Article 2 of the First Council Directive of 89/104/EEC of December 21, 1988 to approximate the laws of the Member States relating to Trade Marks ("the Directive")?

INTA has not attempted to intervene directly before the ECJ because of the procedural difficulties associated with joinder to the national proceedings. Therefore, INTA would respectfully request PRAKTIKER to file this letter with other documents to be submitted to the ECJ.

The International Trademark Association

The International Trademark Association (INTA) is a 125-year-old not-for-profit organization of trademark owners and practitioners from 160 countries throughout the world. INTA is dedicated to the support and advancement of trademarks and related intellectual property concepts as essential elements of commerce. Its current membership of over 4200 companies and firms crosses all industry lines, including manufacturers and retailers, in industries ranging from aerospace to consumer goods. INTA's membership includes over 700 trademark owners and practitioners in the 15 Member States of the European Union (EU).

An important objective of the International Trademark Association is to protect the interests of the public in the proper use of trademarks. In this regard, INTA strives to advance the development of trademark and unfair competition laws and treaties throughout the world, based on the global public interest in avoiding deception and confusion. INTA has been an official non-governmental observer to the World Intellectual Property Organization (WIPO) since 1979 and actively participates in all trademark related WIPO proposals. INTA has influenced WIPO trademark initiatives such as the Trademark Law Treaty and is active in other international arenas including the Asia Pacific Economic Cooperation Forum (APEC), the Association of Southeast Asia Nations (ASEAN), the European Union and the World Trade Organization (WTO). INTA's membership is varied and extensive: it is a balanced and reliable representative body. INTA's international character brings a global approach to the issues at stake in this case.

Since 1916, INTA has acted in the capacity of advisor and has appeared as *amicus curiae* ("friend of the court") in the US¹ and in other jurisdictions,² including the European Court of Justice.³ INTA presents itself as a "friend of the court" in this matter. It is not a party in the instant case, but believes this case is significant to the international development of trademark law.

INTA respectfully submits this letter in the hope that it may assist the Court in reaching a decision that is in the public interest.

The PRAKTIKER Case

Trademark owners, including members of INTA, will be directly affected by the judgment of the ECJ on the questions referred to it by the FPC on October 15, 2002, under Article 234 of the EC Treaty, and, in particular, the first question: "is retailing of goods a service within the meaning of Article 2 of the Directive?"

¹ INTA has filed the following *amicus* briefs before the United States Supreme Court and other Federal Courts: *Dastar Corporation v. Twentieth Century Fox Film Corporation*, *SFM Entertainment LLC and New Line Home Video, Inc.* currently under consideration by the US Supreme Court; *Moseley v. V Secret Catalogue, Inc.*, 123 S. Ct. 1115, 65 U.S.P.Q.2d 1801 (2003); *TraFFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001); *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205 (2000); *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 119 S. Ct. 2219 (1999); *Dickinson v. Zurko*, 119 S. Ct. 1816 (1999); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992); *K Mart Corp. v. Cartier, Inc.*, 486 U.S. 281 (1988); *WarnerVision Entertainment Inc. v. Empire of Carolina, Inc.*, 101 F.3d 259 (2d Cir. 1996); *Preferred Risk Mut. Ins. Co. v. United States*, 86 F.3d 789 (8th Cir. 1996); and *Conopco, Inc. v. May Dep't Stores Co.*, 46 F.3d 1556 (Fed. Cir. 1994).

² INTA has filed the following briefs and affidavits in jurisdictions outside the United States: *Intel v. Hanitio Luwi*, Indonesian Supreme Court; *Intel v. Panggung Electronics*, Indonesian Supreme Court; *Prefel v Jae Ik Choi*, Supreme Court of Korea; *Ikea Inter-Systems Inc. v. Beijing Cinet co Ltd.*, Beijing High Court; *McDonald's Corporation v. DAX Properties CC and JoBurgers Drive Inn Restaurants (PTY) Limited*, Supreme Court of South Africa (Durban and Coast Local Division); *Heublein Inc. v. Appeals Chamber of Rospatent*, Moscow City Court, Russia.

³ INTA has filed the following *amicus* briefs before the ECJ: *Glaxo Wellcome Limited v. Dowelhurst Limited and Swingward Limited* (C-143/00); *Libertel Groep B.V. v. Benelux Merkenbureau* (C-104/01); *Shield Mark v. J. Kist* (C-283-01; currently under consideration by the ECJ).

Article 2 of the Directive provides that “a trademark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.”

In Germany, the Patent and Trademark Office has consistently denied and continues to deny trademark registration protection for retail services, as is apparent from the FPC decision in this case.

In its reference, the FPC notes that, while Article 50 of the EC Treaty refers to services as being “normally provided for remuneration,” Article 2 of the Directive does not provide a legal definition of the terms “goods” and “services” as used in that Article. The FPC has therefore asked the ECJ to clarify how to distinguish areas of economic activity for which trademark protection for goods (trademark), or services (service mark) is available.

In the FPC's opinion, the need to provide separate protection for retail services only applies to the specific activities of dealers that go further than merely selling the goods, for example gathering together various goods of different origin into an assortment, and offering them for sale in an homogeneous environment, whether in an actual retail outlet or shop, by mail-order, or over the Internet.

The FPC said that this approach was consistent with Article 50 of the EC Treaty. Although customers are not usually charged separately for such services, they could still be regarded as being “provided for remuneration,” because customers paid for them indirectly through the dealer's profit margin.

The FPC also noted that the Office of Harmonization in the Internal Market (OHIM) has changed its policy towards trademark applications for retail services following the *Giacomelli Sport* decision of the Second Board of Appeal and now grants protection to services provided by retailers in accordance with OHIM Communication No. 3/01 dated March 12, 2001. Furthermore, it noted that most EU Member States provide trademark protection for retail services in Class 35 of the Nice Classification of goods.

Accordingly, the FPC referred the issue to the ECJ as it felt that a binding clarification was necessary, not only to ensure a consistent legal interpretation, but also because an inconsistent approach to this issue could lead to a significant distortion of competition within the European Union.

To support its arguments, the FPC has relied on the following judgments of the ECJ in trademark matters: *Bravo* (October 4, 2001, Case C-51799), *Philips* (June 18, 2002, Case C-299/99), and *Canon* (September 29, 1998, Case C-39/97).

It is interesting to note that a different division of the FPC in a decision of August 14, 2002 (29 W (pat) 80/02), held that the retail trade activities falling within the term “retail services” are generally capable of being registered in Class 35, namely as a “retail service mark,” and that such activities should not be excluded from trademark protection.

INTA's Position

INTA's purpose in filing this letter is to advocate trademark protection for retail services. INTA would respectfully like to bring to the ECJ's attention that it strongly supports the registration of trademarks for retail services. Indeed, INTA has, over a number of years, adopted several resolutions and other statements to this effect.

As early as May 1993, INTA adopted a Board Resolution on *Service Mark Protection* in which it stated that "*retail services – the activities of grocery stores, department stores and similar retail stores that involve pre-selecting, gathering together and presenting for sale various products of different manufacturers, and making available a place for purchasers to select goods - can constitute the performance of a service.*"

Furthermore, on November 16, 1994, INTA adopted a Board Resolution entitled *Retail Store Service Marks – Protection and Registration* in which it endorsed protection of retail store services as registered trademarks:

"WHEREAS, the findings of the International Committee's Task Force on Business Identifiers reveal that not all countries protecting and registering service marks extend service mark protection or registration to marks used in connection with retail store services; and

WHEREAS, it is in the interest of International Trademark Association members in general and of the owners of retail store service marks in particular that such marks be protected as service marks, and registered as such;

BE IT RESOLVED, that the International Trademark Association endorses worldwide protection of marks used in connection with retail store services as service marks, and registration of the same, equivalent to any other trademark or service mark."

Retail service marks should be treated as any other service marks with respect to registration and protection. The gathering together of various products, arranging those products to make them attractive and available for purchaser selection and providing other customer assistance and support constitutes the provision of services no less than services such as "restaurant services," "pharmacy services" or "optician services" all of which are registrable. Marks used in connection with retail services are equally capable of generating goodwill. The common counter-argument – that retail store services are only ancillary to the business of trading in goods – is obsolete in today's global market where national and multi-national retailers truly shop the world in order to be able to present customers with a unique assortment of goods, which are then made available and sold in a distinctive manner and setting.

Without service mark protection, retailers are faced with inadequate or, in some cases, no protection against trademark pirates operating their own stores under the retailer's house mark thereby unfairly taking advantage of the substantial goodwill many retailers' marks enjoy. Recognizing retail store services as service marks, and providing for their registration, should provide a real and effective remedy in many countries where one does not currently exist.

In its 1994 Resolution (mentioned above), INTA had found that more than 65 countries already protected marks used in connection with retail store services as service marks and permitting the registration of such marks. In addition, retail service marks are registrable as such in a number of European countries, i.e., the Benelux, Denmark, Finland, Ireland, Italy, Portugal and Sweden and in many more countries outside the EU, such as the United States, Singapore, and South Africa. Other countries, such as Germany, Japan and Norway have up to now denied trademark protection for retail services.

According to the FPC's decision that is the subject of the reference and according to the decision of the other division of the FPC of August 14, 2002, the question of trademark protection for retail services is an important issue not only in Germany but also under the harmonized European trademark law.

Within the European Union it is particularly significant to note that, following the *Giacomelli Sport* decision, OHIM now accepts applications to register trademarks for retail services. Consequently, the same trademark filed for the same retail services might be registered by OHIM but refused by the German Patent and Trademark Office.

In the *Giacomelli Sport* decision of December 17, 1999 (Case R 46/1998-2), OHIM's Second Board of Appeal stated that the Community Trade Mark Regulation (Article 4 of which contains the same wording as Article 2 of the Harmonization Directive) does not define a "service" (cf. marginal number 17 of the Decision). In its attempt to assess what constitutes a service, the Board of Appeal stated that "the concept of a service should be construed widely" and that:

It is a matter of common experience that the consumer prefers the service provided by one particular shop over that of another. It may be the totality of the service offered which influences choice. There may be different factors which go to make up the retail service offered, for example the range of goods provided; the way in which the goods are laid out; the location; the overall convenience it affords; the attitude and commitment of the staff; the attention given to consumers; and so on. The extent or quality of the service, however, is not a matter to be taken into account in assessing an application. The fact that a retail store is, for example, "self-service", should not lessen its prospects of gaining trademark registration as a retail service. By and large, the goodwill of a retail business is built on the service it provides" (marginal number 20 of the Decision).

The Board of Appeal concluded that it "*has no doubt that the retailing of goods constitutes a service for which Community Trade Marks may be registered.*" (Marginal number 22 of the Decision)

As a consequence of the Decision, the *Giacomelli Sport* trademark was registered as a Community Trade Mark under No. 258582, *inter alia*, for "retail services of: protective helmets and spectacles, all sporting articles, bicycles, motor vehicles, wheels for bicycles and motor vehicles, bags and small rucksacks, face towels and bath towels, clothing including sportswear, protective suits for sport, sports equipment, protective knee-pads for sport."

Following this decision, the President of OHIM issued, on March 12, 2001, *Communication No. 3/01 Concerning the Registration of Community Trade Marks for Retail Services* announcing that OHIM had decided to accept that services rendered by retail enterprises are, as such, eligible for registration as Community Trade Marks (cf. Part V, No. 1, first paragraph of the Communication). Since the publication of this Communication, a number of Community Trade Marks have been registered for retail services.

The President's Communication states that several international non-governmental organizations had been consulted and that a number of written comments had been received from them (cf. Part II, third paragraph of the Communication). The International Trademark Association was one of the organizations to provide comments. INTA in its letter to the Vice President of OHIM dated July 17, 2000, strongly supported the registration of service marks in respect of retail services in Class 35. The letter sets out a number of arguments in favor of registration of service marks in respect of retail services, and, to avoid repetition, a copy of that letter is attached to this brief and should be considered a part of it.

Conclusion

The International Trademark Association believes that retail service marks should be treated in the same way as other service marks with respect to registration and protection and strongly supports the registration of service marks in respect of retail services.

INTA agrees with the findings of the German Federal Patent Court in its decision of October 15, 2002, and of the Second Board of Appeal in the *Giacomelli* decision, that Article 2 of the Harmonization Directive and Article 4 of the Community Trade Mark Regulation do not provide a definition of the term "services," and with the Second Board of Appeal's view that the concept of a "service" should be construed broadly. Like the Board of Appeal, the International Trademark Association has no doubt that the retailing of goods constitutes a service for which trademarks ought to be registrable.

INTA respectfully urges the European Court of Justice to confirm that registered trademark protection can be obtained in respect of retail services.

Encl: Copy of letter dated July 17, 2000, sent by INTA to OHIM