Annual Review of EU Trademark Law
2015 in Review

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## TABLE OF CONTENTS

### ANNUAL REVIEW OF EU TRADEMARK LAW

#### 2015 in Review

**I.** Introduction........................................................................................................ 420

- A. About this Review.......................................................................................... 420
- B. Organization of Material in this Review.................................................... 420
- C. Legislative Change and Terminology......................................................... 421

**II.** Specification of Goods and Services .............................................. 421

- A. Introductory Comments ........................................................................... 421
- B. Legal Texts ................................................................................................. 422
- C. Cases ........................................................................................................... 422

  1. EU—General Court—Classification—Retail Services—Should a CTM registered for the Class 35 class heading, and which makes no reference to retail services, nevertheless be considered to have been validly registered in relation to retail services? .............................................. 422

**III.** Absolute Grounds for Refusal of Registration, and for Cancellation ......................................................... 428

- A. Introductory Comments ........................................................................... 428
- B. Legal Texts ................................................................................................. 429
- C. Cases........................................................................................................... 431
1. Belgium—Brussels Court of Appeal—Registrability—Distinctiveness—Can a superlative be registered as a trademark? ................................... 431

2. Austria—Austrian Supreme Court—Absolute Grounds—Relevant Consumer—Should a mark for consumer goods be refused registration on the basis of descriptive connotations perceived only by trade professionals? ........................................... 432

3. EU—General Court—Article 7(1)(b)—Slogan Marks—What kind of multiplicity of meaning is sufficient to invest a slogan with a distinctive character? ................................................................. 433

4. EU—General Court—Slogan Marks—Can the self-contradictory nature of a phrase confer distinctiveness upon it? ................................................................. 435

5. EU—CJEU—Absolute grounds—When is it problematic to register a distinctive acronym or initialism in combination with the phrase for which it stands? ................................................................. 437

6. EU—France—Supreme Court—Distinctiveness—Does a slogan celebrating love of a place serve a trademark function? ................................................................. 439

7. EU—CJEU—Distinctiveness—three-dimensional signs—Who bears the burden of proof in a cancellation case alleging that a shape mark represents no more than the sum of its (non-distinctive) parts? ................................................................. 440

8. EU—General Court—Absolute grounds/shape marks—Can professional reviews attesting to the distinctive quality of a car’s design help overcome objections to the distinctiveness (as a trademark) of the car’s shape? ................................................................. 444

9. EU—General Court—Absolute grounds—Stripes case—no distinctive character—Can distinctiveness objections to a simple geometric pattern be overcome on the basis that market practice in the sector has educated consumers to regard such patterns as having trademark significance? ................................................................. 447
10. EU—General Court—Absolute grounds/shape marks—For what kinds of product may OHIM (EUIPO) assert that a certain shape is normal and non-distinctive, based merely on general practical experience? ................................................................. 449

11. EU—General Court—Marks Lacking Distinctive Character—To what extent can distinctiveness objections typically leveled at three-dimension shape marks also be applied to two-dimensional figurative marks representing fabric patterns? .......... 452

12. EU—CJEU—Shape Marks—Article 3(1)(e)—Article 3(3)—Does a claim to acquired distinctiveness for a shape mark require the trademark applicant to demonstrate that the relevant public rely on the shape as an indication of trade origin? ........................................................... 456

13. EU—General Court—Color Marks—Does a difficulty in clearly perceiving or identifying the nature of a graphical feature prevent it from conferring distinctiveness on a mark? ....................... 462

14. EU—Germany—German Federal Supreme Court—What level of acquired distinctiveness is necessary to establish the validity of the registration of a simple color mark for consumer products? ................................................................. 464

15. EU—General Court—Absolute Grounds—Interface with Certification and Collective Marks—Can the public’s perception of a mark as fulfilling the role of a certification mark be relied on to overcome an objection to its registration as a regular trademark on descriptiveness grounds? .................................................................. 469

IV. Relative Grounds for Refusal of Registration—Conflict with Earlier Rights .............................................................. 472

A. Introductory Comments .................................................. 472

B. Legal Texts ...................................................................... 474

C. Cases ................................................................................ 479
1. EU—General Court—Assessment of Similarity Between Marks—What importance attaches to a finding that a certain element of a mark is “dominant” within the mark, and how does “dominance” relate to distinctiveness? ...................... 479

2. Austria—Austrian Supreme Court—Relative Grounds—Similarity of Marks—Can a specific conceptual difference between two marks counteract a clear visual and phonetic similarity? ... 482

3. EU—General Court—Similarity of Marks—Conceptual Similarity—How is the conceptual similarity of two marks assessed when they are in different languages, one being Latin? ............................... 483

4. EU—General Court—Acquired distinctiveness of later mark—Can an opposition be defended on the basis that the acquired recognition of the junior mark prior to the application date is such that confusion is unlikely? ................................................. 485

5. EU—CJEU—Likelihood of Confusion—Family of Marks—How does the test for determining whether or not a family of marks exists compare with the test for determining whether there is a likelihood of confusion between marks in the family and a third party’s mark? ....................... 486

6. EU—CJEU—Likelihood of Confusion—Should the approach for assessing the distinctiveness of a mark for the purposes of determining its likelihood of confusion with another mark be the same as the approach used to determine its distinctiveness when deciding whether or not the mark is inherently registrable? .................................................. 488

7. EU—CJEU—Likelihood of Confusion—Can an opposition case be maintained on the basis that the two marks share a dominant verbal element even though the element in question is of low (or “virtually non-existent”) distinctiveness? .................. 494
8. EU—General Court—Article 8(1)(b)—Banal common element—Can the low distinctive character of a common element shared by two marks outweigh their similarity for the purpose of defending an opposition? ........................................... 496

9. EU—CJEU—Similarity of Marks—When Likelihood of Confusion “Cannot Be Ruled Out”— Does the poor phraseology with which a General Court decision is expressed indicate that the court has applied the legal tests incorrectly? ..................... 497

10. EU—CJEU—Similarity of goods and services—Classes 35/39—Are retail services similar to distribution services? ................................................................. 500

11. EU—CJEU—Similarity of goods and services—Class 36—Are real estate services similar to financial services? ...................................................... 501

12. EU—General Court—Likelihood of Confusion—High Cost/Sophisticated Purchases—To what extent does the extreme sophistication of both product and purchaser outweigh other considerations when assessing the likelihood of confusion in relation to financial investment services? ................................................................. 503

13. EU—CJEU—Article 8(5)—Requirement for a “link”—Is the court required to consider a claim that the mark applied for would take unfair advantage of the reputation of the senior mark unless it is first established that there is a “link” between them? ................................................................. 507

14. EU—General Court—Article 8(5)—Can a reputation-based claim be established by reference to the reputation of a trademark that is habitually used as part of a larger mark with graphical content? ................................................................. 509
15. France—Court of Appeal of Rennes—Can a specific reputation acquired by a senior mark help to bridge the gap between goods and services that have no objective similarity, if the senior trademark owner relies only on likelihood of confusion grounds and fails to plead unfair advantage or detriment to distinctive character? 512

16. EU—General Court—Article 8(5)—Due Cause—Does an individual have ‘due cause’ to use his or her own name? 513

17. EU—General Court—Likelihood of Confusion/Dilution, etc.—Collective Marks—To what extent does an opposition based on earlier rights in a “collective” mark differ from one brought on the basis of a regular earlier trademark? 515

18. EU—General Court—Article 8(4)—Protected Geographical Indications—On what basis may a protected geographical indication provide the basis for a “relative grounds” opposition to a trademark application? 518

19. EU—CJEU—Misinterpretation of national law—What is the scope of OHIM’s powers when called upon to apply the laws of an EU Member State in a CTM opposition case? 521

V. Bad Faith 524

A. Introductory Comments 524

B. Legal Texts 524

C. Cases 525

1. Spain—Spanish Supreme Court—Invalidity—Bad Faith—What factors will result in a bad faith ruling when the claim is not brought for over a decade? 525

2. EU—General Court—Bad Faith—What importance attaches in a bad faith case to the duties of a director toward a company he has founded, and to the handling of a trademark application in covert fashion? 528
VI. Use, Non-Use, and Proof of Use ............................................ 530

A. Introductory Comments .................................................. 530
B. Legal Texts ...................................................................... 531
C. Cases................................................................................ 535

1. UK—English Court of Appeal—Use/Non-Use—To what extent should a trademark application be cut down to reflect the fact that it has not been used, for the relevant period, for some but not all of the goods for which it had been registered? .................... 535

2. Benelux—District Court of Overijssel, The Netherlands—Genuine usevMay the fact that a trademark owner is a small company and has only recently acquired a trademark be taken into account when assessing genuine use? .................... 538

3. Sweden—Swedish Supreme Court—Non-use— Might the lack of genuine use of a Community trademark within five years from the date of the registration of the trademark deprive the proprietor of the possibility of contesting the infringement of the trademark? ................................ 539

4. EU—General Court—Use of trademarks—When is a trademark that designates a certain material to be regarded as used in relation to goods that make use of the material in question? ...................... 542

VII. Evidential and Procedural Issues in OHIM Proceedings, and Related Appeals ............................................................ 543

A. Introductory Comments .................................................. 543
B. Cases................................................................................ 544

1. EU—General Court—Res Judicata—How does res judicata work in the case of opposition cases ricocheting between OHIM Boards of Appeal and the General Court? ................................................................. 544

2. EU—General Court—Claim of Res Judicata—Failure to state reasons—Infringement of principle of sound administration—To what extent should OHIM take account, in an opposition decision, of a ruling by an EU national court in a parallel infringement case, and for what reason? ...................... 545
3. EU—CJEU—Procedure—Right to Appeal to the CJEU—Can a person who was party to a Board of Appeal case but did not participate in a subsequent appeal to the General Court bring an appeal to the CJEU relating to the General Court ruling? .......................... 548

4. EU—CJEU—Abuse of Rights—Would it matter if an applicant for a declaration of invalidity of a CTM on “absolute” grounds were motivated by the wrong reasons? ................................. 550

VIII. Infringement ........................................................................ 552

A. Introductory Comments .................................................. 552

B. Legal Texts ...................................................................... 552

C. Cases ................................................................................ 554

1. Germany—German Federal Supreme Court—Infringement—Similarity of Marks—How should a court assess the likelihood of confusion between a word mark and a product shape mark whose similarity exists at a conceptual level? .......................... 554

2. Italy—Italian Supreme Court—Infringement—Similarity of Goods—Should the similarity between the parties’ respective goods, in an infringement claim, be assessed purely in traditional terms or by adopting a more flexible approach? ............................................................ 558

3. UK—English Court of Appeal—Infringement—Notional and fair use of the registered mark—Should the determination of an infringement claim be influenced by the actual character of the use made of its mark by the plaintiff, when assessing either likelihood of confusion or detriment to distinctive character? .......................................................... 559

4. Germany—German Federal Supreme Court—Infringement of Shape Marks—Where the plaintiff’s shape mark is found to have trademark significance among consumers, can the same be said of a near-identical shape used by the defendant? ........................................................................ 562
5. Spain—Spanish Supreme Court—Infringement—Three-dimensional Marks—Can a barely noticeable verbal element, on a tab, appearing on a mark that is nevertheless dominated by features of shape, provide the basis for a defense by a competitor using a similar shape, but with a different label? ........................................................... 565

6. Belgium—Brussels Court of Appeal—Infringement—Three-dimensional trademark—Acquired distinctiveness—Can a trademark infringement claim succeed based on similarity in product shape where the infringement claim based on product names and packaging design trademarks fails? ........................................................... 567

7. Belgium—Brussels Commercial Court—Infringement—Three-dimensional trademarks—Can the same result necessarily be expected when enforcing essentially the same non-traditional trademark in two neighboring EU countries? .......... 568

8. Belgium—Antwerp Commercial Court—Infringement—Likelihood of confusion—Can a trademark claim protect the “look and feel” of well-known product packaging redolent of the brand’s nationality when the brand owner has recently migrated to new branding and a competitor subsequently moves in to fill the space with a new “national” brand? ........................................................... 570


10. Spain—Spanish Supreme Court—Infringing Company Names—When does the use of a company name infringe a registered trademark? ..... 572

11. UK—English Court of Appeal—Infringement—Should the court take account, in an infringement claim, of the specific physical context in which the plaintiff’s mark has been used, and is there a threshold level of required similarity between the marks? ........................................................................ 574
12. Germany—German Federal Supreme Court—Infringement—Color Marks—In what contexts (including in advertising) may a competitor’s use of a registered color mark be regarded as an infringement, and in what terms should an injunction against future infringement be couched? 578

13. Spain—Spanish Supreme Court—Can the use of branded beverage containers refilled by a third party and also bearing the third party’s mark constitute trademark infringement? ......................... 584

IX. Limitation of Rights, and Defenses ..................................... 587

A. Introductory Comments .................................................. 587

B. Legal Texts ...................................................................... 587

C. Cases ................................................................................ 589

1. Germany—German Federal Supreme Court—In what circumstances can a modifier of an original product continue to use the trademark under which the original product was sold? ....................... 589

2. Italy—Court of Appeal of Milan—Infringement—Defenses—Can a fashion designer who no longer owns the trademark rights attaching to his name continue to use his name with reference to his involvement in the designs of a rival enterprise? ..... 592

3. UK—English Court of Appeal—Infringement—Defenses—Honest Use of Own Name—In what circumstances can (or could) a corporate defendant establish the defense that it is making honest use of its own name?.......................................................... 595

4. Germany—German Federal Supreme Court—Is it an infringement to supply badges, identical to those used (and registered) by an automobile company, for use on spare parts made by third parties?.......................................................... 597

5. Denmark—Danish Supreme Court—Infringement—Defenses—Does an extensive use of an automobile company’s registered trademarks in the marketing of spare or “replica” automobile wheels fall within the spare parts defense? .......... 599
6. Germany—German Federal Supreme Court—Can a trademark cancellation action be defended on the basis that the contested mark is a parody of the well-known earlier mark? ............................................. 600

7. Belgium—Brussels Court of Appeal—Infringement—Exhaustion of Rights—Are rights to a trademark exhausted where the goods to which the mark has been applied were sold under a valid retention of title clause which allows the brand owner to recover unused stock? ............................................. 604

8. UK—English Court of Appeal—Infringement—Defenses—Under what conditions is it to be considered necessary for a parallel importer to resell imported product under the brand name used locally for the product in question, instead of the trademark under which the products were sold elsewhere in the EU? ............................................. 606

9. Spain—Appeal Court of Barcelona—Infringement—Defenses—In what circumstances could a trademark infringement claim succeed despite over fifty years’ coexistence between the rival brands in the same market? ............................................. 612

10. Spain—CTM Court No. 1 of Alicante—Concurrent Use—What relevance, if any, may be attached, in an infringement claim, to the fact that the marks in question have co-existed peacefully for many years in other EU Member States? ............................................. 614

11. Benelux—Antwerp Commercial Court—Infringement—Marks with a reputation—Does a defendant in an infringement claim have a “due cause” defense where the contested figurative trademark that it has adopted combines the color scheme of two of its own earlier marks? ......................... 617

X. Enforcement and Jurisdiction ............................................................... 618

A. Introductory Comments ................................................................. 618

B. Legal Texts ................................................................................... 618

C. Cases ............................................................................................. 620
1. EU—CJEU—Remedies—Enforcement Directive—
How should considerations of banking secrecy or the protection of personal data be reconciled with the need for effective enforcement of trademark rights? ................................................................. 620

2. Sweden—Swedish Supreme Court—Jurisdiction—
Does the Swedish court have jurisdiction in an infringement claim against an online vendor established outside the EU, where the goods are purchased by Swedish residents? ...................... 623

XI. Passing Off and Other Related Rights ......................... 625
A. Introductory Comments ................................................. 625
B. TM Directive—Recitals ................................................. 625
C. Cases .......................................................................... 626
  1. UK—United Kingdom Supreme Court—Passing-Off—For a well-established foreign brand owner to succeed in a passing-off claim, is it sufficient that the plaintiff’s trademark has a reputation in the United Kingdom, if the plaintiff does not also have a business with customers in the United Kingdom?. 626
  2. Denmark—Danish Maritime and Commercial Court—Infringement—When can local EU marketing practices laws help fill a gap in the protection available under trademark law? .............. 630

XII. Licensing .................................................................. 632
A. Introductory Comments ................................................. 632
B. Legal Texts .................................................................. 633
C. Cases .......................................................................... 633
  1. EU—CJEU (Advocate General)—Licensing—Is the recordal of the license necessary before the licensee of a CTM can bring an infringement claim against a third party? ........................................ 633

Glossary ........................................................................... 636
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I. INTRODUCTION

A. About this Review*

This third Annual Review of European Union (EU) cases continues to chart the development of trademark law under the two principal EU trademark law instruments in force during 2015. Background information on these two instruments—the Community Trademark (CTM) Regulation and the Trade Mark Directive (the “TM Directive”)—is contained in the introduction to Annual Review of EU Trademark Law: 2013 in Review,¹ which also explains the particular role played by the EU General Court and the Court of Justice of the European Union (CJEU).

This year’s Review includes cases in the CJEU in the fields of shape marks, acquired distinctiveness, families of marks, and trademark licensing, as well as numerous General Court decisions on questions of inherent registrability and conflict with earlier rights. Several of these cases indicate the difficulty of obtaining valid CTM protection for non-traditional marks. Another interesting development of 2015 from the General Court is a number of cases involving conflict with or consideration of rights other than regular trademarks—collective marks, certification marks, copyright, and protected geographical indications.

In the field of trademark infringement and defenses, the case selection necessarily focuses on cases from the higher national courts of EU Member States. There was a large number of interesting decisions from, in particular, the German Federal and Spanish Supreme Courts. As in previous years, the cases illustrate not only the generally harmonized approach that EU courts are required to take to trademark cases, but also certain continuing divergence between them in the way courts deal in practice with the problems before them—and how they weigh the conflicting interests at stake.

B. Organization of Material in this Review

This is a case law review, not an attempt to provide a general overview of EU trademark law. However, the material has been organized by subject matter (rather than by jurisdiction or date order) and, for each subject, a short introductory comment has been provided to put the cases into context.

In several of the introductory sections, the most relevant part of the underlying EU law has been set out in full. Where

* The author, Guy Heath, gratefully acknowledges the assistance of Abigail Ash, Janet Fenney, and Lorraine Hyde (Nabarro LLP, London, United Kingdom) in preparing this Review.

appropriate, both the relevant text of the CTM Regulation and the relevant text of the TM Directive are included. Thus any repetition of content is intentional—the TM Directive and CTM Regulation naturally use similar words to deal with similar points.

Within each part of the Review, cases are grouped broadly by reference to their specific subject matter. Each individual case note is introduced by an indication of whether the ruling is that of an EU central court or one of the national courts, and an indication of the status of the court concerned.

C. Legislative Change and Terminology

This is a review of trademark law rulings handed down in 2015. The rulings in question were based on EU trademark law instruments that have subsequently been amended by new rules taking effect early in 2016. The 2016 amendments are substantial, but not so sweeping as to negate the importance of the 2015 rulings; the great majority of them deal with issues and themes that are untouched by the legislative amendments.

However, the terminology of the Community trademark legislation has changed, with the “Community trademark” (or “CTM”) having become the “EU trademark” (or “EUTM”) effective as of March 23, 2016, and the “Office for Harmonization in the Internal Market” (“OHIM”) having become the European Union Intellectual Property Office (“EUIPO”). In view of the fact that all the decisions covered in this Review were rendered under the law as it stood in 2015, using the pre-amendment terminology, this Review follows suit. The Review continues (for one last year) to refer to “CTMs” and the “Office for Harmonization in the Internal Market” (“OHIM”), and it cites, in the “Legal Texts” sections, the text of the CTM Regulation that was in force during 2015.


II. SPECIFICATION OF GOODS AND SERVICES

A. Introductory Comments

This Part II deals with trademark-specification issues—that is, the identification of goods and services. It covers just one case
from 2015, a General Court decision dealing with the continuing uncertainties surrounding so-called “class heading” specifications.

**B. Legal Texts**

The single case reported in this Part II of the Review is an opposition case that involves proof of use issues. The legal texts appearing at the beginning of Parts IV and VI are relevant to those wider aspects of the case. None of the provisions of the TM Directive or the CTM Regulation are directly relevant to the particular issue for which the case is being noted in Part II, but the case note does include reference to OHIM’s Communication No. 2/12, of which an extract is given immediately below.

**Extract from Communication**
**No. 2/12 of OHIM, dated June 20, 2012**

As regards Community trademarks registered before the entry into force of the present Communication which use all the general indications listed in the class heading of a particular class, the Office considers that the intention of the applicant, in view of the contents of the previous Communication 4/03, was to cover all the goods or services included in the alphabetical list of that class in the edition in force at the time when the filing was made.

The above is without prejudice to the application of [Article 50 of the CTM Regulation—which provides that a CTM may be surrendered in respect of some or all of the goods for which it is registered].

**C. Cases**

1. **EU—General Court—Classification—Retail Services—Should a CTM registered for the Class 35 class heading, and which makes no reference to retail services, nevertheless be considered to have been validly registered in relation to retail services?**

   **Cactus SA v. OHIM** (Case T-24/13) is a General Court appeal case concerning proof of use in a trademark opposition.² It is interesting for what it has to say about retail services and the treatment afforded to “class heading” language used for Class 35 specifications, although it appears to be an unreliable guide as to what will happen to such specifications in the future. The court’s ruling was given on July 15, 2015.

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The opponent was contesting the registration of the mark CACTUS OF PEACE/CACTUS DE LA PAZ as a CTM in relation to “seeds, natural plants and flowers” in Class 31 as well as (among other things) related storage and distribution services in Class 39 and horticultural services in Class 44.

The opponent’s case was based on two marks, one being an earlier CTM for the word mark CACTUS registered in October 2002 in (among others) Classes 31, 35, and 39. The specified Class 35 services are as follows:

Advertising, business management, among other [sic] management of shops, management of do-it-yourself or gardening shops, management of supermarkets or hypermarkets; business administration, office functions, among other [sic] advertising, radio and/or television advertising, dissemination of advertising matter, publication of publicity texts, direct mail advertising; market surveys; outdoor advertising; business management assistance; demonstration of goods, distribution of samples; opinion polling; personnel recruitment; cost-price analysis; public relations.

The other registration relied on, also a CTM, registered a year or so earlier, carried the same Class 35 specification. It covered a figurative design including the word CACTUS. Both of the CACTUS CTMs had been filed in October 1998.

The question arose whether the specifications of the earlier CACTUS marks in Class 35 covered retail services (and, more particularly, retailing in connection with plants and flowers). If so, was the registration valid, and had the mark been used for the services in question?

The express terms of the Class 35 specifications for CACTUS do not, as can be seen, refer to retail services or contain any other term broad enough to include them. The Board of Appeal ruled that retail services were not covered by the registration—either in the form of retail services relating to plants and flowers specifically or in the form of “supermarket services.” In any event, it concluded, genuine use of the mark for supermarket services, as claimed by the opponent, had not been established. The Board of Appeal also held that the specified services “management of supermarkets or hypermarkets” was a management service—one that would be provided to, not by, a supermarket or hypermarket.

However, the General Court annulled the Board of Appeal decision regarding the finding that “retailing of natural plants and flowers, grains; fresh fruit and vegetables” was not covered by the Class 35 registrations of the opponent’s CACTUS mark. The

General Court reached that decision by reference to two of the CJEU’s seminal rulings, as noted below.

The opponent is, in fact, a large Luxembourg-based retailer. The two CTMs on which it was relying date from 1998. At that time, the possibility of registering a CTM with respect to retail services as such had not been established. However, the CJEU’s ruling in Praktiker (Case C-418/02)⁴ established that the concept of “services” (for the purposes of securing an EU trademark registration) would include services provided in connection with a retail trade in goods. This paved the way for EU trademark registrations in respect of retail services in Class 35. The Nice Classification had, however, already provided for the possibility of such registrations in Class 35. The edition of the Nice Classification in force at the date on which the relevant CACTUS CTMs had been filed—the 7th edition—provided in its Explanatory Note that Class 35 covered, in particular, “the bringing together for the benefit of others, of a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase those goods.”

The other relevant CJEU decision referred to by the General Court in the present case was the well-known IP Translator ruling (Case C-307/10).⁵ This case explored the question of whether or not the use of the full Nice Classification heading in an EU trademark specification should or could be considered as necessarily covering everything falling within the class in question.

The IP Translator case concluded that the need for legal certainty, as referred to in Praktiker⁶ and Heidelberger⁷ required trademark specifications to be sufficiently clear and precise. This was not true of all “class heading” language. Where unclear “class heading” language was used, it would be necessary to ascertain the intentions of the trademark applicant as to what, precisely, they wished the trademark to cover. However, according to guidance issued by OHIM shortly after the IP Translator case, OHIM’s Communication No. 2/12,⁸ it was provided that existing CTMs that used class heading language that lacked sufficient precision would

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be treated literally. Point V of Communication No. 2/12 (as to which, see extract above in Legal Texts) indicated that existing CTMs that used all the general indications listed in the class heading of a particular class would be treated as having been intended to cover all of the goods or services included in the alphabetical list for that class as it appeared in the edition of the Nice Classification in force at the time that the CTM application had been filed.

As already noted, the two CTMs relied upon in the present case—the CACTUS word mark and the CACTUS device mark—had, respectively, been filed at a time when (at least within its explanatory notes) the Nice Classification allowed for the inclusion of retail services in Class 35. The filings had, however, pre-dated both the Praktiker ruling and the IP Translator ruling, as well as Communication No. 2/12. Since the CACTUS word mark had incorporated all of the general indications of the Class 35 class heading (albeit interspersed with other, more specific, language) in its Class 35 specification, the General Court determined that it should be taken to cover all of the services in Class 35 and, thus, to cover retail services of all descriptions.

The Praktiker case required, among other things, that an applicant for “retail services” coverage should specify the goods to which its retail operation relates. That is, one could have, for example, “retail services in relation to clothing” but not “retail services” at large. Clearly, since the opponent’s trademark specification did not mention retail services expressly at all, it contained no such limitation. The General Court did not consider this to matter. Nor did it seem to matter to the General Court that the opponent had not, following Praktiker, applied at that stage to define and limit the nature of its retail services (i.e., by applying to add a specific reference to retail services in its CTM specifications and making the reference subject to a voluntary limitation as to the nature of the retail services in question). The General Court held that “the applicant was not required to specify the goods or types of goods concerned by the retail trade in goods.”

There was a further, hidden, point in the case. When applying the IP Translator case and Communication No. 2/12, the General Court treated both the case and the Communication as (effectively) confirming protection for the mark in relation to all of the services in the relevant class, whereas, in fact, both the IP Translator ruling and Point V of Communication No. 2/12 had referred specifically to goods or services “included in the [Nice Classification] alphabetical list of that class in the edition in force at the time when the filing was made.” In fact, neither “retail

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services” nor the equivalent language of “bringing together for the benefit of others of a variety of goods . . .” was featured in the alphabetical list for Class 35 in the Nice Classification either when the CTM’s were filed in 1998 or, indeed, at any time until 2013. It therefore appears that, in this case, the General Court has applied the IP Translator rule and Communication No. 2/12 incorrectly. As authority for its application of the rule in this way (i.e., to “all services in the class,” including retail services), the General Court pointed to an earlier General Court ruling in Case T-66/11, Present Service Ullrich GmbH & Co. KG v. OHIM. That case had indeed also dealt with the application of the IP Translator case in relation to Class 35. However, unlike in the present case, the General Court’s 2013 ruling had not been dealing with retail services, and in that case the General Court had correctly understood that Point V of Communication No. 2/12 referred to the services included in the alphabetical list of the class, rather than to all of the goods or services included in the class.

This apparent error (if it goes uncorrected on any appeal) sets up an interesting issue under Article 28 of the amended CTM Regulation, which entered force on March 23, 2016. This provides in Article 28(5), that:

The use of general terms, including the general indications of the class headings of the Nice Classification, shall be interpreted as including all the goods or services clearly covered by the literal meaning of the indication or term. The use of such terms or indications shall not be interpreted as compromising a claim to goods or services which cannot be so understood.

The new Article 28 then goes on to provide, in Article 28(8), that:

Proprietors of EU trademarks applied before June 22, 2012 which are registered in respect of the entire heading of a Nice class may declare that their intention, on the date of filing, had been to seek protection in respect of goods or services beyond those covered by the literal meaning of the heading of that class, provided that the goods or services so designated are included in the alphabetical list for that class in the edition of the Nice Classification in force at the date of filing.

The declaration shall be filed at the Office by September 24, 2016, and shall indicate, in a clear, precise and specific manner, the goods and services, other than those clearly covered by the literal meaning of the indications of the class heading, originally covered by the proprietor’s intention.

According to these provisions, one would expect the CACTUS CTMs relied on the present case to exclude retail services so far as the future is concerned, since retail services are not within the literal meaning of the Class 35 specification. The claim to retail services could, in principle, be saved by a declaration under Article 28(8). However, the difficulty here is that both Article 28 and the relevant OHIM guidelines11 (issued on February 25, 2016) are explicit in the requirement that the goods or services to be designated in any such declaration must have been ones which were included in the “alphabetical list” for that class at the date of filing. As already noted, retail services were not listed in the alphabetical list for Class 35. This presumably means that the retail services found by the General Court in this case to be present in the CTM registrations just a few months ago will inevitably be regarded as not existing under the new European Union trademark regime.

There is a final interesting, but unconnected point, in a later part of the ruling, concerning the question of the opponent’s use of the CACTUS mark in relation to plants, flowers, and seeds (i.e., the goods specified in its Class 31 specification, as opposed to use of the mark in connection with a retail trade in such goods). The Board of Appeal had cast doubt on the possibility that the mark could be said to be used for the goods if it was also used (in the same stores) for a retail service relating to them. The General Court held:

Although the earlier marks are also registered to designate retail services in respect of the sale of plants, flowers and seeds . . . that does not mean, given the context of the present case . . . that those same marks may not also designate plants, flowers and seeds which bear no mark and which are offered for sale in shops operated by the applicant.12

The particular context of the case to which the General Court was referring was this: the applicant had many stores offering various goods for sale, bearing its own trademarks or third-party trademarks. Supermarkets operated under the name CACTUS word mark had their own flower departments providing goods to which the CACTUS marks were not generally affixed. However, it was accepted that it was not usual practice, in the plants and flowers sector, to affix any mark directly to such goods. At the


same time, the CACTUS stores deployed specific expertise connected with sale of the products in question.

III. ABSOLUTE GROUNDS FOR REFUSAL OF REGISTRATION, AND FOR CANCELLATION

A. Introductory Comments

This Part III considers cases involving the refusal of trademark registration on the basis of the inherent characteristics of the mark. Grounds for refusal of registration on this basis (which could also support a later claim to invalidation of a mark registered in violation of them) are among those known to EU law as “absolute grounds.” This Part III also covers the grounds for revocation of a trademark registration on the basis that the mark should have been refused registration on absolute grounds.

The absolute grounds for refusal relating to Community trademarks are found in Article 7(1) of the CTM Regulation. The absolute grounds for the refusal of trademark applications that must be applied by the national trademark authorities of EU Member States are set out in Article 3(1) of the TM Directive. (Article 3(2) of the TM Directive then goes on to make provision for additional absolute grounds for refusal, which EU Member States are free to build into their laws if they wish.)

The first four absolute grounds for refusal of registration are (putting it loosely): that the mark is not a sign capable of protection (under Article 4 of the CTM Regulation and Article 2 of the TM Directive); that the mark is not distinctive; that the mark is descriptive; and that the mark is generic. The grounds for refusal relating to descriptiveness, lack of distinctiveness and even genericness can, in principle, be overcome by evidence that the trademark has acquired distinctiveness through the use made of it prior to the application date.

Article 7(1) of the CTM Regulation and Article 3(1) of the TM Directive go on to provide certain specific absolute grounds for refusal relating to shape marks, marks that would be contrary to public policy, marks that would be deceptive, marks that raise issues under Article 6 of the Paris Convention, and (in the case of the CTM Regulation) marks that contain certain geographical indications or designations of origin protected in the EU.

The 2015 cases selected for comment fall in the main within the core area of descriptiveness and non-distinctiveness. Several of these cases concern non-traditional trademarks, including the CJEU’s appeal decision in Voss13 (mineral water bottle shape) and

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other shape mark cases. Another of the shape mark cases, Nestlé,\textsuperscript{14} is a ruling of the CJEU that deals with both issues relating to acquired distinctiveness under Article 3(3) of the TM Directive and issues arising from the specific provisions relating to shape marks under Article 3(1)(e) of the TM Directive. The final case in this section deals with the relationship between regular trademarks and certification marks in the context of descriptiveness objections.

The legal texts provided in Section B below include only the most relevant of the absolute grounds for refusal.

\textbf{B. Legal Texts}

\textbf{Article 4 of the CTM Regulation}

A Community trademark may consist of any signs 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.

\textbf{Article 7 of the CTM Regulation}

\textbf{Absolute grounds for refusal}

1. The following shall not be registered:

(a) signs which do not conform to the requirements of Article 4;

(b) trademarks which are devoid of any distinctive character;

(c) trademarks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;

(d) trademarks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practises of the trade;

(e) signs which consist exclusively of:

(i) the shape which results from the nature of the goods themselves;

(ii) the shape of goods which is necessary to obtain a technical result;

(iii) the shape which gives substantial value to the goods;

[Note: Paragraphs (f) to (k) omitted.]

2. Paragraph 1 shall apply notwithstanding that the grounds of non-registrability obtain in only part of the Community.

3. Paragraph 1(b), (c) and (d) shall not apply if the trademark has become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it.

**Article 2 of the TM Directive**

A trademark may consist of any signs 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.

**Article 3 of the TM Directive**

1. The following shall not be registered or, if registered, shall be liable to be declared invalid:

   (a) signs which cannot constitute a trademark;
   
   (b) trademarks which are devoid of any distinctive character;
   
   (c) trademarks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or services;
   
   (d) trademarks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practises of the trade;
   
   (e) signs which consist exclusively of:

      (i) the shape which results from the nature of the goods themselves;
      
      (ii) the shape of goods which is necessary to obtain a technical result;
      
      (iii) the shape which gives substantial value to the goods;

      [Note: Paragraphs (f) to (h) omitted.]

2. ( . . .)
3. A trademark shall not be refused registration or be declared invalid in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character. Any Member State may in addition provide that this provision shall also apply where the distinctive character was acquired after the date of application for registration or after the date of registration.

(Cases)

1. Belgium—Brussels Court of Appeal—Registrability—Distinctiveness—Can a superlative be registered as a trademark?


Tomra Sorting, the appellant, is active in the field of sensor-based sorting for the food, recycling, mining, and other industries. It filed an application with the Benelux Office for Intellectual Property to register the word trademark BEST for sorting devices in Class 3. The Office rejected the application based on Article 3(1)(b) and 3(1)(c) of the TM Directive (i.e., that the sign presented for registration was devoid of distinctive character and descriptive).

Tomra Sorting appealed the provisional refusal of its application to the Brussels Court of Appeal. It claimed, inter alia, that the word mark BEST was derived from B.E.S.T., an acronym for “Belgian Electronic Sorting Technology,” its former company name.

The Brussels Court of Appeal found that where, as here, the relevant public is composed of professionals with a high level of attention, signs and links would be recognized quickly. Therefore, the distinctiveness threshold for a trademark filed for goods or services intended for professionals would be more easily met.

The court held that the professional public in the Benelux understands the word BEST as a comparison, expressing soundness or preference. However, the court ruled that the word BEST alone was not descriptive for the relevant goods. Taken alone (i.e., when not used with another word), the word BEST had no qualitative comparative nature. Indeed, in everyday parlance, the word BEST is never used alone. Consequently, the court

ordered the Benelux Office for Intellectual Property to register the word mark BEST for sorting devices in Class 7.

2. Austria—Austrian Supreme Court—Absolute Grounds—Relevant Consumer—Should a mark for consumer goods be refused registration on the basis of descriptive connotations perceived only by trade professionals?

In Case No. 4 Ob77/15z (AMARILLO) the Austrian Supreme Court (OGH) has further developed its jurisprudence on the definition of the relevant public in connection with the application of the “absolute” grounds for refusal of registration. The decision of the Austrian Supreme Court was handed down on May 19, 2015.

The applicant had applied for registration of AMARILLO as an Austrian national trademark in Classes 29 (jam), 32 (fruit juices), and 33 (spirits). The application was rejected by the Austrian Patent Office on the basis that the term “Amarillo” indicates a certain kind of melon. The relevant public would therefore see it exclusively as a descriptive indication of characteristics (such as color, or fruit content/flavor) of the various goods specified.

In the course of the second instance proceedings, the court concluded that the ultimate consumer would not see the term “Amarillo” as descriptive, either as a specific color or a specific kind of fruit content. However, the court considered that specialized traders in the market in such products would perceive the term to be descriptive in view of their experience.

When the case came before the Austrian Supreme Court, the court confirmed the rejection of the trademark application, and held that the perception of just one among several segments of the overall “relevant public” can be decisive, and qualify as a bar to registration. This was irrespective of the fact that this particular part of the relevant public—here, the body of trade professionals who would see the descriptive qualities of the term “Amarillo,” as opposed to the much larger body of the general consuming public who would not—might be relatively small in comparison to other segments of the relevant public.

The Austrian Supreme Court considered its views to be in line with the trademark jurisprudence of the CJEU arising out of OHIM opposition proceedings, such as Alcon/HABM (Case C-412/05P)17 and BOSTONGURKA (Case C-371/02).18 The Austrian

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Supreme Court also noted that in Matratzen (Case C-421/04)\textsuperscript{19} the CJEU had held that, for the evaluation of the relevant public, it is necessary to take account of the perceptions both of the ultimate consumers of the goods and services in question and of those in the relevant trade.

3. EU—General Court—Article 7(1)(b)—Slogan Marks—
What kind of multiplicity of meaning is sufficient to invest a slogan with a distinctive character?

Cases T-609/13\textsuperscript{20} and T-59/14\textsuperscript{21} involve two CTM applications for slogan marks by the same investment management company, Blackrock, Inc. The General Court, in its decisions in both cases on January 29, 2015, upheld earlier findings that the marks were devoid of distinctive character.\textsuperscript{22}

Both cases involved a range of services in Class 35 and Class 36, all related to finance or investment. Case T-609/13, Blackrock, Inc. v. OHIM was for the mark SO WHAT DO I DO WITH MY MONEY. Case T-59/14, Blackrock, Inc. v. OHIM, concerned the mark INVESTING FOR A NEW WORLD.

The General Court considered SO WHAT DO I DO WITH MY MONEY to convey a clear and unequivocal message that was immediately apparent and required no interpretative effort. It would prompt a query in the mind of the consumer. The expression was laudatory and promotional; it implied the notion that the provider of the services who used the slogan should be regarded as a competent partner in financial dealings—capable of answering the question posed. The phrase had “no particular semantic depth” and was “banal.”\textsuperscript{23}

The General Court rejected submissions by the CTM applicant that the phrase SO WHAT DO I DO WITH MY MONEY had multiple meanings.

[T]he fact that the English word ‘I’ may, as the applicant claims, be used by everybody cannot confer multiple meanings on the expression of which the mark applied for consists. As the Board of Appeal rightly pointed out . . . the fact that the


\textsuperscript{22} Case R 572/2013-4 (OHIM Fourth Board of Appeal, Sept. 11, 2013) (SO WHAT DO I DO WITH MY MONEY); Case R 573/2013-1 OHIM First Board of Appeal, Oct. 31, 2013) (INVESTING FOR A NEW WORLD).

same sentence may be used by a variety of different persons does not mean that it has a different meaning each time. In addition, the applicant has not substantiated its claim that the message has a different meaning according to whether it is perceived by an institutional investor, a manager or a private individual.  

The General Court went on to hold that neither the fact that the phrase is expressed in the form of a question, nor the fact that it is presented as a question asked by the consumer, was sufficient to confer a distinctive character on the phrase. Nor was the fact that the phrase omitted a question mark.

For the General Court, the inclusion of the word “so” at the beginning of the phrase did not suggest, as the CTM applicant argued, that a cognitive process to interpret the slogan would be set off in the mind of the consumer. It merely implied the pause for thought that would be taken by someone about to make an investment decision. The phrase was quite straightforward, and not remotely unusual.

Finally, regarding “in particular, the allegedly rhetorical and open-ended nature of the question which is inherent in the slogan in question, it is sufficient to point out, that the fact that there might be many answers, or even no answer, to that question has no bearing on the consumer’s understanding of it.”

The application for INVESTING FOR A NEW WORLD was also regarded by the General Court as a straightforward, unequivocal, and banal phrase. According to the General Court, the phrase could easily be understood by the relevant public as meaning that the services for which it is used were “intended for a new world’s needs.” The message being conveyed is that “the money or capital invested creates an opportunity in a new world.” The message carries a positive connotation.

Argument on appeal to the General Court included the submission that the phrase carried multiple meanings, and thus held a distinctive character.

The General Court, however, cautioned that although the possession of multiple meanings was a factor recognized as a characteristic that might endow a phrase with distinctive character, it was not necessarily the case that this would be so; it was not the decisive factor in its own right.

In the present case, the General Court discussed certain possible alternative meanings put forward by the CTM applicant:

24. Id. ¶ 36.
25. Id. ¶ 39.
27. Id. ¶ 32.
“[T]he applicant submits that the word ‘world’ may also be perceived as having the more specific meaning of ‘reference to a particular environment or scenario that the service provider has the unique skill to exploit’. Furthermore, it suggests that the expression ‘a new world’ may evoke a ‘more difficult world’, namely one in which, for example, financial hazards and risks are greater, or even connote ‘a change in investment strategy’ or that the investment related services are provided to customers in ‘new technologies’ and/or in new areas of investment or that investments are being made in ‘new world’ economies, such as the ‘BRIC’ countries...”

However, the General Court held that, whichever way the expression would be interpreted, it would remain laudatory and still denote positive connotations about the services. Therefore, in the General Court’s view, it would not be sufficiently original or resonant to require any interpretation, thought or analysis. Moreover, according to the General Court, “... since the relevant consumer is not very attentive if a sign does not indicate to him the origin or intended use of that which he wishes to purchase, but just gives him purely promotional, abstract information, he will not take the time either to enquire into the various possible functions of the expression in question or mentally to register it as a trademark.”

The General Court concluded by holding that, in any event, a compound word sign must be refused registration on Article 7(1)(b) grounds if at least one of its possible meanings designates a characteristic of his goods and services for which it is used.

4. **EU—General Court—Slogan Marks—Can the self-contradictory nature of a phrase confer distinctiveness upon it?**

In General Court Case T-133/13, the registrability of a slogan mark was upheld. In the case concerned, **Pro-Aqua International GmbH v. OHIM** (the other party to the proceedings before the Board of Appeal, intervener before the Court, being **Rexair LLC**), the mark in question was WET DUST CAN’T FLY. The mark had been registered as a CTM with respect to flooring, upholstery, and window treatments in Class 3; and vacuum cleaners, power-operated floor scrubbers, power-operated carpet and upholstery cleaning machines, and power-operated water extractors, in Class 7.

28. *Id.* ¶ 39.
29. *Id.* ¶ 41.
The CTM was attacked by way of cancellation action, on grounds alleging that the mark was descriptive and was devoid of distinctive character, and should therefore have been refused registration under Articles 7(1)(b) and 7(1)(c) of the CTM Regulation.

The invalidation attack failed before both OHIM and the Board of Appeal, leading to the present appeal to the General Court.

Looking first at the allegation of descriptiveness, the General Court examined the significance of the cancellation applicant’s unsurprising observation that the expression of which the trademark is composed is a series of words with a clear meaning expressing the physical fact that wet dust cannot fly. The cancellation applicant argued that the phrase merely described the way that the Class 3 cleaning preparations and Class 7 vacuum cleaners and floor scrubbers would operate, and the physical effect of using those goods.

The General Court disagreed, holding that the expression did not describe how the goods in question would operate. The Class 3 products might be in liquid form, but were not of a kind designed to moisten dust in order to prevent dispersal. As for the Class 7 products (with the exception of “power-operated water extractors,” which are not connected with “dust”) the General Court noted that none of the goods concerned refer directly or indirectly to a liquid component capable of corresponding to the term “wet.”

The General Court rejected the submission that the Class 7 goods claimed would relate to “wet” vacuum cleaners, observing that the term “wet” does not appear in the description of goods concerned. The General Court also noted that the CTM applicant had eschewed the possibility of claiming “cleaning appliances utilising steam” in Class 7.

The General Court also maintained that there was no basis for considering that the mark should be invalidated on the basis of the “need to keep free,” because its registration would not, in fact, prejudice competitors’ ability to describe their own products and was not a conventional way of describing the functionalities of cleaning appliances.

The challenge to the mark’s distinctiveness similarly failed. A submission that the mark was simply a promotional message relating to the enhanced performance of the product on account of its use of liquid to prevent dust dispersing was rejected. No evidence had been submitted to show that the words “dust” and

“wet” were commonly used in combination in the context of filters and cleaning systems.

Moreover, the General Court considered the concept of “wet dust” to be fanciful (since dust, when wet, is no longer dust). In view of this, and the finding that the mark was not descriptive of the products in question, the General Court found the mark to exhibit originality, and a resonance that made it easy to remember. It would set off a cognitive process in the mind of the relevant consumer.

5. **EU—CJEU—Absolute grounds—When is it problematic to register a distinctive acronym or initialism in combination with the phrase for which it stands?**

This is the place for a first brief mention of the CJEU’s ruling in *BGW Beratungs-Gesellschaft Wirtschaft mbH v. Bodo Scholz* (Case C-20/14 of October 22, 2015).\(^{33}\) A longer note on this case appears later, in the chapter on likelihood of confusion, as this was the primary aspect of the case. (See above for details of the case as a whole.) However, since part of the judgment is devoted to clarifying or confirming the significance of an earlier and rather peculiar CJEU ruling relating to “absolute” grounds for refusal— *Strigl and Securvita* (Cases C-90/11 and C-91/11)\(^{34}\)—that aspect of the decision falls to be recorded here.

The earlier *Strigl and Securvita* decision had each dealt with the registrability of a trademark composed of a phrase in combination with an acronym or initialism corresponding to the phrase. One of the marks was “Multi Markets Fund MMF”; the other was “NAI – Der Natur – Aktien – Index.”

The CJEU had held in those cases that the bars to registration under Article 3(1)(b) and (c) of the TM Directive could be applicable in cases of this kind—that is, where the mark consists of the juxtaposition of a descriptive word combination and a letter sequence that, although non-descriptive and distinctive in itself, would be perceived by the public as being an abbreviation of the word combination (i.e., because it reproduces the first letter of each word of that combination). If perceived in that way, the letter sequence “could not be more than the sum of all the elements of the mark, taken as a whole” and would be considered to occupy only an ancillary position in relation to the word combination.

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The decision in *Strigl and Securvita* results in an anomaly in practice, since it has the following effect: a mark like “NAI,” applied for alone, would in principle be registrable, even if in fact it were derived from “Natur Aktien Index,” unless “NAI” had itself become a recognized descriptive reference. On the other hand, “NAI – Der Natur-Aktien-Index” may be rejected for registration since the combined form includes words that explain the intended significance of the letter sequence.

OHIM (now EUIPO) guidance on the treatment of marks of this kind makes the point that the decision on registrability in each case will depend on the perceptions of the consumer. However, the indication in the guidelines is that, in general, marks of this nature would be refused, and, in practice, marks of this kind have become a problem category. This probably explains why the German Federal Patent Court, dealing in the present case with a conflict involving a mark in the category concerned, was keen to receive guidance from the CJEU on how it should view the mark in question—“BGW Bundesverband der deutschen Gesundheitswirtschaft”—in which, again, the wording following the initialism comprises purely descriptive language for which the initialism may be taken to stand. The German Federal Patent Court appeared to believe that the *Strigl and Securvita* decision had laid down some concrete rules regarding marks of this type.

The CJEU’s new ruling in the *BGW* case does nothing to change the substance of the *Strigl and Securvita* ruling, but does at least help to reinforce the point that the judgment in *Strigl and Securvita* does not, in fact, lay down rigid rules. It was apparent from that earlier ruling, held the CJEU in the present case, that whether or not a sign consisting of a letter sequence juxtaposed with a word combination is to be refused registration under Article 3(1)(b) and (c) of the TM Directive must be assessed on a case-by-case basis, according to the perception that the relevant public has of the interdependence between the various elements of the sign and of the sign as whole.

The CJEU held that the *Strigl and Securvita* ruling had simply made clear that a letter sequence, even if it is distinctive in itself, may (or may not) be considered descriptive when it is featured in a composite mark in which it is combined with a descriptive principal expression of which it is perceived to be the abbreviation, and that the letter sequence may (or may not) be considered to occupy only an ancillary position in relation to the word combination to which they are attached, depending on the circumstances.
6. EU—France—Supreme Court—Distinctiveness— Does a slogan celebrating love of a place serve a trademark function?


The trademark owner, M. Zilberberg is a private individual who holds, among others, an International registration for “I ♥ Paris” as well as French national registrations for “I ♥ Paris” and “J’♥ Paris.” On the basis of these trademarks, M. Zilberberg and Société France Trading, his licensee, opposed French trademark applications by a company called Paris Wear Diffusion for “Paris Je t’♥” and “I ♥ la Tour Eiffel.” The defendant, Paris Wear Diffusion, responded by filing cancellation actions claiming that M. Zilberberg’s marks lacked distinctive character.

The Court of Appeal of Paris, on March 8, 2013, held M. Zilberberg’s trademarks liable to cancellation for lack of distinctive character. The owner, jointly with the Société France Trading, challenged this decision before the French Supreme Court.

According to M. Zilberberg and his licensee, the Court of Appeal had failed to ground its decision on basic and established trademark principles, among them being the principle that the distinctive character of a trademark is to be assessed in light of the goods and services for which it is registered and not in light of the owner’s activity. The point was that the trademark owner and his licensee are active in the tourist souvenir/gifts business. The Court of Appeal of Paris had established that the goods specified in the trademarks covered by the cancellation action were a range of products (i.e., clothes, toys, games, jewelry, and so forth) that were sold in the context of the tourist trade, and thus the relevant public was the average tourist. The Court of Appeal had not taken a wider, objective view of the position having regard to the more general nature of the categories of goods covered.

The French Supreme Court disagreed. Pointing out that the essential function of a trademark is to identify the commercial origin of the goods and services it targets, the court held that account must be taken not only of the goods and services for which the mark was registered but also of the relevant public’s perception of the mark. The goods for which the plaintiffs’ trademarks were registered were all products meant to be bought by tourists visiting the city of Paris. They would be perceived by this relevant public as being a reference to a city and not to a particular company.

Therefore, these trademarks would not be seen as indications of origin. The Supreme Court described the contested marks as spreading a message of emotional attachment and affection toward the city, and being incapable of indicating trade origin. On this ground, the Supreme Court rejected M. Zilberberg and Société Trading Paris's claims and held the contested registered trademarks cancellable for lack of distinctive character.

Regarding claims to distinctiveness acquired through use, the Supreme Court emphasized the fact that M. Zilberberg and his licensee had initially requested (in their submissions filed during the appeal procedure before the Paris Court of Appeal) that the distinctive character of the marks concerned should be assessed as at the filing date. Therefore, they could not contest the court's decision not to assess the potential distinctive character of the marks acquired through subsequent use.

7. EU—CJEU—Distinctiveness—three-dimensional signs—Who bears the burden of proof in a cancellation case alleging that a shape mark represents no more than the sum of its (non-distinctive) parts?

The CJEU's decision on May 7, 2015, in Case C-445/13P brings to an end an important invalidity case involving a three-dimensional shape mark. The International Trademark Association (INTA) participated in the arguments.

The Voss case concerns an invalidity action with respect to a Community trademark registration held by Voss in respect of the shape shown here:

The mark was registered on December 3, 2004. The invalidity claim, brought by Nordic Spirit AB, commenced on July 17, 2008. Following an initial decision upholding the registration, Voss lost when the matter was appealed to the Board of Appeal, and again on its own further appeal to the General Court. The matter therefore came before the CJEU by way of final appeal by Voss. It was at this stage that INTA was given leave to intervene, and it did so in support of Voss.

The basis for the finding of invalidity was that the mark lacked distinctive character under Article 7(1)(b) of the CTM Regulation. At the heart of the Board of Appeal’s decision was the finding that the bottle shape in question does not depart significantly from the shape of other containers used for alcoholic or non-alcoholic beverages and is a mere variant of them.

In its decision dated May 28, 2013, reported in the 2013 edition of the EU Annual Review, the General Court had upheld that finding, ruling that the vast majority of drinks bottles have a cylindrical section and that, even if the “perfect cylinder” of the Voss bottle (i.e., the shape resulting from the cap being of the same diameter as the bottle) were considered somewhat unusual, this did not mean that it departed significantly from the norms or customs of the trade sector.

The General Court made its own analysis of the shape of the bottle, using an approach which became the central feature of the final challenge before the CJEU. It noted that the Voss bottle was registered and described by the applicant as a three-dimensional bottle and that protection was thus sought for a bottle and not just the picture of one. The General Court regarded the overall shape as being a composite trademark made up of various elements, which it identified and examined individually. It noted that the need to consider the sign as a whole was not incompatible with carrying out a separate examination of its different components. Evidently, the General Court felt that examining the components separately was necessary before any conclusion could be drawn. The General Court had regard to the cylindrical section of the shape; the non-transparent cap; and the diameter of the cap (corresponding to that of the bottle). It found none of these elements to depart significantly from the norm, and thus none to be individually distinctive. It found there to be no evidence to support the view that the shape as a whole was, in terms of distinctiveness, any greater than the sum of its parts. On that

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37. Voss of Norway ASA v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM being Nordic Spirit AB (publ)), Case T-178/11, [2013] ECR II-_____ (GC, May 28, 2013) (VOSS).

basis it found the shape as whole to be devoid of distinctive character.

The outside observer considering the shape of the Voss bottle in comparison to those of other bottles used to contain beverage products may feel that the General Court’s analysis, which dissects the mark into certain discrete chunks and then reassembles the chunks, misses something important about the shape in question.

However, neither Voss nor INTA was able to persuade the CJEU that there was anything wrong with the General Court’s approach. The appeal failed. Of the six grounds of appeal, three are notable.

The first of these relates to the burden of proof. The practical burden of proof in relation to the distinctiveness of product/packaging shapes is a debatable subject in general (see, for example, the case report on kangaroo boots, discussed below), but the issue was special in the present case because it concerned the invalidation of an already-registered mark.

Both Voss and INTA argued that a registered CTM should enjoy a presumption of validity, and that the burden of proof had been shifted inappropriately onto Voss, the trademark owner, to establish why it should remain on the register. Voss submitted in particular:

that the case law cited by the General Court in paragraph 57 of the judgment under appeal, according to which the fact that a composite trademark is made up only of components which are devoid of any distinctive character generally leads to the conclusion that that trademark, taken as a whole, is devoid of any distinctive character, unless “concrete evidence, such as, for example, the way in which the various features are combined, were to indicate that the composite trademark, taken as a whole, is greater than the sum of its parts”, refers to Community trademark applications and is not applicable to registered trademarks, which, like the contested trademark, enjoy a presumption of validity.39

OHIM submitted, to the contrary, that the approach to applying Article 7(1)(b) grounds for refusal is no different whether one is dealing with a trademark application or an existing registration.

The CJEU rejected, as unfounded, the notion that the burden of proof, in terms of the distinctiveness of the mark, had been shifted on to Voss, notwithstanding the lack of any evidence from the invalidity applicant to support the claim that the mark was not distinctive. The CJEU did not address the question of where the

evidential burden lay. It said, instead, that Voss had not correctly understood the General Court’s ruling. According to the CJEU, the General Court had carried out its own independent assessment of whether or not the contested mark had distinctive character, holding: “[t]he General Court thus itself examined whether there was any concrete evidence which would indicate that the composite mark, taken as a whole, is greater than the sum of its parts and did not, contrary to what the INTA and the appellant submit, impose the burden of proving the existence of such evidence on the appellant.”

Clearly, since the absence of any evidence one way or the other on the question of ultimate importance in this case resulted in the mark being held invalid, the trademark owner was being required to meet the evidential burden in practice.

A second point worthy of comment is Voss’s claim that the General Court had held the shape mark to be invalid by reference to the norms of the sector, without having first defined those norms. (INTA submitted also that it had not been open to the General Court to conclude that the Voss shape did not depart significantly from these norms, despite having referred to the shape as “somewhat original,” given its “perfect cylinder” form). The CJEU rejected Voss’s claim, pointing out that the General Court had noted its reliance on certain well-known facts about bottle shapes in reaching its conclusions. The well-known facts in question were merely that most bottles have a cylindrical section, and that many bottles use a cap that is of a different material and color. (It was not open to Voss, this being a CJEU appeal case, to reopen the question of whether or not the General Court’s assessment of the facts was a good one.)

Voss’s final submission was to criticize the general approach adopted by the General Court of looking at this shape mark as a combination of components, examining them individually, and rejecting the marks as non-distinctive if the elements are individually devoid of distinctive character. Voss argued that such reasoning would effectively make it impossible for the packaging of products to be considered distinctive.

The CJEU rejected this on the basis that the General Court had clearly left open the possibility of the shape being considered distinctive overall if there were concrete evidence that the mark as a whole had something additional about it that would confer distinctive character upon it. However, this is liable to be easier said than done. In response to the earlier submission that the General Court’s consideration of the overall impression of the mark had been inadequate, the CJEU responded: “it cannot be maintained that the General Court did not carry out a sufficiently

40. Id. ¶ 70.
detailed analysis of the overall impression conveyed by the contested trademark, inasmuch as the three-dimensional shape at issue consists of two elements, namely a cylindrical basic shape and a non-transparent cap with the same diameter as that cylinder, and it is difficult to imagine other ways of combining those elements in a single three-dimensional form.”41 It is evident that the point Voss had been exploring was whether or not the General Court had sufficiently considered the impact of the overall pure cylindrical form of the bottle, with the top on, rather than whether or not the General Court had sufficiently explored different ways in which the top might have been put on.

Although the CJEU’s decision in Voss is an appeal decision rather than a ruling on a preliminary reference, it was a strongly contested case on a product/packaging shape mark with considerable apparent merit. It therefore casts a significant shadow over the general prospects of registering (or maintaining the registration of) shape marks based on their inherent distinctive qualities.

8. EU—General Court—Absolute grounds/shape marks—Can professional reviews attesting to the distinctive quality of a car’s design help overcome objections to the distinctiveness (as a trademark) of the car’s shape?

In Case T-629/14, Jaguar Land Rover Ltd v. OHIM,42 the General Court had to consider the registrability as a CTM of a three-dimensional shape corresponding to the design of an automobile—the stylish RANGE ROVER EVOQUE. The mark is reproduced here:

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Registration had been refused for (among other things) vehicles in Class 12 and toy vehicles in Class 28. Objection had been taken to the application on grounds that the mark lacked distinctive character, under Article 7(1)(b) of the CTM Regulation.

The General Court found nothing in the applicant’s arguments to call into question the findings of the Board of Appeal, namely that the mark at issue was merely a variation of the typical shape of a car. It did not depart significantly from the norms or customs of the sector.

The General Court recorded the views of the Board of Appeal, concerning the mark put forward for registration, in the following terms:

there were no features that distinguished that car’s hull significantly from any other randomly chosen car hull for cars available on the market. The features visible were typical for modern cars, such as a flat windscreen, a rounded front, a sloping coupe roofline, a rising waistline, bumpers as well as front and back lights integrated into the hull, and the airflow (aerodynamic) wing at the top of the rear. Furthermore, the car grille was extremely sketchy and there was no particular feature visible. The impression was that of a very stylised drawing of a car, which did not give weight to minor features, such as wipers, antennas or rims. The Board of Appeal stated that car hulls have become more and more standardised, and that a number of features, such as, inter alia, a rounded front, an airflow wing at the top of the rear and a rather flat front glass are suggested by technical and economic considerations. It concluded that, on the whole, none of the features as visible on the representation or claimed by the applicant departed

significantly from the customary and usual shapes of cars. On the contrary, the sign applied for was merely another variation of the typical shape of a car.\textsuperscript{44}

Those familiar with the car in question would consider the description just given rather unfair; there is something quite striking about the vehicle’s actual appearance. The applicant had submitted evidence in the form of reviews that, it claimed, “were not merely indicators of attractive or high aesthetic level but were also indicators of features possessed by the vehicle design concerned that were considered, by independent third parties, to demonstrate an inherent level of distinctive character.”\textsuperscript{45} However, this evidence was not taken into account by the Board of Appeal, and it remains unknown whether it could have persuaded the Board of Appeal to change its views about the shape. The General Court noted that the Board of Appeal had been correct to exclude the evidence.

The problem with the evidence, according to the General Court, was that it related to the car as made and sold by Jaguar Land Rover, and not to the design per se as depicted in the application: “In so far as the applicant relies on reviews by third parties and claims that they refer to the mark applied for, suffice it to point out that, in fact, those reviews do not concern the six line drawings filed by the applicant for the purposes of registration as a three-dimensional Community trademark, but rather a ready-made car or photographs of such a ready-made car. It follows that the Board of Appeal did not err in not taking account of those reviews.”\textsuperscript{46}

The General Court went on to note that it is not open to OHIM to take into account characteristics alleged to be a feature of the mark applied for, yet which are not disclosed in the application for registration. In the present case, the mark applied for consists of the six line drawings shown above whereas, the General Court observed, the photographic representations of the car itself, featured in the reviews and relied on by the applicant, bring out a number of features, including the car grille and uprights, which are not visible in the line drawings.

It is fair to say that the line drawings representing the mark as filed do not well convey the strong visual impact of the car “in the flesh,” although, in fact, nothing is obviously omitted from the line drawings that contributes substantially to that effect. (This is probably not an instance in which the car’s grille design would, individually, be the major distinctive feature.) A decision that the

\textsuperscript{44} Jaguar Land Rover Ltd v. OHIM, Case T-629/14 ¶ 27, [2015] ECR II- _____ (GC, Nov. 25, 2015) (RANGE ROVER EVOQUE).

\textsuperscript{45} Id. ¶ 39.

\textsuperscript{46} Id. ¶ 38.
evidence should have been admitted may have made little difference to the outcome, since OHIM is very resistant to arguments that novel and attractive design features are sufficient to take product shapes out of the norm and confer distinctive character on them. However, there is no really important difference between the shape depicted in the application and that of the cars as sold, and a decision that excludes real-world evidence about how shape is perceived in the marketplace poses a real challenge to the trademark applicant.

9. EU—General Court—Absolute grounds—Stripes case—no distinctive character—Can distinctiveness objections to a simple geometric pattern be overcome on the basis that market practice in the sector has educated consumers to regard such patterns as having trademark significance?

In Case T-3/15, *K-Swiss Inc. v. OHIM*, the General Court dealt with another case involving the registrability of the K-Swiss 5-Stripe shoe design. (An earlier General Court decision from 2014—see *K-Swiss Inc., v. OHIM*, Case T-85/13—dealt with an invalidation claim in respect of a CTM dating from 2007 pertaining to a two-dimensional representation of the K-Swiss 5-Stripe design applied to a shoe). The present case involved the sign shown here:

K-Swiss had applied to register the sign as an EU designation of an International Registration (IR) in Class 25, in respect of athletic shoes, namely tennis shoes, basketball shoes, cross-country and jogging shoes, and casual shoes.

The mark was described in the IR (broadly) as consisting of two sets of five parallel stripes appearing on a shoe. It was taken

to represent a design appearing on the shoe, not as a two-dimensional representation.

The mark was rejected under Article 8(1)(b) of the CTM Regulation, on grounds that it lacked distinctiveness. That view was upheld on appeal, and was upheld in the present decision by the General Court.

The General Court agreed with the OHIM Board of Appeal that the stripes were "nothing more than a rather banal generic embellishment."49 According to the General Court, many sports shoe manufacturers use relatively simple patterns of this kind on the sides of their shoes. Moreover, the length of the stripes is naturally determined by the shape of the shoe. This would contribute to the difficulty that a consumer would have in perceiving the claimed design as being separate from the shoe as such.

With these factors in mind, the General Court concluded that the claimed mark could not be immediately understood as being an indication of commercial origin.

K-Swiss defended its application with the support of evidence that it has become customary for sports shoe manufacturers to place their marks on the side of their shoes. As a result, it argued, consumers have become familiar with the practice, would pay particular attention to such shapes, and would naturally think of them as trademarks.

However, the General Court was not persuaded, from the evidence provided, that consumers had learned to make an automatic link between what appears on the side of a sports shoe and the commercial origin of the shoe concerned, or that consumers would, in general, see geometric shapes appearing on the side of sports shoes as trademarks. The General Court resisted the applicant's claim that anything in the existing corpus of General Court or CJEU case law supported the proposition that simple shapes affixed to sports shoes would be perceived in general to have a distinctive function. It observed that such distinctive function as certain individual shapes used on sports shoes might have could very well derive from the extensive use made of the designs in question, not from any intrinsic distinctive character.

The General Court went on to say that, even if it were true as a general proposition that the public had become generally accustomed to seeing shapes appearing on the side of sports shoes as trademarks, this would not assist the present application. The General Court held there to be insufficient evidence to establish that the K-Swiss design would be perceived as a trademark rather than as mere decoration. The General Court noted also a general

public policy interest in keeping “simple, and above all decorative” shapes open and accessible for all to use.50

The case is interesting because the widespread market practice of sports shoe manufacturers using simple shapes on the sides of their shoes, which contributed to the rejection of the application, had been argued cogently to be a factor that ought to support the case for registration. The problem for the applicant was, as is commonplace in EU trademark cases dealing with non-traditional trademarks, in establishing to the court’s satisfaction that an extensive custom and practice among operators in a particular sector, which could easily be observed in the marketplace, would necessarily have resulted in the public shifting its perception in such a way that the public is ready to accept decorative features of the products concerned as having trademark significance.

10. EU—General Court—Absolute grounds/shape marks—For what kinds of product may OHIM (EUIPO) assert that a certain shape is normal and non-distinctive, based merely on general practical experience?

In Établissement Amra v. OHIM, Case T-390/14,51 the General Court dealt with (among other things) the burden of proof in establishing whether or not a shape or position mark possesses an intrinsic distinctive character.

The mark in question was presented for registration as a CTM in the form reproduced here, with the verbal description that follows:

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Position mark, consisting of the lower spring portion of a sporting and exercising device. The claimed lower spring portion is placed under an upper foot-receiving portion (not claimed by the applicant) and comprises an upper spring layer arched upwardly, a lower spring layer arched downwardly and an intermediate component consisting in elastic plastic straps. The figurative mark KANGOO JUMPS is placed in both the upper spring layer and the lower spring layer. The letters “KJ” and “XR” are placed at the ends of the intermediate elastic plastic straps. No colours are claimed as a feature of the mark. The dotted outline is intended to show the position of the mark and is not a part of the mark.

The application was made in Class 28 for gymnastic and sporting articles. It was rejected on grounds that the mark lacked distinctive character under Article 7(1)(b).52 The General Court approached the question of distinctiveness by reference to its case law on shape marks. According to this case law, the criteria for assessing distinctive character in the case of a shape mark are no different from those applicable to any other kind of mark, yet account must be taken of the fact that the public does not habitually regard product shape as an indicator of trade origin. According to the case law on product shape marks: "only a mark which departs significantly from the norm or customs of the sector and thereby fulfils its essential function of indicating origin is not devoid of any distinctive character for the purposes of Article 7(1)(b) of [the CTM Regulation]."53

The applicant’s product is a “rebound” boot/device. The mark applied for claims the spring device, as located under the boot. The OHIM Board of Appeal declared the resulting shape to be no more than a simple variant of the basic design of such products.

One of the applicant’s complaints—probably echoing that of many shape mark applicants facing a similar challenge—is that the Board of Appeal had produced nothing itself by way of market evidence or detailed analysis to justify the assertions that the shape lacked distinctive character and reflected the norm for products of this kind. The Board of Appeal had merely made general assertions that this was the case. The General Court, citing case law, confirmed that this is a problem that the applicant simply has to address:

In that connection, first, it should be recalled that it is clear from the case-law that, in so far as the applicant relies on the distinctive character of the mark applied for, notwithstanding the examiner’s findings, the onus is on the applicant to provide

specific and substantiated evidence that the trademark applied for has an intrinsic distinctive character, since it is much better placed to do so, given its thorough knowledge of the market.\textsuperscript{54}

The General Court then went on to say:

\ldots when the Board of Appeal finds that the mark applied for has no intrinsic distinctive character, it may base its examination on the facts arising from practical experience generally acquired from the marketing of general consumer goods which are likely to be known by anyone and are, in particular, known by the consumers of those goods. In such cases, the Board of Appeal is not obliged to give examples of such practical experience.\textsuperscript{55}

The General Court held that “rebound” boots covered by the mark were general consumer goods—which must therefore be considered to be a very broad category, given that rebound boots are a specialist purchase. It is not clear what practical experience, generally acquired by the Board of Appeal in relation to other kinds of general consumer goods, could have been of much assistance to it in determining whether or not the shape of “rebound” boot assembly before it was in any way normal in the sector. However, regardless of this, the General Court held that “it is indeed for the applicant to provide specific and substantiated evidence establishing the distinctive character of the mark applied for.”\textsuperscript{56}

The point emerging is that, despite the fact that the product in question was a rather special purchase (rather than a purchase of a day-to-day character, or even an infrequent purchase that would likely be made by the average consumer), OHIM could impose a positive burden of proving distinctiveness on the applicant by simply asserting that it fell broadly within the norms of the shape of products of that kind without needing any familiarity with the niche product market in question or any specific evidence of shapes in the sector.

\textsuperscript{54} Id. ¶ 22.
\textsuperscript{55} Id. ¶ 23.
\textsuperscript{56} Id. ¶ 24.
11. EU—General Court—Marks Lacking Distinctive Character—To what extent can distinctiveness objections typically leveled at three-dimension shape marks also be applied to two-dimensional figurative marks representing fabric patterns?

In Cases T-359/12 and T-360/12, the General Court dealt with invalidation claims in respect of a Louis Vuitton fabric design that had been registered as a Community trademark on two occasions—initially in 1998, and again, although in a slightly different form, in 2008.

The cases are *Louis Vuitton Malletier v. OHIM* (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Nanu-Nana Handelsgesellschaft mbH für Geschenkartikel & Co. KG). The General Court’s decisions were given on April 21, 2015.

The form of mark registered in 1998 is shown below, to the left. The 2008 form is shown to the right.

Both registrations were in Class 18. Although their specifications differ in wording and scope, both registrations covered goods such as travel bags, handbags, leather boxes, and umbrellas.

Both the registrations were challenged in invalidation actions brought in 2009. The invalidity applicant, Nanu-Nana, claimed that the registrations had been obtained in breach of no less than five separate provisions of Article 7(1) of the CTM Regulation. In the current cases before the General Court, only one was at issue—distinctiveness, under Article 7(1)(b) of the CTM Regulation. Louis Vuitton argued that its marks were inherently distinctive and also

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57. *Louis Vuitton Malletier v. OHIM* (the other party to the proceedings before the Board of Appeal of OHIM, intervener of the General Court, being Nanu-Nana Handelsgesellschaft mbH für Geschenkartikel & Co. KG), Cases T-359/12 and T-360/12, [2015] ECR II-____ (GC, Apr. 21, 2015).

58. *Id.*
claimed the protection of Article 7(3) of the CTM Regulation, read in conjunction with Article 52(2) of the CTM Regulation—that is, that its mark had acquired a secondary meaning because of use made of it prior to the filing of the respective applications or had at least done so by the time the invalidity applications were filed. The appeal case in the General Court explored issues in relation to both inherent and acquired distinctiveness.

Nanu-Nana, the invalidity applicant, succeeded at first instance and before the Board of Appeal.59 In the present cases, Louis Vuitton was unable to persuade the General Court to annul the appeal decisions.

Louis Vuitton confirmed during the hearing that its marks—each of which being referred to in the judgments as figurative signs—were “presented in the form of a pattern intended either to be placed on part of the goods or to cover the whole of their surface area . . . .”60 They were treated by the General Court as being, effectively, product shape marks.

The General Court noted that the EU trademark law relating to shape marks that had been developed in relation to three-dimensional marks consisting of the appearance of the product itself was equally applicable where the contested marks were figurative marks consisting of a two-dimensional representation of the product. Moreover, “that is also the case for a figurative mark consisting of a part of the shape of the product that it represents, inasmuch as the relevant public will immediately and without further thought perceive it as a representation of a particularly interesting or attractive detail of the product in question, rather than as an indication of its commercial origin.”61

The case law in question—that is to say, the law relating to shape marks—holds that “. . . the more closely the shape in respect of which registration as a trademark is applied for resembles the shape most likely to be taken by the product in question, the greater the likelihood of the shape being devoid of any distinctive character for the purposes of Article 7(1)(b) of [the CTM Regulation]. In those circumstances, only a mark which departs significantly from the norm or customs of the sector and thereby fulfils its essential function of indicating origin is not devoid of any distinctive character for the purposes of Article 7(1)(b) of [the CTM Regulation].”62

60. Louis Vuitton Malletier v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener of the General Court, being Nanu-Nana Handelsgesellschaft mbH für Geschenkartikel & Co. KG), Cases T-359/12 and T-360/12 ¶ 28, [2015] ECR II-_____ (GC, Apr. 21, 2015).
61. Id. ¶ 25.
62. Id. ¶ 23.
The General Court rejected Louis Vuitton’s criticism and endorsed the approach of the Board of Appeal, which had examined the question of distinctiveness on precisely those principles.

The General Court also rejected Louis Vuitton’s argument (which seems to have been particularly in vogue during 2015, although without any apparent instances of success) that its marks should be considered distinctive because the public has become accustomed to recognizing, as trademarks (i.e., rather than as mere decoration), designs of the kind covered by the contested registrations. The argument ran that the public would see the designs as origin-identifiers by virtue of a general industry practice among brand owners in the sector of using designs of this kind to identify the commercial origin of their products. However, applying the CJEU’s ruling in *Hans-Peter Wilfer v. OHIM*63 (Case C-546/10P), the General Court held it to follow from the case law “... that, if the appearance of goods in a given sector, or that of a component of those goods, serves to indicate the manufacturer, that is only because the appearance of a sufficient number of those goods or of their components differs significantly from the norm or customs of that sector....”64 The General Court went on to note that “the fact that such signs are recognized as marks by consumers does not necessarily mean that they have an inherent distinctive character. It is in fact possible for a mark to acquire distinctive character through use over time.”65

The General Court felt that in the present case the marks at issue did not depart significantly from the norms of the sector. The checkerboard design was “a basic and commonplace figurative sign.”66 Goods of the kind specified in the CTMs concerned would generally be covered with fabrics of different kinds; and “... a chequerboard pattern, due to its great simplicity, might constitute precisely one of those patterns.”67 The General Court noted that the pattern was commonly used in the decorative sector “and also appears in the Bayeux tapestry.”68 The presentation of the checkerboard in light and dark gray, and the weft and warp pattern visible within the individual squares, did not (in the court’s view) constitute notable variations to the conventional

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64. *Louis Vuitton Malletier v. OHIM* (the other party to the proceedings before the Board of Appeal of OHIM, intervener of the General Court, being Nanu-Nana Handelsgesellschaft mbH für Geschenkartikel & Co. KG), Cases T-359/12 and T-360/12 ¶ 33, [2015] ECR II-____ (GC, Apr. 21, 2015).

65. *Id.* ¶ 34.

66. *Id.* ¶ 37.

67. *Id.* ¶ 37.

68. *Id.* ¶ 38.
presentation of the goods, nor did the juxtapositioning of the different elements result in a distinctive character for the mark as a whole.

Turning from the question of inherent distinctiveness to that of acquired distinctiveness, the issue of principle arising on appeal to the General Court concerned the extent of the territory for which Louis Vuitton was required to show that its marks had acquired secondary meaning. On the facts as found earlier in the proceedings, Louis Vuitton had proved the acquired distinctive character of its mark for some, but not all, of the EU Member States.

Interestingly, the position was different in the case of the 2008 registration from what it was for the 1998 registration (which had resulted from a filing in 1996). In 1996, the EU had comprised fifteen Member States, and Louis Vuitton’s evidence was sufficient to establish secondary meaning in eleven of them, but not the other four (Denmark, Portugal, Finland, and Sweden). By 2008, the EU had acquired eight more Member States—Bulgaria, Estonia, Latvia, Lithuania, Malta, Poland, Slovenia, and the Slovak Republic. These new Member States were relevant to the assessment of acquired distinctiveness in relation to the 2008 mark, although they were not relevant to the 1998 registration. The evidence that would have been required to save the 1998 registration was thus more limited (in geographic terms) than that required to save the 2008 registration. However, as it turned out, neither registration could be saved because the evidence was not sufficient even to cover Denmark, Portugal, Finland, and Sweden, let alone the eight new Member States.

Louis Vuitton had adduced good evidence of acquired distinctiveness for its mark in respect of eight countries that dominate the EU economy—including Germany, France, the UK, Italy, and Spain. In respect of other EU Member States it had some evidence, but not enough (in the court’s view) to establish an acquired distinctive character in those countries. The appellant argued nonetheless that it had met the requisite threshold for acquired distinctiveness because its evidence covered a substantial part of the relevant EU public.

The General Court disagreed. It noted that where, as here, the contested marks lack inherent distinctiveness in respect of the EU as a whole (as opposed to, for example, words that are descriptive in one language yet might be distinctive in some parts of the EU where the language is not spoken) the acquisition of a distinctive character must be established for each of the EU Member States.
The General Court acknowledged a finding of the CJEU in the *Lindt* case\(^ {69}\) that it would be unreasonable to require proof of acquired distinctiveness for each individual Member State. It felt, however, that in saying this, the CJEU had not intended to depart from the rule established in the case law that requires acquired distinctiveness to be established, for a case like this, in the EU as a whole.

12. **EU—CJEU—Shape Marks—Article 3(1)(e)—Article 3(3)—** Does a claim to acquired distinctiveness for a shape mark require the trademark applicant to demonstrate that the relevant public rely on the shape as an indication of trade origin?

On September 16, 2015, the CJEU ruled on the interpretation of Article 3(1)(e) and Article 3(3) of the TM Directive—the first of which contains certain specific grounds on which shape marks may be refused registration. The CJEU decision follows from a reference made to it by the English High Court in 2014,\(^ {70}\) which was covered in last year’s edition of the EU Annual Review.\(^ {71}\) The case is C-215/14, *Société des Produits Nestlé SA v. Cadbury UK Limited*,\(^ {72}\) and concerns an application to register in the United Kingdom (UK) a mark corresponding to the shape of a chocolate wafer (marketed in the UK as the KIT-KAT), shown here:

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Two of the three questions referred to the CJEU concerned Article 3(1)(e) of the TM Directive, which provides that trademark registration should be refused to:

- signs which consist exclusively of:
  - (i) the shape which results from the nature of the goods themselves;
  - (ii) the shape of goods which is necessary to obtain a technical result;
  - (iii) the shape of goods which gives substantial value to the goods.

This case was particularly concerned with the relationship between the first and the second of the above—that is, “nature of the goods” and “necessary to obtain a technical result.” The registration authority called upon to examine the application to register the KIT KAT shape was the UK Intellectual Property Office (UKIPO). As it was required to do for the purposes of applying Article 3(1)(e), the UKIPO first determined what ought to be regarded as the essential features of the shape. It concluded that the shape possessed three essential features. These were: its basic rectangular slab shape; the presence, position, and depth of the grooves running along its length; and the number of grooves, which, together with its width, determine the number of “fingers” into which the bar can be broken up.

The first of these features was considered to result from the nature of the product; the other two were considered to be necessary to obtain a technical result. The UKIPO rejected the application, partly on the ground that it believed that Article 3(1)(e) should apply, and partly on grounds that the shape lacked distinctive character (i.e., and therefore did not qualify for registration, in any event, on the basis of Article 3(1)(b) of the TM Directive).

The case was appealed to the English High Court, which raised three questions on a reference to the CJEU, two of which dealt with Article 3(1)(e). The first question addressed by the CJEU was whether the UKIPO’s approach to applying Article 3(1)(e) had been correct. Specifically, the question asked whether or not it was permissible to combine the “technical result” objection in respect of certain product features with a “nature of the goods” objection to other product features in the way that the UKIPO had done, so as to found an objection to the registration of the shape (overall) under Article 3(1)(e). The point was that the UKIPO had found all the essential features of the product to be objectionable for reasons covered by Article 3(1)(e), but they were not all objectionable for the same reason.

One would have thought that this question had already been fully answered by the CJEU in its 2014 decision in Case C-205/13
Hauck GmbH & Co. KG v. Stokke A/S (and others), concerning the “Tripp Trapp” chair.73 (This was covered in last year’s EU Annual Review).74 In that case, the CJEU (Second Chamber) had ruled (among other things) that the grounds for refusal set out in Article 3(1)(e) dealing respectively with “nature of the goods” and “substantial value”—may not be applied in combination. If that is true, then it must, one would expect, be equally true that the Article 3(1)(e) refusal grounds, referring, sequentially, to shapes resulting from the nature of the product and to shapes necessary to achieve a technical result, may not be applied in combination.

However, rather than simply saying this, the CJEU in Nestlé offered a somewhat obscurely worded reformulation of the rule. After citing Hauck extensively with approval, the Court of Justice concluded that a shape mark should be refused registration under Article 3(1)(e) “where that shape contains three essential features, one of which results from the nature of the goods themselves and two of which are necessary to obtain a technical result, provided, however, that at least one of the grounds for refusal of registration set out in that provision is fully applicable to the shape at issue.”75

The formulation of this rule by the CJEU seems unnecessarily tortured, and possibly even self-contradictory, but taken as a whole it seems to favor Nestlé. It would appear that the important part of the ruling on this point, reflecting Hauck, is that at least one of the grounds must be fully applicable to the shape at issue. That is how it was understood by the English High Court when discussing the CJEU’s ruling early in 2016.

The KIT KAT shape could therefore not be condemned under Article 3(1)(e) unless either (a) the feature of shape determined to result from the nature of the goods could also be held to be a feature that is necessary to obtain a technical result; or (b) the two features determined to be necessary to obtain a technical result could also be held to result from the nature of the goods themselves. The findings of fact in the case did not support either such determination.

The second point on Article 3(1)(e) was relatively straightforward: does the ground for refusal that the shape is “necessary to obtain a technical result” cover technical considerations affecting the manner in which the goods are manufactured, or does it only preclude the registration of shapes that are necessary to obtain a technical result in terms of the way the goods function. The court was clear on this: it only relates to

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the manner in which the goods function. Again, this outcome favored Nestlé.

The third question addressed by the CJEU concerned a very different issue; one that affected the registrability of the Nestlé mark regardless of whether or not there was a ground for refusal under Article 3(1)(e). This third question concerned the ground for refusal under Article 3(1)(b) of the TM Directive—namely, the general prohibition (affecting all marks; not just shape marks) on the registration of marks that are devoid of distinctive character. Unlike Article 3(1)(e) objections, however, Article 3(1)(b) objections may be overcome, in principle, under Article 3(3), on the basis of a finding that the mark in question has acquired a distinctive character as the result of the use made of it.

In the present case, the shape of the KIT KAT had been used virtually unchanged for about eighty years, and millions of KIT KAT products had been sold. The product, and its shape, are very widely recognized by the UK public. The English High Court, however, had (and has long had) doubts as to whether the mere recognition of a shape (even on such a widespread scale) would amount to an acquired distinctiveness. It therefore referred the following question to the CJEU:

[I]n order to establish that a trademark has acquired distinctive character following the use that had been made of it within the meaning of Article 3(3) of the [TM Directive] . . . , is it sufficient for the applicant for registration to prove that at the relevant date a significant proportion of the relevant class of persons recognize the mark and associate it with the applicant’s goods in the sense that, if they were to consider who marketed the goods bearing that mark, they would identify the applicant; or must the applicant prove that a significant proportion of the relevant class of persons rely on the mark (as opposed to any other trademarks which may also be present) as indicating the origin of the goods?\[26\]

The English High Court was keen to distinguish between mere recognition of the shape, on the one hand, and reliance on the shape as an indication of origin, on the other. Findings on the factual background included that the shape was hidden inside the wrapper until after the purchase of the product, and that there was no evidence that the public would rely on the shape subsequently to verify that they had purchased the right product.

The question posed by the English High Court has been quoted verbatim above so that it can be readily contrasted with the CJEU’s reformulation of the question, which was as follows:
The referring court asks, in essence, whether an applicant to register a trademark which has acquired a distinctive character following the use which has been made of it within the meaning of Article 3(3) of [the TM Directive] must prove that the relevant class of persons perceive the goods or services designated exclusively by that mark, as opposed to any other mark which might also be present, as originating from a particular company, or whether it is sufficient for that applicant to prove that a significant proportion of the relevant class of persons recognise that mark and associate it with the applicant’s goods.77 [Emphasis added].

The CJEU went on to hold that the “trademark applicant must prove that the relevant class of persons perceive the goods and services designated exclusively by the mark applied for, as opposed to any other mark which might also be present, as originating from a particular company.”78

The reformulation of the question, and the answer given, are not particularly clear, but do nevertheless eschew the English High Court’s desired analysis of recognition versus reliance. The CJEU’s answer makes no reference to the latter concept. This is striking because it was exactly the question of reliance that had troubled the English courts. It is understood (from the subsequent 2016 ruling of the English High Court when the matter returned to England following the CJEU ruling) that the switch from “recognition” to “perception” likely arose simply through an inadvertent error in translation from English to French for the purposes of the CJEU’s working procedures. It is clear that the CJEU’s reformulation by the CJEU, inadvertent or not, failed to provide either the answer the English court needed in the case in hand or a clear proposition of general utility when assessing acquired distinctive character.

In arriving at its conclusion, the Court of Justice noted that, in situations where (as here) the mark’s acquired distinctiveness is being assessed on the basis of the use that has been made of it in conjunction with other trademarks, “the fundamental condition is that, as a consequence of that use, the sign for which registration as a trademark is sought may serve to identify, in the minds of the relevant class of persons, the goods to which it relates as originating from a particular undertaking . . . .”79

The CJEU concluded that “the trademark applicant must prove that that mark alone, as opposed to any other trademark

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77. Id. ¶ 58.
78. Id. ¶ 67.
79. Id. ¶ 65.
which may also be present, identifies the particular undertaking from which the goods originate.”

In this analysis and conclusion, the CJEU aligned the situation being addressed in the present case—that is, where the mark in question has always been used in situations where other trademarks, more readily identifiable as such, have also been put before the consumer—with the situation where the claimed mark is always used as part of another mark. The CJEU drew directly from reasoning of its judgment in Colloseum Holdings, Case C-12/12,81 (see the 2013 EU Annual Review),82 which addressed the latter situation, and contented itself with delivering broadly the same answer as it had done in that earlier case.

The English High Court’s question in the present case, in its exploration of the distinction between recognition and reliance, had really been addressing a different point. Deciding, however, that sending the question back to the CJEU for another try was unlikely to yield a better outcome, the English High Court decided, when the matter returned to the High Court earlier this year, to interpret the CJEU’s underlying intent as best it could.83 It concluded (easily) that the CJEU had rejected the suggestion that it might be sufficient for the trademark applicant to establish simply that consumers recognize the shape and associate it with the applicant’s goods. With more difficulty, the High Court deduced that the CJEU had essentially endorsed the requirement for reliance, in the sense that the notion of consumers perceiving a shape to be a trademark carries with it the implication that they would rely upon it, as an indication of origin, if presented with the shape in circumstances where they are making a purchase decision. If this is correct, then the CJEU ruling has made it legitimate for the court to consider whether or not consumers would rely upon the shape (or other sign) as denoting the origin of the goods, if the shape (or other sign) were to be used on its own (i.e., without verbal or other marks also being present).

It is not perfectly clear how this could be established through evidence to the satisfaction of an English court.

80. Id. ¶ 66.


13. EU—General Court—Color Marks—Does a difficulty in clearly perceiving or identifying the nature of a graphical feature prevent it from conferring distinctiveness on a mark?

Case T-143/14, EE Ltd v. OHIM, illustrates that the difficulty of registering single color marks is not overcome where the color is augmented merely with a simple geometric pattern.

The case involved the refusal of a CTM application for the mark shown here:

![Image of the mark]

The mark was not described in the application form. In later communications with OHIM, the applicant specified that the mark consisted of “the combination of the specific Pantone color yellow No 012 with white particles in a certain infinite pattern.”

The applicant is a major telecommunications company. The application covered a range of goods and services, including telecommunications services.

The application was refused for all the goods and services in question on the ground that it was devoid of distinctive character under Article 7(1)(b) of the CTM Regulation. An appeal was dismissed by OHIM’s Second Board of Appeal.

On its further appeal before the General Court, the CTM applicant contested the approach taken by the Board of Appeal to assessing the distinctiveness of the mark. The CTM applicant argued that (as in the Voss case, mentioned above) the Board of Appeal had looked individually at component parts of the mark—

the color yellow; the color white; and the pattern—and found each to be non-distinctive, and determined on this basis that the mark lacked distinctiveness overall. It contended that the Board of Appeal had failed to carry out a proper global assessment of its trademark.

The General Court rejected this, holding that an examination of the mark’s individual features, in turn, is not incompatible with the need to carry out a global assessment of the impression that would be conveyed by the mark. The General Court went on to say that the analysis of individual features “is particularly relevant where the characteristics of the individual features are important for the purpose of the global assessment. Where a sign is composed of a number of features, each one of which is considered to be devoid of distinctive character, the distinctive character of the sign as a whole depends on whether the overall impression is greater than the mere sum of its parts. The identification and analysis of the various components is therefore a necessary step in the assessment process.”86 This justification for the methodology used for the assessment of the mark appears to be rather circular.

Turning to an analysis of the impact made by the pattern of white particles that form a feature of the mark, the General Court held that there were several factors that deprived it of distinctive capacity. The feature could appear to be a mere “external component” of the goods or to be purely ornamental.87 Moreover, the feature was so minimal in the overall impression of the mark that it might not be noticed at all.

The Court also noted that, even where the public did notice the patterns of white particles, the pattern was not only “banal and minimal” but also “characterised by a random arrangement of its constituent element,”88 meaning that it was not capable of being easily and instantly committed to memory.

Whether or not the Court was correct to say that the pattern was random, one of the problems that beset the application for the mark in question was certainly that it was difficult to pin down precisely what the public would perceive it to be. In the course of the appeal to the General Court, the CTM applicant had offered a further description of the mark, which differed from the description given earlier to OHIM. In the new description, the applicant claimed that the placement and sizing of the individual white particles created a three-dimensional impression. Rather unfairly (since with the new description the applicant was simply pointing out certain characteristics of the design appearing on the application form that could be apparent to the consumer, not

86. EE Ltd v. OHIM, Case T-144/14 ¶ 34, [2015] ECR II -_____ (GC, Sept. 10, 2015).
87. Id. ¶¶ 39, 40.
88. Id. ¶ 41.
attempting to redefine the trademark), the General Court referred to the difference between the two descriptions of the mark as being an indication of confusion and uncertainty as to what the mark actually represents, and, for this and other reasons, held the mark to be too abstract and imprecise to be effective as an indication of origin.

As in the K-Swiss 5 stripes case noted above, the CTM applicant argued that a particular practice had developed in the particular relevant market sector—here, a practice among telecommunication providers of using color marks—which had educated consumers that the use of a particular color would signify the involvement of a particular service provider. As in the K-Swiss 5 stripes case, the argument failed. 89 The General Court held that the examples cited by the CTM applicant “simply refer to undertakings which use colors as backgrounds on their internet sites, which confirms the Board of Appeal’s reasoning that colors are widely used for promotional and advertising purposes. It does not follow that the mere use of certain colors may communicate information as to the undertaking offering the goods or services.” 90 Moreover, said the General Court (offering another refrain frequently heard in cases of this kind), all of the examples given by the CTM applicant had shown the color used in the company of another element—a word or logo.

The appeal was dismissed.

14. EU—Germany—German Federal Supreme Court—What level of acquired distinctiveness is necessary to establish the validity of the registration of a simple color mark for consumer products?

In its ruling of July 7, 2015, in the NIVEA Blau case, Case No. I ZB 65/13, 91 the German Bundesgerichtshof (Federal Supreme Court) provided new guidance to the German Federal Patent Court relating to the distinctiveness of color marks.

The case concerned an application for the cancellation of German national registration of an abstract color trademark blue, as used for NIVEA brand personal care products.

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In 2007, the trademark owner had filed an action for injunctive relief against an infringer, whereupon the defendant filed a cancellation action with the German Patent and Trademark Office (GPTO) against the trademark registration relied on—this being a single color trademark, namely, the color blue (Pantone 280 C) in Class 3 for “means of body and beauty care, namely skin and body care products.” The defendant had claimed that the requirements of acquired distinctiveness, on the basis of which the trademark had been registered, had not been met.

The GPTO had cancelled the trademark as requested and the German Federal Patent Court confirmed that decision upon appeal on March 19, 2013. Upon appeal on point of law, the German Federal Supreme Court, in its 2015 decision, has now repealed the German Federal Patent Court’s decision and referred the matter back for a new decision by the German Federal Patent Court.

A trademark is to be cancelled if it was registered contrary to Article 3(1)(b) of the TM Directive (lack of distinctive character) or Article 3(1)(c) of the TM Directive (descriptiveness) and if the obstacle to registration is still existing at the time of the decision on the application for cancellation.

In its decision that was the subject of the review by the German Federal Supreme Court, the German Federal Patent Court had held not only that the color blue belonged to the public domain, that the mark lacked intrinsic distinctive character and that it was descriptive, but also that the trademark owner had not established that the mark had acquired distinctive character through the use which had been made of it.

In the first place, the Federal Patent Court did not consider that the specific color blue had been used as a trademark. The trademark owner, in fact, used many different shades of blue for different products. The color blue as registered had at that time only been used with three products of the then-current product range, whereas most of the products were packaged in a light blue color. This did not, in the view of the Federal Patent Court, allow consumers to become accustomed to a certain distinct color.92

Additionally, the Federal Patent Court did not consider that the color blue had an independent trademark character of its own,

since, in the Court’s view, it served only as decorative background for its well-known trademark NIVEA.

The Federal Patent Court had also gone on to observe that the trademark owner used the color blue only in connection with another color, white. It held that that the evidence submitted by the trademark owner (several beauty and skin care products in blue packages) would, at best, suggest that distinctiveness had been acquired for the color blue in combination with the word mark NIVEA and not of the single abstract color blue.93

Last, but not least, the German Federal Patent Court had noted that the color blue belongs to the range of basic colors and is not uncommon in the relevant market.

In the opinion of the German Federal Patent Court, these facts had not been overcome by a survey indicating that 55% of the relevant public considered that this color had acquired distinctive character. Arguably, this was not enough. In view of its findings, as noted above, the Court held that a degree of brand awareness of at least 75% was necessary since (summarizing all of the foregoing) the color blue is a simple basic color, which is often used in this market for decorative purposes, which has descriptive character, which is never used by the trademark owner “alone” but always in connection with the color white, and which is not always used in an identical shade that would dominate the packaging of all products.94 The trademark owner appealed to the German Federal Supreme Court.

When reviewing the case, the German Federal Supreme Court confirmed, first of all, the Federal Patent Court’s view that the trademark lacked intrinsic distinctive character. Referring to a long list of leading cases,95 the Court pointed out that, in general, a “generous” standard had to be applied in evaluating the distinctiveness of a trademark. These principles would also apply in case of trademarks reflecting a color per se. Nevertheless, it also had to be taken into account that the color of a product, its shape, or its form or packaging would not generally be viewed as a reference to the origin of the product but rather as a decorative element.96 In addition, it had to be born in mind that the public interest required that, in general, colors had to be freely available for other branches of industry too.97


95. For example, Case No. I ZR 2284/12, GRUR 581 (2015) (German Federal Supreme Court, Sept. 18, 2014) (YELLOW).


97. Id.
The German Federal Supreme Court held that the Federal Patent Court’s considerations in this respect had been properly applied. Many different colors would be used on products of skin and body care products, and few manufacturers would use, for the purposes of developing their product packaging, a uniform color presentation. The Federal Patent Court had also been correct in concluding that the trademark was descriptive. As to that, the German Federal Patent Court had determined that various manufacturers would use dark blue colors the same as or similar to the one claimed by the owner of the trademark as a reference to skin and body care products for men. Because of that, as the German Federal Supreme Court pointed out, there was a general interest in keeping the color free from trademark protection in order not unreasonably to limit the freedom of competitors on the same market.

Contrary to the Federal Patent Court’s conclusion, however, the German Federal Supreme Court felt that the Patent Court had erroneously denied that the obstacles to registration had not been overcome by the arguments and evidence under Article 3(3) of the TM Directive—that is, that the color blue, Pantone 280 C, had developed secondary meaning.

In order to develop the necessary acquired distinctiveness (secondary meaning) it was necessary—as the German Federal Supreme Court summarized the legal principles—that the color is used as a trademark and not only in a descriptive manner. A conclusion that a product or service would be recognized as originating with a particular company must be based on the use of the color as a trademark.\textsuperscript{98} This is rarely the case where a specific color is used in promotion, on the product or its packaging since, in many product or service areas, public would see a color primarily as a decorative element rather than a reference to the origin of the product or service.\textsuperscript{99} There is, however, an exception to this rule if public, because of branding habits in the particular area, has become accustomed to use of colors as means of reference.

These principles had, as the German Federal Supreme Court emphasized, not been properly applied by the Federal Patent Court. The requirement that at least 75% market recognition would be required to overcome the descriptiveness and descriptiveness objections was erroneous.

First, the German Supreme Court stated that only recently the CJEU and the German Federal Supreme Court had pointed out that the a requirement of a market recognition of at least 75%

\textsuperscript{98} Case No. I ZR 78/14, GRUR ____ (German Federal Supreme Court, Sept. 23, 2015) (SPARKASSEN ROT).

\textsuperscript{99} Case No. I ZR 2284/12, GRUR 581 (2015) (German Federal Supreme Court, Sept. 18, 2014) (YELLOW).
was, in general, not justified to permit registration as a trademark of a color per se. Second, the German Federal Supreme Court could see no considerations that would justify a decision to the contrary effect in the present case. The use as a trademark of a color per se does not necessarily require its use in isolation. The trademark may, rather, develop distinctiveness by use as part of a complex presentation or in connection with other trademarks. While it is true that a color may be pushed back to the background by virtue of other, more conventional indicators of trade origin, this could hardly be the case with the NIVEA blue given the brand awareness of more than 55%. This conclusion was also supported by the fact that the owner of the trademark had used the color blue for its “Nivea Crème” product for more than 80 years.

The German Federal Supreme Court considered that a brand penetration of more than 55% was sufficient in the given case. The Court pointed out that, in the case of three-dimensional trademarks, it had ruled that, in general, a brand awareness of more than 50% would be sufficient. This principle can also be applied in case of color trademarks per se. The situation is comparable since, frequently, three-dimensional form and color are primarily seen as decorative elements and not as trademarks. Also, trademark law does not distinguish between various categories of trademarks, thus making it necessary to apply the same standards. Accordingly, it rejected the opinion of the German Federal Patent Court that a market recognition of 55% was not sufficient to support a finding of acquired distinctiveness. The matter was therefore referred back to the German Federal Patent Court.

The Supreme Court pointed out that, in re-deciding the case, the Patent Court had to consider the following: Contrary to the view taken by the Patent Court, the skin and body care products market is not a specific one permitting to look at the possible products at large. There are products for hair, skin, and teeth; cosmetics; there are deodorants, soaps, after-shaves, products for the shower, etc. A new survey was required that would specify the products covered by the registration. It is necessary, in order not to interfere with public interest in the free use of colors, that the results of the survey should justify the conclusion that the mark had acquired distinctiveness in respect of each of the products claimed. Also, as a second point, the Supreme Court asked the

100. Case No. I ZR 78/14, GRUR ____ (German Federal Supreme Court, Sept. 23, 2015) (SPARKASSEN-ROT); Case No. I ZR 2284/12, GRUR 581 (2015) (German Federal Supreme Court, Sept. 18, 2014) (YELLOW).


German Federal Patent Court to conduct the survey using only the isolated color blue without using the combination blue/white in order to obtain a reliable picture of the brand penetration of the color blue Pantone 280 C.

15. EU—General Court—Absolute Grounds—Interface with Certification and Collective Marks—Can the public’s perception of a mark as fulfilling the role of a certification mark be relied on to overcome an objection to its registration as a regular trademark on descriptiveness grounds?

Republic of Cyprus v. OHIM (joined Cases T-292/14 and T-293/14)\(^{103}\) is a rarity for two reasons. The first is that the trademark applicant is the government of a Member State of the European Union. The second is that the case exposes a certain disarray in the EU relating to certification marks and so-called collective marks.

The trademark applications giving rise to the cases were both for regular Community trademarks. Both were filed in Class 29 for cheese, milk, and milk products. One was for HALLOUMI; the other for its Greek alphabet equivalent XΑΛΛΟΥΜΙ. The applicant was the Republic of Cyprus.

The applications were refused by OHIM and its Fourth Board of Appeal, on grounds of descriptiveness under Article 7(1)(c) and lack of distinctiveness under Article 7(1)(b). Despite some very creative arguments, the applicant’s submissions to the General Court also failed.

Both HALLOUMI and its equivalent XΑΛΛΟΥΜΙ refer to a specialty cheese from Cyprus. The General Court upheld the findings of the Board of Appeal that both terms would directly describe, at least to the Cypriot public, the kind and the geographical origin of the cheese, milk, and milk products specified in the application. This much, the court held, had been confirmed by the applicant’s own pleadings.

The applicant nevertheless contested the finding that its marks should be refused on descriptiveness grounds. It chose not to do so on the basis of evidence that the marks had acquired a distinctive character through use, but instead on the basis of the special status that they had achieved in other respects.

The position was as follows: at national level, in Cyprus, the marks had both been registered as certification marks since 1992. The applicant submitted that Cypriot consumers had come to perceive each of them as a certification mark guaranteeing the producers’ compliance with a particular set of legal requirements.

At the level of the EU as a whole, however, there was no equivalent certification mark registration since (until recently—the position has now changed as a result of the 2015 Amending Regulation, which has introduced new provisions for a so-called EU Certification Mark in Title VIII, Section 2, of the amended CTM Regulation) there was no possibility of registering a Community certification mark.

However, although it had not previously offered a pan-EU certification mark scheme, the EU did already offer another regime for protecting so-called collective marks on an EU-wide basis. HALLOUMI had been registered as a Community collective mark. The notion of a “collective” mark is that it serves to distinguish the products of the members of a certain association from products emanating from entities that are not members of the association.

The position was therefore unsatisfactory. At the time of the applications to register the two names as regular CTMs, the names were already being presented via the registration systems in two other guises; first, as an indication that the products were certified to meet certain standards; and, secondly, as an indication that the products came from the members of a particular association.

Turning now to consider some of the applicant’s appeal grounds, the General Court was quite clear that the HALLOUMI marks had not been rejected for registration as (regular) trademarks purely because they were, in fact, certification marks. The court noted the Board of Appeal’s explanation that “since the [CTM Regulation] does not provide for the registration of certification marks, such marks have to be filed as individual trademarks . . .”. 104 No in-principle objection had, in fact, been taken to the marks as on this basis—OHIM having apparently taken the pragmatic view that, if no EU-wide certification mark regime was being offered, it would have been churlish to refuse registration to certification mark owners seeking refuge in the regular trademark system.

However, even if no in-principle objection was taken to them merely because the names were used as certification marks, the marks could nevertheless not be registered if they fell foul of the regular “absolute” grounds for refusal of a CTM, including descriptiveness. The applicant had itself acknowledged that the marks described the kind and origin of the goods. The General Court rejected the applicant’s argument that the marks’ use as certification marks had developed the public’s perception of the marks in such a way that their character could no longer be considered to be purely descriptive. The General Court noted that even if some members of the public might now (because of their

104. Id. ¶ 9.
use in the certification scheme) perceive the marks as a guarantee of compliance with certain legal standards, the fact that the legal standards in question were linked to the geographical origin of the product, its nature, and its characteristics, meant that the marks would retain their descriptive connotations even for those consumers. And for those consumers who did not appreciate that the names supported a certification scheme, the marks were obviously descriptive anyhow.

A further aspect of the argument worthy of comment concerns the “need to keep free,” a concept introduced into EU trademark law in Windsurfing Chiemsee (Cases C-108/97 and C-109/97). The concept refers to the public interest in keeping descriptive terms free for third-party use. According to the applicant in the present case, this public interest factor was the touchstone of the Article 7(1)(c) basis for refusal of the marks on grounds of descriptiveness. The applicant argued that the Board of Appeal should have considered whether or not, on the particular facts, there was a “need to keep free” in the case of HALLOUMI and ΧΑΛΛΟΥΜΙ, given their special status. As the Court noted:

The applicant therefore considers that the Board of Appeal ought to have asked itself whether it was reasonable to assume that third parties would wish to use the marks in future. The applicant observes that the only reason why traders would wish to use the marks applied for without complying with the standards imposed by the certification marks would be to deceive the public. According to the applicant, there is therefore no public interest in traders being able to misdescribe their goods. By contrast, there is a very strong public interest in the protection of certification marks.

The applicant thus maintained that, on a proper assessment, there was no public policy reason for keeping these particular marks applied for off the (regular) CTM trademark register, and hence no rationale for refusing them on descriptiveness grounds.

Rejecting this argument, the General Court characterized the public interest in keeping descriptive marks free for third parties to use as being “pre-established and presumed”. It went on to say that, “[i]t follows that, where the mark applied for is descriptive, it is sufficient for the Board of Appeal to make the finding of that descriptive character without, however, having to examine the question whether, notwithstanding its descriptive character, there

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is in fact a public interest in keeping the mark applied for free for third parties to use. . . . In that context, it is also worth recalling that the application of Article 7(1)(c) of [the CTM Regulation] does not depend on the existence of a real, current or serious need to leave a sign free. 107

The problems in this case stem from the fact that those wishing to enlarge the certification mark protection that they can (sometimes) obtain at national level within the EU have not been able to obtain a single cross-border protection of the same kind throughout the EU. They have therefore had to “shoehorn” their claims to protection into the Community regimes for individual trademarks or collective marks. The ruling gives some degree of comfort to those who have successfully achieved Community trademark protection for what might more properly be regarded as certification marks, but it confirms that the public awareness of a mark as fulfilling a certification mark function does not in itself provide a way around descriptiveness objections. It may, in fact, be more liable to cement them.

The inherent problems will be eased when certification marks are introduced into the Community trademark system under the Amended CTM Regulation. However, it should be noted that the Amended CTM Regulation provides that EU Certification Marks (as they will be called) will not be available to protect marks that certify the geographical origin of products.

IV. RELATIVE GROUNDS FOR REFUSAL OF REGISTRATION—CONFLICT WITH EARLIER RIGHTS

A. Introductory Comments

This Part IV relates to claims that a trademark should be refused registration, or that the registration should be declared invalid, on the basis of its conflict with an “earlier right.” The earlier right is most commonly an earlier registered trademark or trademark application, but there is also the possibility of challenge based on various kinds of unregistered rights.

So far as concerns conflict with earlier registered trademarks or trademark applications, there are three bases on which the application may be refused (or, if already registered, declared to be invalid):

(a) where the mark applied for is identical to the earlier mark, and the goods for which the applicant seeks to register it are identical to those for which the earlier mark is protected. The rules on “double-identity” cases of this kind

107. Id. ¶ 55.
are contained in Article 8(1)(a) of the CTM Regulation and Article 4(1)(a) of the TM Directive;

(b) where the mark applied for is identical or similar to the earlier mark, the goods for which the applicant seeks to register it are identical or similar to those for which the earlier mark is protected, and there is as a result a likelihood of confusion. This is, naturally, where most of the case law arises. The provisions on this are set out in Article 8(1)(b) of the CTM Regulation and Article 4(1)(b) of the TM Directive; and

(c) where the use of the mark applied for would offend either or both of the EU law principles of what may (for convenience) be called trademark dilution and unfair advantage.

The rules on dilution and unfair advantage apply only in situations in which the earlier mark has a reputation in the EU, or in the relevant part of the EU. Claims of this type may be brought irrespective of whether or not the application being contested covers goods or services similar to those for which the earlier mark is protected or has acquired its reputation. A certain similarity between the marks is still a requirement, although it need not be of a degree likely to result in confusion. The basis for such claims is that the use of the junior mark would take unfair advantage of, or be detrimental to, the distinctive character or the reputation of the senior mark.

The dilution and unfair advantage rules relating to Community trademarks are found in Article 8(5) of the CTM Regulation. The corresponding rule relating to applications proceeding before the national trademark authorities of the EU Member States (which presents it as an optional ground of refusal) is set out in Article 4(4)(a) of the TM Directive.

There is a wide range of possibilities for challenges to trademark applications (or, by way of cancellation action, to registered marks) based on other types of earlier rights. These include claims based on unregistered trademarks, copyright, and protected geographical indications. Relevant provisions are found in Articles 8(4) and Article 53(2) of the CTM Regulation and Article 4(4) of the TM Directive.

Almost all the cases in this Section are from the General Court and CJEU, and they deal in the main with CTM oppositions. The cases, which follow the Legal Texts below, are set out in the following order: the first twelve cases dealt with claims under Article 8(1)(b) of the CTM Regulation (Article 4(1)(b) of the TM Directive)—starting with cases that focus on the similarity of the marks, and then moving on to look at cases that examine the similarity of goods or services; the five cases after that deal with
trademark-based claims under Article 8(5) of the CTM Regulation; and the last two cases deal with challenges based on other types of earlier rights—protected geographical indications and copyright, respectively.

Among the cases are a General Court decision featuring an attempt to defend an opposition based on the acquired distinctive character of the junior mark (Sky v. Skype),\footnote{Skype Ultd v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervening before the General Court, being Sky plc and Sky IP International Ltd) T-184/13, [2015] ECR II -_____ (GC, May 5, 2015) (SKYPE).} a CJEU ruling on “family of marks” (SÔ:UNIC),\footnote{Debonair Trading Internacional Lda v. OHIM, Case C-270/14P, [2015] ECR I -_____ (CJEU, Oct. 15, 2015) (SÔ: UNIC).} and a General Court ruling exploring the application of Article 8(5) of the CTM Regulation to an opposition based on a Community collective mark (DARJEELING).\footnote{The Tea Board v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Delta Lingerie), Case T-627/13, [2015] ECR II-_____ (GC, Oct. 2, 2015) (DARJEELING).}

B. Legal Texts

Article 8 of the CTM Regulation

1. Upon opposition by the proprietor of an earlier trademark, the trademark applied for shall not be registered:
   (a) if it is identical with the earlier trademark and the goods and services for which registration is applied for are identical with the goods or services for which the earlier trademark is protected;
   (b) if because of its identity with, or similarity to, the earlier trademark and the identity or similarity of the goods or services covered by the trademarks there exists a likelihood of confusion on the part of the public in the territory in which the earlier trademark is protected; the likelihood of confusion includes the likelihood of association with the earlier trademark.

2. For the purposes of paragraph 1, “earlier trademarks” means:
   (a) trademarks of the following kinds with a date of application for registration which is earlier than the date of application for registration of the Community trademark, taking account, where appropriate, of the priorities claimed in respect of those trademarks:
      (i) Community trademarks;
(ii) trademarks registered in a Member State, or, in the case of Belgium, the Netherlands or Luxembourg, at the Benelux Office for Intellectual Property;

(iii) trademarks registered under international arrangements which have effect in a Member State;

(iv) trademarks registered under international arrangements which have effect in the Community;

(b) applications for the trademarks referred to in subparagraph (a), subject to their registration;

(c) trademarks which, on the date of application for registration of the Community trademark, or, where appropriate, of the priority claimed in respect of the application for registration of the Community trademark, are well known in a Member State, in the sense in which the words “well known” are used in Article 6bis of the Paris Convention.

3. Upon opposition by the proprietor of the trademark, a trademark shall not be registered where an agent or representative of the proprietor of the trademark applies for registration therefor in his own name without the proprietor's consent, unless the agent or representative justifies his action.

4. Upon opposition by the proprietor of a non-registered trademark or of another sign used in the course of trade of more than mere local significance, the trademark applied for shall not be registered where and to the extent that, pursuant to the Community legislation or the law of the Member State governing that sign:

(a) rights to that sign were acquired prior to the date of application for registration of the Community trademark, or the date of the priority claimed for the application for registration of the Community trademark;

(b) that sign confers on its proprietor the right to prohibit the use of a subsequent trademark.

5. Furthermore, upon opposition by the proprietor of an earlier trademark . . . the trademark applied for shall not be registered where it is identical with, or similar to, the earlier trademark and is to be registered for goods or services [which are not similar to those for which the earlier trademark is registered], where, in the case of an earlier Community trademark, the trademark has a
reputation in the Community and, in the case of an earlier national trademark, the trademark has a reputation in the Member State concerned and where the use without due cause of the trademark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trademark.

[Note: The italicized wording appearing above in square brackets should, effectively, be ignored, as a result of CJEU case law. In other words, the rule applies whether or not the goods and services in question are similar, and also applies where the goods and services are identical.]

Article 53 of the CTM Regulation

1. A Community trademark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:
   (a) where there is an earlier trademark as referred to in Article 8(2) and the conditions set out in paragraph 1 or paragraph 5 of that Article are fulfilled;
   (b) where there is a trademark as referred to in Article 8(3) and the conditions set out in that paragraph are fulfilled;
   (c) where there is an earlier right as referred to in Article 8(4) and the conditions set out in that paragraph are fulfilled.

2. A Community trademark shall also be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings where the use of such trademark may be prohibited pursuant to another earlier right under the Community legislation or national law governing its protection, and in particular:
   (a) a right to a name;
   (b) a right of personal portrayal;
   (c) a copyright;
   (d) an industrial property right.

[Note: Articles 53(3) and 53(4) have been omitted.]

Article 4 of the TM Directive

1. A trademark shall not be registered or, if registered, shall be liable to be declared invalid:
   (a) if it is identical with the earlier trademark, and the goods or services for which registration is applied for or
is registered are identical with the goods or services for which the earlier trademark is protected;

(b) if because of its identity with, or similarity to, the earlier trademark and the identity or similarity of the goods or services covered by the trademarks, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association with the earlier trademark.

2. “Earlier trademarks” within the meaning of paragraph 1 means:

(a) trademarks of the following kinds with a date of application for registration which is earlier than the date of application for registration of the trademark, taking account, where appropriate, of the priorities claimed in respect of those trademarks;
   (i) Community trademarks;
   (ii) trademarks registered in the Member State or, in the case of Belgium, Luxembourg or the Netherlands, at the Benelux Office for Intellectual Property;
   (iii) trademarks registered under international arrangements which have effect in the Member State;

(b) Community trademarks which validly claim seniority, in accordance with [the CTM Regulation] from a trademark referred to in (a)(ii) and (iii), even when the latter trademark has been surrendered or allowed to lapse;

(c) applications for the trademarks referred to in points (a) and (b), subject to their registration;

(d) trademarks which, on the date of application for registration of the trademark, or, where appropriate, of the priority claimed in respect of the application for registration of the trademark, are well known in a Member State, in the sense in which the words “well known” are used in Article 6bis of the Paris Convention.

3. A trademark shall furthermore not be registered or, if registered, shall be liable to be declared invalid if it is identical with, or similar to, an earlier Community trademark within the meaning of paragraph 2 and is to be, or has been, registered for goods or services [which are not similar to those for which the earlier Community trademark is registered], where the earlier Community trademark has a reputation in the Community and where the use of the later trademark without due cause would
take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier Community trademark.

4. Any Member State may, in addition, provide that a trademark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:

(a) The trademark is identical with, or similar to, an earlier national trademark within the meaning of paragraph 2 and is to be, or has been, registered for goods or services [which are not similar to those for which the earlier trademark is registered], where the earlier trademark has a reputation in the Member State concerned and where the use of the later trademark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trademark;

(b) rights to a non-registered trademark or to another sign used in the course of trade were acquired prior to the date of application for registration of subsequent trademark, or the date of the priority claimed for the application for registration of the subsequent trademark, and that non-registered trademark or other sign confers on its proprietor the right to prohibit the use of a subsequent trademark;

(c) the use of the trademark may be prohibited by virtue of an earlier right other than the rights referred to in paragraph 2 and point (b) of this paragraph and in particular:

(i) a right to a name;

(ii) a right of personal portrayal;

(iii) a copyright;

(iv) an industrial property right;

(d) the trademark is identical with, or similar to, an earlier collective trademark conferring a right which expired within a period of a maximum of three years preceding application;

(e) the trademark is identical with, or similar to, an earlier guarantee or certification mark conferring a right which expired within a period preceding application the length of which is fixed by the Member State;

(f) the trademark is identical with, or similar to, an earlier trademark which was registered for identical or similar goods or services and conferred on them a right which has expired for failure to renew within a period of a
maximum of two years preceding application, unless the proprietor of the earlier trademark gave his agreement for the registration of the later mark or did not use his trademark;

(g) the trademark is liable to be confused with a mark which was in use abroad on the filing date of the application and which is still in use there, provided that at the date of the application the applicant was acting in bad faith.

5. The Member States may permit that in appropriate circumstances registration need not be refused or the trademark need not be declared invalid where the proprietor of the earlier trademark or other earlier right consents to the registration of the later trademark.

6. Any Member State may provide that, by derogation from paragraphs 1 to 5, the grounds for refusal of registration or invalidity in force in that State prior to the date of the entry into force of the provisions necessary to comply with the [TM Directive], shall apply to trademarks for which application has been made prior to that date.

[Note: Again, by virtue of CJEU case law, the italicized wording appearing above in square brackets is effectively to be ignored. In other words the rule applies whether or not the goods and services in question are similar, including situations where the goods and services are identical.]

C. Cases

1. EU—General Court—Assessment of Similarity Between Marks—What importance attaches to a finding that a certain element of a mark is “dominant” within the mark, and how does “dominance” relate to distinctiveness?

The General Court’s decision in CEDC International sp. z o.o. v. OHIM (Case T-450/13) resulted in the annulment of a decision that turned on an assessment of the relative importance of verbal and visual features in the marks concerned.111

The case involved two Polish vodka companies, and an opposition to a CTM application for the mark shown here, which had been filed by the intervener:

111. CEDC International sp. z o.o. v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Fabryka Wódek Polmos Łańcut SA), Case T-450/13, [2015] ECR II-_____ (GC, Nov. 12, 2015).
The opponent—which, in the present case before the General Court, was appealing an adverse decision of OHIM’s Forth Board of Appeal—owned and relied on several earlier registered trademarks, including a Polish national trademark registration for the mark shown here:

This earlier mark is registered for “alcoholic beverages” in Class 33. The mark being applied for was also in Class 33, for “vodka.” The respective marks therefore covered identical goods.

The main question—one of several before the General Court—was whether or not the marks were similar overall. The Board of Appeal had found that they were not, owing, largely, to the differences in their verbal elements.  

The General Court looked first at the relative weight to be attributed to the different elements of the mark being applied for. Contrary to the Board of Appeal’s findings, it held that the prominent verbal feature “WISENT” in the mark applied for was not its dominant element. On the contrary, the depiction of a bovine animal on the label of the bottle (intended to be a bison) could not be considered to be negligible in the overall impression created by the mark. The image occupied a space comparable to that of the word “WISENT” and “as a result of the rearing position of the animal above that element and its intense green color, the figurative element gives an impression of predominance.” 113

Turning from the question of dominance to the question of distinctiveness, the General Court also disagreed with the Board of Appeal’s finding that the word “WISENT” was the most distinctive element of the applied-for mark. Although there was a “rule of general experience” that verbal elements would be considered more distinctive than graphical elements in a composite mark, this is not a rule of invariable application. 114 Having regard to the characteristics of the figurative element, it could in certain circumstances be considered to have a distinctiveness equal to or greater than that of the word element.

In the present case, the General Court held the bison device to have distinctiveness equal to that of the word “WISENT.” The Court reached that conclusion by citing the same features that it had noted in relation to the question of dominance, mentioned above, and without offering any further analysis. Also without analysis, the General Court reached the same conclusion about the coat of arms that appears on the back of the bottle. The General Court apparently held the coat of arms to be as distinctive as the name of the vodka, WISENT, merely because the image is large in size and occupies a central location on part of the bottle.

Having reached these conclusions about the relative weighting to be given to the bison device, as against other features of the mark applied for—the General Court went on to hold that the mark as a whole was similar overall (albeit to a low degree) to the earlier Polish mark. The similarity was found to exist in visual and conceptual terms. Although also supported by similarities in “secondary” elements (such as the thin diagonal line featured in both marks, which would, in practice, be a blade of “bison grass” floating inside the bottle) the finding of similarity was driven by the fact that both bottle labels feature a bison.

113. CEDC International sp. z o.o., v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Fabryka Wódek Polmos Łańcut SA, Case T-450/13 ¶ 77, [2015] ECR II-____. (GC, Nov. 12, 2015).
114. Id. ¶ 82.
Although holding the degree of visual similarity to be weak in view of the different colors and style in which the two labels respectively represented the bison—one being stylized and dynamic, in a rearing position and colored green, and the other represented in a static, naturalistic form, against a background of trees—the General Court characterized the position in these terms: that both bottles had front labels bearing a “representation of a bison viewed in profile and looking to the left on a bottle traversed by a vertical or diagonal line...”115 This gave the impression of a (low degree of) visual similarity that neither the different verbal elements nor the difference in other distinctive graphical features could dispel.

The General Court reached a similar conclusion regarding conceptual similarity. Both marks contained images that evoked the concept of “bison.” The fact that they also contained different verbal elements did not change the position. For the Polish consumer, the term “źubrówka” on one of the labels would also invoke the concept of bison, since “źubra” means “bison” in Polish. The Polish consumer would not attach any meaning to the term “WISENT” on the other bottle, since the term is meaningless in Polish. The fact that the average consumer would not recognize “wisent” could not “neutralise the sematic concordance” between the marks as a result of their figurative elements.116

The General Court concluded that, in view of the fact that the marks had a low degree of visual similarity and a certain degree of conceptual similarity, they were to be regarded as similar overall. It therefore annulled the Board of Appeal’s decision and referred the case back for an analysis as to whether or not there was a likelihood of confusion.

2. Austria—Austrian Supreme Court—Relative Grounds—Similarity of Marks—Can a specific conceptual difference between two marks counteract a clear visual and phonetic similarity?

On March 24, 2015, the Austrian Supreme Court (OGH) handed down its judgment in Case 4 Ob228/14d (ARTIST/ARKTIS)."117 The key issue in the case was the assessment of similarity between the two marks. The junior mark, ARKTIS, was the subject of an application for registration of an Austrian national trademark in Class 5 for herbicides. The application was opposed by the owners of the older trademark

115. Id. ¶ 115.
116. Id. ¶ 128.
ARTIST, also registered in (among other classes) Class 5 for herbicides.

The Austrian Patent Office rejected the opposition. That decision was overruled by the second instance tribunal, which held that the difference in the meaning of the marks (“Arktis” meaning “Artic” in German) could not neutralize the clear visual and phonetic similarities between them.

When the case became before the Austrian Supreme Court, the second instance decision was annulled as being in conflict with the case law of both the Austrian Supreme Court and the CJEU. In its grounds for decision, the Austrian Supreme Court summarized the principles to be applied in assessing whether or not two trademarks are to be considered similar, observing that the overall impression is the decisive factor. It noted that, in principle, similarity between word marks could be established by reference to visual, oral, or conceptual aspects, but that a difference in the meaning of the marks could override any visual and oral similarities, and may exclude the risk of confusion.

The Austrian Supreme Court considered this approach to be in line with CJEU case law, according to which a difference in meaning can neutralize oral and visual similarities where at least one of the conflicting trademarks has, for the relevant consumer, a clear and specific meaning that differentiates it from the other mark. Here both ARTIST and ARKTIS have clear, specific and distinct meanings of their own that would be apparent to the average consumer.

3. EU—General Court—Similarity of Marks—Conceptual Similarity—How is the conceptual similarity of two marks assessed when they are in different languages, one being Latin?

The General Court case BSH Bosch und Siemens Hausgeräte GmbH v. OHIM (Case T-123/14) illustrates the complexity of the test for conceptual similarity.

The intervener had applied to register the word mark AQUAPERFECT as a CTM in Class 7. The application was opposed on the basis of an earlier CTM for the word mark WATERPERFECT, also registered (inter alia) in Class 7. The goods covered by the application mark were in some cases identical, and in some cases similar, to the goods of the earlier mark.

OHIM’s Board of Appeal had determined there to be no likelihood of confusion between the marks, owing in part to a

118. BSH Bosch und Siemens Hausgeräte GmbH v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Arçelik A.Ş.), Case T-123/14, [2015] ECR II-_____ (GC, Jan. 28, 2015) (AQUAPERFECT).
finding that the marks had only a low degree of similarity in aural and visual terms, and none at all in conceptual terms. The General Court annulled that decision, holding that the aural and visual similarities had been assessed at too low a level and that there was some similarity in conceptual terms.

The issue in relation to conceptual similarity, of course, whether the correspondence of “AQUA” (in Latin) and “WATER” in English would be picked up by the relevant public.

The General Court cited case law (judgment of November 28, 2013, in Vitaminaqua v. OHIM, Case T-410/12),\footnote{Vitaminaqua v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Energy Brands Inc.), Case T-410/12, [2013] ECR II-____ (GC, Nov. 28, 2013) (VITAMINAQUA). (EU:T:2013:615.)} to the effect that the European consumer may be assumed to know that aqua is Latin for “water,” and noted also that the term also approximates closely to água (in Portuguese), agua (in Spanish) and acqua (in Italian). As for “water,” the General Court held this to be part of “the basic vocabulary of the English language.”\footnote{BSH Bosch und Siemens Hausgeräte GmbH v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Arçelik A.Ş.), Case T-123/14 ¶ 35, [2015] ECR II-____ (GC, Jan. 28, 2015) (AQUAPERFECT).} The Court went on to hold (again citing Vitaminaqua) that the term “water” would be understood by a large part of the general EU public, even those who are non-English speaking, who have a sufficient knowledge of the English language. For example, the average French consumer would understand what “water” means, even though the French term is very different.

The Court noted the established convention that a linguistic difference between the marks is not automatically sufficient to rule out conceptual similarity between them. If the relevant public is forced to make a translation because of the difference, then this might prevent the making of an immediate conceptual comparison between the marks, but this depends on various factors, including the connection between the languages. Here, the General Court felt that the consumer would immediately notice the conceptual correspondence.
4. EU—General Court—Acquired distinctiveness of later mark—Can an opposition be defended on the basis that the acquired recognition of the junior mark prior to the application date is such that confusion is unlikely?

In *Skype Ultd v. OHIM* (Case T-184/13), the General Court had to deal with a CTM opposition concerning two marks, both of which are well-known to the general public in, at least, the United Kingdom.

The marks concerned are SKY—which is the brand of the UK’s leading supplier of digital television, and is used also for telephony, broadband, and Internet services—and SKYPE, the Internet communications provider. SKY was protected by a CTM dating from a filing made in 2003. SKYPE was the subject of the contested later CTM application, dating from a filing in 2005. Both marks were filed in Classes 9, 38, and 42, including for certain telecommunications services in Class 38. The rival specifications were considered to cover identical goods and services. Among defenses run by the SKYPE applicant were that the SKYPE mark had, prior to filing, acquired its own secondary meaning, which enabled it to be distinguished from SKY, and that the marks had been the subject of peaceful co-existence. All the defenses were rejected.

The General Court upheld the Board of Appeal’s findings that the marks had a similarity of a medium degree, including in conceptual terms. The finding of a conceptual similarity was based on the notion that the consumer might recognize the word “SKY” within “SKYPE.” The General Court rejected the argument that this would be precluded by the fact that the residual element “-PE” has no meaning.

As regards co-existence, the General Court noted that “according to the case-law, the possibility cannot be entirely excluded that, in certain cases, the coexistence of earlier marks on the market could reduce the likelihood of confusion which the Opposition Division and the Board of Appeal find exists as between two marks at issue.” However, this is always an extraordinarily difficult defense to make out in OHIM proceedings, and in the present case the argument was quickly dismissed: the General Court noted that the claimed co-existence had concerned only one “isolated and highly specific service among a long list of goods and services covered by the marks at issue” (namely, peer-to-

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122. *Id.* ¶ 60.
peer communication services), and that it had continued, prior to the filing of the SKYPE application, for only 22 months. Even though the launch might have been successful and highly publicized, “a period of coexistence of 22 months, concerning an activity that was not part of the intervener’s 'core business', was manifestly insufficient for assuming that the coexistence was based on the absence of a likelihood of confusion in the mind of the relevant public, a criterion which the applicant must show to exist.”

On the issue of the secondary meaning claimed to have been achieved for the SKYPE mark, the General Court seemed to struggle with the concept of precisely what was being claimed and how this could assist the SKYPE argument. However, it went on, in any event, to dismiss the relevance of the argument as a matter of principle, holding it to be the recognition of the relevant public of the earlier mark and not that of the mark applied for that must be taken into account when determining whether or not there is a likelihood of confusion between the two marks (see Case C-498/07 P). In other words, although an opponent may profitably cite the acquired distinctive character of his earlier mark as a means of strengthening its case on likelihood of confusion, since this must be taken into account, the defendant cannot expect to gain anything by attempting to show that the acquired distinctive character of its own later mark would serve to eliminate the risk of confusion.

5. EU—CJEU—Likelihood of Confusion—Family of Marks—How does the test for determining whether or not a family of marks exists compare with the test for determining whether there is a likelihood of confusion between marks in the family and a third party’s mark?

Case C-270/14P, Debonair Trading Internacional Lda v. OHIM, dealt with the assessment of the likelihood of confusion where a “family of marks” is claimed. The CJEU gave judgment on October 15, 2015.

The context of the decision was as follows. A Community trademark application was filed in 2009 for the word mark SÔ:UNIC for goods in Class 3, including perfumery and cosmetics. The application was opposed by the appellant, Debonair Trading, on grounds of likelihood of confusion. As well as rights in

123. Id. ¶ 61.
124. Id. ¶ 62.
unregistered trademarks, the appellant’s opposition relied on twenty-four earlier national and Community trademarks, each registered in Class 3 for (inter alia) perfumery and cosmetics and each of which contained the word element “SO . . . ?”. The marks included: SO . . . ?, SO . . . ?ONE, and SO . . . ?CHIC.

The opposition failed, as did an appeal to OHIM’s Fourth Board of Appeal and, subsequently, an appeal to the General Court.\(^{127}\)

On further appeal to the CJEU, the appellant argued (among other things) that the General Court had not applied the relevant criteria for the purposes of assessing the likelihood of confusion between a family of marks and the contested mark. According to the appellant, the General Court had wrongly equated the test for determining the existence of the family of marks with the test for assessing the likelihood of confusion.

EU trademark law recognizes the concept of “family of marks” and the potential for relying on the “family of marks” in support of an opposition case. The CJEU noted, “According to settled case-law, where opposition to an application for registration of a trademark is based on the existence of several trademarks with shared characteristics enabling them to be regarded as part of the same “family” or “series” of trademarks, account should be taken, in the assessment of the likelihood of confusion, of the fact that, in the case of a “family” or “series” of trademarks, a likelihood of confusion results from the fact that the consumer may be mistaken as to the provenance or origin of goods or services covered by the trademark applied for and consider, erroneously, that the latter trademark is part of that family or series of marks (see, in particular, the judgment in Union Investment Privatfonds v. UniCredito Italiano, Case C-317/10 P,\(^ {128}\) paragraph 54 and the case law cited).\(^ {129}\) The question of whether or not a likelihood of confusion exists in the circumstances is then determined using the familiar “global assessment.”

In the present case, the Board of Appeal had, in considering the likelihood of confusion, observed the contested mark to be visually and phonetically similar to the earlier marks to a low degree, but conceptually dissimilar. It observed also that the contested mark did not contain exactly the same initial part, corresponding to the element “SO . . .” as the earlier marks, and so could not be included in the family that might be formed by the earlier marks.

\(^{127}\) Case R 1033/2011-4 (OHIM Fourth Board of Appeal, June 4, 2012); Debonair Trading Internacional Lda v. OHIM, Case T-356/12, ECR II-____ (GC, Apr. 3, 2014).


This approach to the assessment of the likelihood of confusion was challenged in the General Court, but without success. The General Court noted that the factors that had been relied upon by the Board of Appeal in determining that there was no likelihood of confusion were factors that case law had determined to be relevant in determining whether or not a family of marks exists. But this did not mean that the Board of Appeal had been in error since, “[a]s the applicant itself concedes, the likelihood of confusion with regard to a family of marks results from the possibility that the relevant public may believe that the mark applied for is part of the same family as that formed by the earlier marks . . . For that likelihood of confusion to exist, it is therefore necessary that the mark applied for should have characteristics which might suggest that it belongs to the family of marks at issue.”

The CJEU, in turn, also found this approach to be justifiable, “in so far as, in the present case, it initially consisted of ascertaining whether there was an element enabling the mark applied for to be associated with the family of marks relied on in order subsequently to examine, in the context of a global assessment, whether consumers were likely to establish a connection between that mark and that family of marks, and whether there was a possibility that consumers might perceive the former as a new member of the latter.”

The CJEU was satisfied that the General Court had carried out the registered “global assessment” of the likelihood of confusion, taking all relevant factors into account, including the influence of the shared element of the marks, namely the modifier “so.” The decision had been driven by differences in the perception of the respective marks from a conceptual viewpoint, which the General Court had held to be important in the context of a family of marks, and by what were considered to be substantial structural differences between the marks in question.

6. EU—CJEU—Likelihood of Confusion—Should the approach for assessing the distinctiveness of a mark for the purposes of determining its likelihood of confusion with another mark be the same as the approach used to determine its distinctiveness when deciding whether or not the mark is inherently registrable?

On October 22, 2015, the CJEU made a preliminary ruling in BGW Beratungs-Gesellschaft Wirtschaft mbH v. Bodo Scholz (Case

130. Id. ¶ 15.
131. Id. ¶ 35.
The request for a preliminary ruling concerned the interpretation of Article 4(1)(b) of the TM Directive and, in particular, the relationship between Article 3 of the TM Directive (grounds for refusal or invalidity) and Article 4 of that Directive (conflicts with earlier rights). (A shorter note on the implications of this case in relation to Article 3 appears earlier. This fuller note deals with the case as a whole.)

The German Federal Patent Court had to deal with an action for annulment of the decision by the German Patent and Trademark Office upholding an opposition brought by the plaintiff, BGW, in a dispute with a certain Mr. Scholz, the defendant, concerning the latter’s registration of the word mark BGW BUNDESVERBAND DER DEUTSCHEN GESUNDHEITSWIRTSCHAFT. The opposed mark had been registered at the German PTO, inter alia, for goods and services in Classes 16, 35, 41, and 43. BGW’s opposition to that registration was based on its earlier German word/figurative mark BGW, shown here:

This earlier mark had been registered for goods and services in Classes 16, 35, and 41. The German PTO upheld BGW’s opposition (at least in part) on account of a likelihood of confusion. Upon appeal by the owner of the junior trademark, the previous decision was set aside, because the German PTO felt that BGW had not demonstrated use of its mark. BGW, in turn, then brought an action for annulment of that decision to the German Federal Patent Court. The German Federal Patent Court found that the plaintiff had established the use of its earlier mark in respect of at least some of the goods and services for which it was protected, and that these goods and services were in some cases similar, and in some cases identical, to those for which the defendant’s later mark had been registered.

The issue that took the case to the CJEU concerned the assessment of the likelihood of confusion. In evaluating the position, the German Federal Patent Court took the view that the overall impression of the earlier trademark was dominated by: 132 BGW Beratungs-Gesellschaft Wirtschaft mbH v. Bodo Scholz, Case C-20/14, [2015] ECR I-____ (CJEU, Oct. 22, 2015).
exclusively by the letters “BGW” (without the figurative elements having any particular significance). So far as the junior trademark was concerned, the German Federal Patent Court considered the word combination “Bundesverband der deutschen Gesundheitswirtschaft” to be descriptive, and devoid of any distinctive character, inasmuch as it merely indicated that the goods and services are provided by an association of health sector undertakings operating all over Germany. Because of this, the German Federal Patent Court was inclined to take the view that the overall impression of the junior trademark was likewise dominated by the letters “BGW”; at least, the Court concluded, these letters had an independent distinctive role within the trademark BGW BUNDESERVAND DER DEUTSCHEN GESUNDHEITSWIRTSCHAFT (in the sense of the CJEU’s ruling in Medion). Consequently, the German Federal Patents Court was of the opinion that, as far as the relevant goods or services were concerned, there was a likelihood of confusion between the respective trademarks.

However, in view of a previous judgment of the CJEU in two earlier cases (Strigl and Securvita, Cases C-90/11 and C-91/11), the German Federal Patent Court considered that it could not take a decision without first submitting the matter to the CJEU.

The earlier Strigl and Securvita cases had each dealt with the registrability of a trademark composed of a phrase in combination with an acronym or initialism corresponding to the phrase. One of the marks was MULTI MARKETS FUND MMF; the other was NAI – DER NATUR – AKTIEN – INDEX. The parallel between these cases and the case in hand was that the junior mark in the present case appears—at least to a German-speaker—to be a mark composed in the same way: that is, BGW BUNDESERVAND DER DEUTSCHEN GESUNDHEITSWIRTSCHAFT. However, the earlier cases had been dealing with the issue of registrability under the “absolute” grounds for the refusal of registration (descriptiveness; lack of distinctiveness), whereas the present case involved a different context—the conflict between two marks.

In the Strigl and Securvita cases, the CJEU had held that the absolute grounds for refusal of registration under Article 3(1)(b) and (c) of the TM Directive were applicable to a word mark that consists of the juxtaposition of a descriptive word combination and a letter sequence that is non-descriptive itself, if the public perceives that sequence as being an abbreviation of the word combination because it reproduces the first letter of each word of


that combination, and the mark in question (as a whole) would thus be understood as a combination of descriptive indications and abbreviations. The whole mark would then be considered devoid of distinctive character. The German Federal Patent Court wanted to know what implications this finding might have for its own assessment of the likelihood of confusion between the two BGW marks in the present case.

The German Federal Patent Court also noted that, in the Strigl judgment, the CJEU had held that the letter sequence that reproduced the initial letters of the words occupied only an ancillary position in relation to the word combination. The German Federal Patent Court thought that a consequence of this, for the present case, might be that it would not be possible for it to find that the sequence of letters “BGW” in the junior trademark, had a dominant, or at least an independent, distinctive role, if the letter string should be regarded as occupying only an ancillary position in the mark as a whole.

For these reasons the German Federal Patent Court referred the following question to the CJEU:

Must Article 4(1)(b) of [the TM Directive] be interpreted as meaning that, in the case of identical and similar goods and services, there may be taken to be a likelihood of confusion for the public if a distinctive sequence of letters which dominates the earlier word/figurative trademark of average distinctiveness is made use of in a third party’s later mark in such a way that the sequence of letters is supplemented by a descriptive combination of words relating to it which explains the sequence of letters as an abbreviation of the descriptive words?¹³⁵

Looking at the Strigl and Securvita cases as forming the specific context of the German Federal Patent Court’s question, the CJEU felt that it was necessary first to assess the scope and the relevance of that earlier judgment.

In doing so, the CJEU first pointed out that in Strigl and Securvita it had been concerned with determining whether or not a composite mark consisting of a word combination attached to a corresponding initialism was capable of being registered in the light of Article 3(1)(b) and (c) of the TM Directive, whereas in the present case the CJEU had to decide whether there might be a likelihood of confusion within the meaning of Article 4(1)(b) of the TM Directive. The CJEU went on to hold that these two Articles pursued different aims, and were intended to protect distinct interests, and, for this reason, they needed to be looked at from different points of view. Whereas the general interest behind

Article 3(1) of the TM Directive is that of ensuring that certain signs in respect of which a registration is sought may be freely used by all traders offering the relevant goods or services, Article 4(1)(b) is, in turn, intended to protect the individual interests of owners of earlier trademarks that conflict with junior trademark applications if there is a likelihood of confusion.

Although the relevant public’s perception of a sign cannot be dependent on which ground for refusal of registration applies to the mark in question (as the German Federal Patent Court had rightly observed) the angle from which that perception is considered, however, varies according to whether what is being assessed is the descriptiveness of a sign or the existence of a likelihood of confusion.

The CJEU was keen to point out that, even in the context of Article 3 (absolute grounds) considerations, the judgment in Strigl and Securvita did not lay down rigid rules. It was apparent from that ruling, held the CJEU, that whether or not a sign consisting of a letter sequence juxtaposed with a word combination is to be refused registration under Article 3(1)(b) and (c) of the TM Directive must be assessed on a case-by-case basis, according to the perception which the relevant public has of the interdependence between the various elements of the sign and of the sign as whole. Consequently, the finding in the Strigl and Securvita judgment that had concerned the German Federal Patent Court in the present case (i.e., that the letter sequence that reproduces the initial letters of the words comprising the word combination occupies only an ancillary position in relation to the word combination) must be read in that light. It should not be interpreted as being the expression of a general rule that the acronym/initialism portion of the larger mark is necessarily to be regarded as of an ancillary nature.

The CJEU held that the Strigl and Securvita ruling had simply made clear, for the purposes of the application of the grounds for refusal set out in Article 3(1)(b) and (c) of the TM Directive, that a letter sequence, even if it is distinctive in itself, may be descriptive when it features in a composite mark in which it is combined with a descriptive principal expression, of which it is perceived to be the abbreviation. But whether or not this is the case must be determined on a case-by-case basis.

The CJEU concluded that, in light of the different legal context of the cases that gave rise to the judgment in Strigl and Securvita and that of the present case, and in light of the scope that must be attributed to that judgment, the findings of the Strigl and Securvita ruling were not capable of being applied to the main proceedings in the present case for the purposes of assessing whether there is a similarity between the two marks at issue.
The CJEU went on to recite established principles by reference to which the global assessment of the likelihood of confusion must be made—in particular, the case law dealing with instances where one of the marks features as a part of a larger, composite mark.

By reference in particular to the earlier CJEU cases Medion (Case C-120/04)\(^ {136}\) and Bimbo v. OHIM\(^ {137}\) (C-591/12P),\(^ {138}\) the CJEU indicated the factors that should be taken into account in determining whether or not the initialism element of the junior mark in the present case—i.e., BGW—should be regarded as being dominant, or as playing an independent distinctive role, within the larger mark. It was for the national court to determine whether or not it did so in the individual circumstances of the case. “[I]t is, however, important to point out that the mere fact that the later mark consists of a sign reproducing the letter sequence that constitutes the only word element of the earlier mark and of a combination of words the initial letters of which correspond to that sequence cannot, on its own preclude a likelihood of confusion with that earlier mark.”\(^ {139}\)

The CJEU ruled that, in the circumstances described in the German Federal Patent Court’s question, there may be a likelihood of confusion. But a full analysis on the specific facts was required to indicate whether or not this was so in the present case.

Thus, it was left for the German Federal Patent Court to ascertain the overall impression made on the relevant public by the contained mark, by means of (among other things) an analysis of the components of that mark—the “BGW” letter-string and the descriptive wording—and of their relative weight in the perception of that mark by the public, and to assess the likelihood of confusion in that light.

It is difficult to understand why, simply because the interests being pursued respectively by Article 3 of the TM Directive and Article 4 of that Directive are different, the assessment of a given mark’s distinctiveness under each of the two articles should (potentially) be different depending on the context of the enquiry. The CJEU’s ruling on this point may simply be a signal of its unwillingness to extend the reach of the problematic Strigl and Securvida case any further.

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7. EU—CJEU—Likelihood of Confusion—Can an opposition case be maintained on the basis that the two marks share a dominant verbal element even though the element in question is of low (or “virtually non-existent”) distinctiveness?

The problems associated with conflicts at OHIM between marks of negligible distinctiveness are well-illustrated in Fetim BV v. OHIM, Solid Floor Ltd intervening, a case taken on appeal to the CJEU (Case C-190/15P). The opposition case related to an application to register the mark shown below as a Community trademark in Class 19 in relation to: “Building materials, not of metal, parquet flooring of plastic and wood, flooring of wood, cork and laminate; subfloors; transportable floors, not of metal.”

The application was opposed by Solid Floor Ltd, owners of rights in the mark shown below that include a Class 19 registration on the UK national trademark register in relation to “solid wood flooring; wooden parquet flooring”:

A General Court decision upholding the opponent’s case was given on February 11, 2015 (Case T-395/12), and, a scant nine months later, on November 19, 2015, the CJEU handed down its own decision, dismissing the applicant’s further appeal. The

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marks were held confusingly similar under Article 8(1)(b) of the CTM Regulation.

The CJEU upheld the position of the General Court, which had determined that no attention should be paid to the previous findings of the UK Intellectual Property Office (the registration authority for the mark relied on by the opponent) that were alleged to hold the earlier mark to owe its distinctive character exclusively to its figurative elements. The CJEU reaffirmed the autonomy of the Community trademark regime, thus allowing it to ignore the UKIPO’s findings, and held:

the General Court could reasonably conclude, . . . in the first place, that the weak distinctive character of the word element “solid floor” of the earlier trademark did not necessarily imply that that element cannot constitute a dominant element provided that, because, in particular, of its position in the sign or its size, it is capable of making an impression on consumers and of being remembered by them, and, in the second place, that the Board of Appeal did not err in law by finding that the distinctiveness of those word elements was higher than that of the figurative elements on the basis that the average consumer refers more readily to goods by quoting the name of the mark at issue than by describing the figurative element.143

The applicant, Fetim, went on to argue that the General Court had failed to take note of the fact that, as Fetim put it, the distinctiveness of the word elements of the earlier mark was virtually non-existent. The CJEU responded as follows: although it is established that the more distinctive the earlier mark may be, the greater the likelihood of confusion, this does not preclude the likelihood of confusion where the earlier mark is weak. On the present facts, the General Court had correctly assessed the likelihood of confusion. The CJEU went on to say:

If accepted, Fetim’s contention would have the effect of disregarding the notion of the similarity of the marks in favour of one based on the distinctive character of the earlier mark, which would then be given undue importance. Such a result would not, however, be consistent with the very nature of the global assessment that the competent authorities are required to undertake by virtue of Article 8(1)(b) of [the CTM Regulation].144

The case indicates the problem inherent in attempting to clear, for purposes of CTM registration, marks with a weak distinctive character. Where other, similarly weak but nonetheless similar marks are already on the register, the preclusive effect of

143. Id. ¶ 26.
144. Id. ¶ 46.
the marks’ similarity is difficult to overcome by reference to their respective weakness and such differences as may exist between them unless they themselves are of a distinctive character.

8. EU—General Court—Article 8(1)(b)—Banal common element—Can the low distinctive character of a common element shared by two marks outweigh their similarity for the purpose of defending an opposition?

The General Court’s decision in FSA Srl v. OHIM (Case T-558/13) provides a rare indication of two marks in an opposition case being differentiated successfully on the basis that their common feature is low in distinctive character. It is in contrast to the previous case.

The case concerns an opposition against a CTM application for the mark FSA K-FORCE by the owner of an earlier CTM registration for the mark FORCE-X. The contested mark was filed in Class 9 for cycle helmets and Class 12 for bicycles and bicycle parts. The earlier mark was registered for (inter alia) identical goods.

In upholding the opposition, the Board of Appeal had accepted that the term “force,” which was common to both marks, alluded to the durability of the goods in question. Nevertheless, OHIM maintained that, despite its weak distinctive character, it was the only part of the respective marks that conveyed meaning, and that the consumer would focus on it.

The General Court took a different view. Unlike the Board of Appeal, the General Court was prepared to rely on evidence adduced by the CTM applicant which, in its view, demonstrated that the word “force” was “commonly used, on the European market, in trademarks in the domain of cycling, thus rendering it banal.”

The evidence on which the CTM applicant successfully relied was described by the General Court as including: “printouts of web pages referring to marks for bicycle parts marketed in Europe, or for online bicycle shops, which include several marks using the word “force” to describe the characteristics of their products.”

Another feature of the decision worthy of note was the limitation that the General Court put on the effect of the CJEU’s

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145. FSA Srl v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM being Motokit Veículos e Acessórios, SA), Case T-558/13, [2015] ECR II - (GC, Mar. 4, 2015) (FSA K-FORCE).
146. Id. ¶ 39.
147. Id. ¶ 36.
ruling in *Medion*\(^{148}\) (see 2013 Annual Review of EU case law).\(^{149}\) As noted by the General Court in paragraph 58 of the present ruling, the *Medion* decision stands for the proposition that: “where the goods or services are identical, there may be a likelihood of confusion, within the meaning of Article 8(1)(b) of [the CTM Regulation] on the part of the public where the contested sign is composed by juxtaposing the company name of another party and a registered mark which has normal distinctiveness and which, without alone determining the overall impression conveyed by the composite sign, still has an independent distinctive role therein.”\(^{150}\)

The submission based on *Medion* in the present case (which had found favor at the Board of Appeal level) was effectively that the contested mark FSA K-FORCE might be considered to be composed of two elements, FSA and K-FORCE—the former being the company name of the CTM applicant, and the other element K-FORCE corresponding closely to the registered mark FORCE-X.

However, the General Court said simply that the Board of Appeal had been wrong to apply *Medion*, since *Medion* dealt only with cases where the junior mark contains the senior mark. *Medion* could not apply since the junior mark did not contain “FORCEX” as such—it contained only the element “FORCE.”

The point is interesting because there has been speculation as to whether the principles of the MEDION case should be applied where the common element in the marks is similar, but not identical. The English court, for example, in the *E.ON*\(^{151}\) case (covered in *Annual Review of EU Trademark Law: 2013 in Review*\(^{152}\)) went the opposite direction on this point.

9. EU—CJEU—Similarity of Marks—When Likelihood of Confusion “Cannot Be Ruled Out”—Does the poor phraseology with which a General Court decision is expressed indicate that the court has applied the legal tests incorrectly?

The ruling of the CJEU in *Pêra-Grave v Sociedade Agrícola, Unipessoal Lda v. OHIM* and *Fundação Eugénio de Almeida* (Case

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\(^{150}\) FSA Srl v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM being Motokit Veículos e Acessórios, SA), Case T-558/13 ¶ 58, [2015] ECR II - ____ (GC, Mar. 4, 2015) (FSA K-FORCE).

\(^{151}\) E.ON AG v. the General Commissioner of INPI and Hyundai Motor Company (Court of Appeal of Paris, Dec. 21, 2012).

C-249/14P),\(^{153}\) on July 9, 2015, is worthy of note because one of the points it addresses concerns the perplexity that can arise from the choice of wording in which EU judgments are sometimes expressed.

Briefly, the case concerned an opposition between two wine companies, both based in Evora, Portugal. The appellant had applied to register as a Community trademark the figurative sign shown here:

![QTA_S_JOSE_DE_PERAMANCA](image)

The opponent had earlier rights in the three marks shown here:

![Opponent Marks](image)

All the marks concerned covered wines.

OHIM dismissed the opposition. It held that there was no likelihood of confusion because the fact that both parties’ goods were identical was offset by the fact that the respective marks had only a very low degree of similarity.

The Board of Appeal flipped that around, and held that identicality of the products outweighed the low degree of similarity between the marks (which it considered to be “slight” in visual and phonetic terms).

On further appeal, the General Court held there to be a very low degree of visual similarity and a low degree of phonetic similarity between the respective marks. It held that there “could be some overlap” between them conceptually. It concluded (concurring with the Board of Appeal as to the outcome) that the CTM application should be rejected because the similarities were “sufficient for a likelihood of confusion between the marks at issue not to be ruled out” that consumers might perceive the CTM applied for as indicating that the wine in question was part of the opponent’s range.

To succeed in a CTM opposition under Article 8(1)(b) of the CTM Regulation, an opponent is required to establish that the similarities of the marks and other relevant circumstances result in there being a likelihood of confusion. In the present case, the Court had said that a likelihood of confusion “could not be ruled out.” The appellant argued that the General Court’s ruling in such terms effectively extended the scope of the earlier trademark owner’s rights, and “thus ends up unjustifiably reversing the burden of proof, which puts trademark applicants in the position of having to prove a negative fact, namely that there is no likelihood of confusion.”

The “cannot be ruled out” language employed by the General Court is an example of rather variable and unsatisfactory phraseology often used by the EU courts and authorities. (In the present case the Board of Appeal had said that the likelihood of confusion “could not be excluded,” which is a very common formulation, and no better than the language used by the General Court.) Although the use of such language is quite commonplace, it is understandable that it should have been challenged in the present case, where the similarities in the marks were assessed to be so marginal.

The ECJ, in its ruling, referred to the expressions used by the General Court as being “not unambiguous” and seems, implicitly, to have accepted, as must be right, that taken at face value the expressions do not reflect the proper test. However, the ECJ held that the use of the expressions could not be taken out of context,

157. Id. ¶ 21.
and so looked at the substance of the decision as a whole. It decided that the indications of the judgment as a whole were that the General Court had carried out a proper “global assessment” and had established that a likelihood of confusion existed.

10. EU—CJEU—Similarity of goods and services—Classes 35/39—Are retail services similar to distribution services?

Brief mention only need be made of the decision of the CJEU in Basic AG Lebensmittelhandel v. OHIM and Repsol YPF SA (Case C-400/14P).158 This is an opposition appeal case, the General Court’s decision159 on which was reported last year (see Annual Review of EU Trademark Law: 2014 in Review).160 The CJEU’s decision was given on July 16, 2015.

The appeal case before both courts turned on the question of whether or not “retail services” in Class 35 should be considered similar to distribution services in Class 39. In the present case, the Class 39 services at issue specified the products in relation to which they were to be provided: “Distribution of staple foodstuffs, pastry and confectionery, ices, prepared meals . . .”. The Class 35 retail services, to which they were to be compared, specified that they were to be provided for a wide range of goods, including various foods.

The General Court had held the Class 35 retail services to be similar to the Class 39 distribution services. On the further appeal to the CJEU, the appellant argued, among other things, that such a finding was inconsistent with OHIM’s various previous decisions, which had, according to the appellant, consistently defined the Class 39 distribution services to be of narrow scope, confined to a service of transportation, packing, and storage. According to the appellant, OHIM had always denied there to be any similarity between distribution services, on the one hand, and retail or wholesale services, on the other.

The CJEU rejected that argument on the familiar basis that the General Court had been required to make its decision on the basis of the CTM Regulation and “not on the basis of a previous decision-making practice of [the OHIM] Boards of Appeal.”161 The CJEU also found nothing to criticize in the General Court’s decisions.


rejection of arguments based on the Explanatory Notes to the Nice Classification. It therefore left intact the General Court’s decision that “distribution and retail services are similar where goods are identical or highly similar.”

Perhaps the point to take away is that the enthusiasm, built into the Community trademark system, for ignoring previous decisions or decision-making practices extends even into the realm of the interpretation of standard wording found in the trademark classification.

11. EU—CJEU—Similarity of goods and services—Class 36—Are real estate services similar to financial services?

The decision of the General Court in Bankia, SA v. OHIM (Case T-323/14) on September 17, 2015, concerns the question of similarity and dissimilarity of services within Class 36.

The case relates to a CTM opposition brought by a Portuguese bank against a Spanish bank. The opponent’s trademark was registered for “Financial and banking services, including those provided through the internet or other means of telecommunications.”

The applicant’s CTM application, on the other hand, was for a wider specification embracing both financial services and real estate services. The full Class 36 specification reads:

- Insurance services; financial affairs; financial analysis; monetary affairs; banking business; home banking; stockbrokerage and stock exchange quotations; fund management and capital investments; real estate administration; housing agents and real estate appraisal; real estate services; deposits of valuables; issuing of credit and debit cards; trustee services; mutual fund creation and investment; mortgage lending; online banking, financial, monetary, insurance and real estate services via telecommunication networks (including mobile telephones), data transmission networks and global computer communications networks.

The original OHIM decision had upheld the opposition in respect of banking and financial services, but only for one part of the real estate-related services: “real estate appraisal.”

Real estate appraisal services were considered similar to financial services because, according to the Opposition Division,

162. Id. ¶ 30.

163. Bankia SA v. OHIM, (the other party to the proceedings before the Board of Appeal of OHIM being Banco ActivoBank (Portugal), SA), Case T-323/14 [2015] ECR II-_____ (GC, Sept. 17, 2015).
those two types of services may be carried out by the same provider (a financial institution) in order to assess the value of real estate in connection with lending money to a customer for its purchase.

The Board of Appeal decision had extended this finding to cover “real estate services” too, on the basis that this description of services was broad enough to encompass any services relating to real estate, including real estate appraisal (i.e., the specific services designation that had already, in terms, been rejected.\textsuperscript{164}

The issue on appeal to the General Court (as regards the comparison of services) was simply this: whether the “real estate services” of the CTM application were similar, or not similar, to the “financial and banking services” of the earlier mark.

The General Court held that “real estate services” are not similar to “financial and banking services.” Although it seemed to be accepted that both types of service might be provided by one and the same institution, the appellant argued that they would be provided, respectively, by different departments. The General Court concurred, holding, first (for various self-evident reasons) that financial and banking services do not have the same nature, intended purpose or method of use as real estate services, and then going on to say:

as regards the fact that the services in question might be found in the same distribution channels, it is clear that real estate services are not, in principle, provided on the same premises as financial services . . . .\textsuperscript{165}

In any event, it cannot be validly argued that financial and banking services and real estate services are offered to customers without distinction in the same agency or branch of a bank. In principle, real estate services are provided by separate branches of financial institutions, so that financial activities are separate from any real estate activities.\textsuperscript{166}

Finally, the General Court dealt with the question of whether the respective services could be considered similar on the basis that they are complementary. The court was evidently concerned that, were it to declare financing services to be complementary to property services, on grounds that one would need access to funds to make such a high value purchase, this could have untoward ramifications. It held:


\textsuperscript{165} Bankia SA v OHIM, (the other party to the proceedings before the Board of Appeal of OHIM being Banco ActivoBank (Portugal), SA), Case T-323/14 ¶ 35. [2015] ECR II-____ (GC, Sept. 17, 2015).

\textsuperscript{166} Id. ¶ 36.
... as regards whether the services in question are complementary, ... it should be noted that, while financial and banking services may play a significant role in the purchase of a property, it cannot be inferred from that fact alone that consumers would be led to believe that the same undertaking was responsible for real estate services and financial services. It cannot be claimed that consumers looking for a property turn to a financial institution in order to carry out that task. On the contrary, in such cases, consumers generally turn, first, to a real estate agency to search for a property and, secondly, to a financial institution in order to fund the property transaction. To conclude otherwise would imply that any non-financial procedure which, on the basis of its scale or other criteria, depends upon the provision of financing is complementary to a financial service, even where the only link lies precisely in the need to obtain financing and where consumers would in no way assume that the same undertaking was responsible for those services .... 167

The reasoning above is self-evidently focusing on real estate services in the nature of real estate agency—that is, services to which one would turn if searching for a property. This contrasts with the focus of the Board of Appeal decision; the basis on which the Board of Appeal apparently rejected “real estate services” was that this term includes “real estate appraisal,” which involves an assessment of financial value. Confusingly, the General Court said that it endorsed the findings of the Board of Appeal that all of the services originally found by OHIM to be similar to “financial and banking services” were indeed similar to “financial and banking services.” Listed among these, and referred to expressly by the CJEU as part of the list, were real estate appraisal services. The position is therefore not perfectly clear as a result of the ruling. It may be necessary to distinguish between different kinds of real estate service.

12. EU—General Court—Likelihood of Confusion—High Cost/Sophisticated Purchases—To what extent does the extreme sophistication of both product and purchaser outweigh other considerations when assessing the likelihood of confusion in relation to financial investment services?

In Sequoia Capital Operations LLC v. OHIM (Case T-369/14)168 (September 30, 2015), the EU General Court examined

167. Id. ¶ 37.
how the test for likelihood of confusion should work in the case of sophisticated financial services.

The marks under consideration were SEQUOIA (the earlier mark; a CTM filed in 2004) and SEQUOIA CAPITAL, a later CTM, the validity of which was under challenge in the case. The marks were held to have a high degree of similarity.

The earlier SEQUOIA mark was registered in Classes 9, 16, and 36. The Class 36 specification reads: Futures and options trading services, brokerage services, trading bureau services, investment advisory services in respect of the foregoing services.

The later SEQUOIA CAPITAL mark was registered in Classes 35 and 36 for: Business advice relating to financial re-organization; in Class 35 and in Class 36: venture capital services; venture capital management services; venture capital fund management; venture capital funding services to start-up and emerging companies; providing financing to start-up and emerging companies; financing services for the securing of funds in respect of ventures; venture capital financing; project capital investment services; private equity fund services, operation and management of investment funds; advisory services relating to the above services.

A determined attempt by the defendant to put distance between the companies’ respective services, by reference to their differing characteristics, failed to yield a finding of dissimilarity. So far as concerns the core Class 36 services of the respective marks, the General Court observed that the argument was based on differences in how the assets forming the subject matter of the respective services would be acquired and operated, and the time period over which those assets would be held. It concluded “that considerations regarding the different relationship with the underlying assets after the initial acquisition of the asset has been made cannot, however, demonstrate a different intended purpose of the services at issue, which facilitate capital investment with the possibility of high profitability. Even if the services at issue can be distinguished by their method of use and by the skills required by the professionals involved, there is a connection between them.”

The General Court also noted an overlap between the investor public targeted by the respective services, and that the relevant public might use alternative investment vehicles. The General Court found an evident connection between the services that could cause consumers to believe that the services are provided by one and the same undertaking. There was therefore a certain degree of similarity between those services.

169. Id. ¶ 29.
A similar finding of a “certain degree” of similarity was made in relation to the remaining Class 36 services and to the Class 35 services of the later mark, were considered similar to the Class 36 advisory services of the earlier mark. The Class 35 specification referred to “business advice relating to financial reorganization” [emphasis added], and the General Court held, “there is nothing to suggest—and the applicant, moreover, has provided no evidence to the effect . . . that the “business advice relating to financial reorganisation” could not extend to “investment advisory services” concerning the services in Class 36 covered by the earlier mark. The former services will have financial implications for undertakings which intend, for example, to be apprised of the investments they will be required to make to consolidate their market position and the benefits which may derive therefrom.”170

Given the finding of a certain (or “medium”) similarity between the services, and a finding that the marks at issue had a “medium” degree of distinctiveness, the owner of the later mark was therefore left to argue that, notwithstanding the close similarity of the marks, there was nevertheless no likelihood of confusion. This position was defended on grounds that, given the highly specialized nature of the services at issue, it was inconceivable that anyone in the market for such services—inevitably, a specialist buyer—would be confused as to the identity of the party with whom they were contracting. As the General Court noted, “That argument is based on the assertion that the kinds of transactions undertaken when the services at issue are used require exceptionally detailed and considered thought. As such, they are liable to be entered into by professionals with appropriate training or appropriate professional guidance.”171

The argument relied on the CJEU’s ruling in Claude Ruiz-Picasso and Others v. OHIM and DaimlerChrysler AG.172 In that case, concerning an opposition by the estate of Pablo Picasso to the registration of the mark PICARO for motor cars, the Court of Justice had held it to be correct to say that, in determining whether or not there would be a likelihood of confusion between the respective marks, account should be taken of the fact that the consumer would display a particularly high level of attention when buying a car.

In the present case the argument failed.

With regard to the Picasso case, the General Court held that the reasoning extracted from that case could not completely rule out any likelihood of confusion. The General Court noted that, “use

170. Id. ¶ 34.
171. Id. ¶ 44.
of the [the marks under consideration] is not limited to situations where the services at issue are being marketed, but may extend also to other situations where the professionals in question make oral reference to those services, for example when using them or discussing their use and, in particular, when referring to the benefits and drawbacks of those services. The Court of Justice has not, however, excluded the possibility of situations other than the purchase itself being taken into account when assessing the existence of a likelihood of confusion.”

The relevance and importance of the possibility of pre- or post-sale confusion has been a troublesome issue in EU trademark law, in part because of the CJEU’s Picasso ruling. In Picasso the CJEU had held it “important in law” to take into account that where the objective characteristics of a given product mean that the average consumer buys it only after a particularly careful examination, this “may reduce the likelihood of confusion relating to such goods at the critical moment when the choice between those goods and marks is made” [emphasis added]. The CJEU had then gone on to hold:

“As to the fact that the relevant public is also likely to perceive such goods and the marks relating to them in circumstances unconnected with any act of purchase and to display, where appropriate, a lower level of attention on such occasions, the Court of First Instance [now the General Court] was also fully entitled to observe . . . that the existence of such a possibility does not prevent the taking into account of the particularly high level of attention exhibited by the average consumer when he prepared and makes his choice between difference goods in the category concerned.”

In the present case, the General Court is reaffirming the view that whereas Picasso may have emphasized the importance of a focus on the conditions under which a sale is made, and allowed that this could “trump” any considerations of the pre- or post-sale context, the CJEU had not held such considerations to be irrelevant. For the General Court, at least in some situations, it is possible that those considerations might have an overriding significance.

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175. Id. ¶ 41.
13. EU—CJEU—Article 8(5)—Requirement for a “link”—
Is the court required to consider a claim that the mark applied for would take unfair advantage of the reputation of the senior mark unless it is first established that there is a “link” between them?

The CJEU has confirmed, if it were necessary, that trademark owners seeking to rely on the opposition grounds under Article 8(5) of the CTM Regulation cannot hope to circumvent the requirement that they should establish a “link” between the marks in the mind of the relevant public. Article 8(5) is concerned with the protection of marks “with a reputation” against uses of similar marks that would be detrimental to, or take unfair advantage of, their reputation or distinctive character. The confirmation is given in case Arnoldo Mondadori Editore SpA v. OHIM (Case C-548/14P).176

The appeal case before the CJEU arose from an opposition to an application by Grazia Equity GmbH to register the word mark GRAZIA as a CTM for certain consultancy and advisory services in Class 35 and certain financing, brokerage and other services in Class 36.

The application was opposed by the appellant, Arnoldo Mondadori Editore SpA based on its earlier rights in GRAZIA marks covering Classes 3, 9, 16, 18, 25, and 38. The range of goods covered includes (among others) perfumes and cosmetics; audio visual matter; printed publications; bags and leather goods; and clothing. The Class 38 registration covered (among other things) broadcasting. None of these goods and services was identical to the services for which the opposed CTM was filed, and all of these goods and services were quite readily found to be dissimilar to the Class 35 and Class 36 services for which the application had been filed.

The opposition failed at OHIM, and at each subsequent appeal stage. On final appeal to the CJEU, the court found no difficulty in dismissing the case, mostly on the basis that it was an attempt to have the facts re-determined. The point about “link” was an exception to that, although dismissed by the CJEU with similar ease.

The opposition grounds had included Article 8(5) of the CTM Regulation, the appellant having claimed that its GRAZIA mark had acquired a reputation. The question of whether or not the appellant had proved reputation was debatable. The General Court concluded that it had done so, but that the mark did not have a particularly strong reputation.

The General Court had gone on to hold that, although the parties’ respective marks were identical, and although the earlier GRAZIA mark had a reputation, there was no likelihood of any connection being made between them. This was because the goods and services of the opponent’s marks were so different from the applicant’s services, because the earlier mark’s reputation was not very strong, and because the earlier mark had a weak inherent distinctive character. The General Court had concluded, therefore no link would be made between them.

The notion of a link between the marks is that, when the junior mark is used it would cause the relevant consumer to call the established senior mark to mind. Whether or not this is likely to happen would depend on all the relevant circumstances. It is not enough simply to show that the earlier mark is similar or identical to the later one and enjoys a reputation, since other factors may rule out any serious prospect of the public connecting the two.

The requirement for a “link” is not an express part of Article 8(5), but is firmly established in CJEU case law. As the CJEU noted, “In the absence of such a link in the mind of the public, the use of the later mark is not likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier mark, within the meaning of Article 8(5) of [the CTM Regulation].” The CJEU cited Japan Tobacco v. OHIM.

In the present case, the appellant acknowledged that the case law had established that the existence of a link may establish the basis for a claim under Article 8(5) but argued that the application of Article 8(5) was not to be regarded as conditional on the link. It argued therefore that the General Court could have, and should have, moved straight to an assessment of the prospect of Grazia Equity’s use of GRAZIA taking unfair advantage of its reputation, and concentrated on that, rather than ruling against it simply on the basis of the absence of a link.

The ECJ however, reaffirmed that there is no need for the court to move to consider the possibility of unfair advantage or damage prior to determining whether a link existed. If it decided that no link existed, it would not be required to take the analysis of the claim any further.

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177. Id. ¶ 64.
14. EU—General Court—Article 8(5)—Can a reputation-based claim be established by reference to the reputation of a trademark that is habitually used as part of a larger mark with graphical content?

The General Court’s decision in Case T-131/12 confirms the possibility of claiming, in an Article 8(5) opposition, an acquired distinctiveness/reputation in respect of a trademark that forms an element of a larger trademark, and shows how this may be applied in practice. The case in question is Spa Monopole, compagnie fermière de Spa SA/NV v. OHIM. 179

The case involved an opposition against a CTM application by Orly International, Inc. to register SPARITUAL in respect of nail care and body care preparations in Class 3.

The opponent, and appellant, in the General Court case, was Spa Monopole, owner of the SPA mineral water brand. Spa Monopole relied on a number of earlier rights, including word mark registrations for SPA in relation to both mineral waters in Class 32 and cosmetics in Class 3.

Part of the opposition case put forward by Spa Monopole, under Article 8(5) of the CTM Regulation was that use of SPARITUALS for nail and body care products would take unfair advantage of the reputation of its word mark SPA, as represented by the relevant Benelux word mark registration. The company’s SPA brand holds about 30% of the Benelux (i.e., Belgium, the Netherlands, and Luxembourg) mineral water market.

In its decision of January 2012, being contested in the present case, the Board of Appeal had ruled against the opponent on the Article 8(5) claim. 180 It held (among other things) that Spa Monopole had failed to establish the requisite reputation in its SPA word mark. According to the Board of Appeal, the problem with the opponent’s evidence was that it established a representation in respect of a device form of mark, as shown below, incorporating a Pierrot device, rather than the word mark:

179. Spa Monopole, compagnie fermière de Spa SA/NV v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Orly International, Inc.), Case T-131/12, [2015] ECR II-_____ (GC, May 5, 2015) (SPARITUAL).

The device form of the mark is also a registered trademark, and this registration had also been relied on by the opponent in the current proceedings.

The Board of Appeal, in reaching its decision, applied the CJEU’s decision of September 13, 2007, in Il Ponte Finanziaria v. OHIM (C-234/06P), holding that the reputation acquired in respect of the registered device form of mark could not be extended to encompass the separately registered word form.

In the current appeal, the General Court held this to have been an inaccurate application of the Il Ponte Finanziaria decision. According to the General Court, subsequent case law had made clear that the problematic Il Ponte Finanziaria ruling had concerned the specific context of a “family” of marks argument, in which an opponent sought to rely on use of one mark in order to substantiate use of another mark—the overall intent being to establish use of a certain number of marks in the same “family.” This was not the case here, where the opponent was, rather, seeking to show that its use of the figurative SPA mark had led to an accrual of reputation in respect of the word mark, too, since its use in the figurative mark SPA with the Pierrot device had not altered the distinctive character of the word SPA appearing within it. The General Court noted that the word mark SPA “remained highly visible and was readily recognisable within the figurative mark in question.”

The principles having been thus established, the General Court went on to consider whether or not, on the facts of the case, it would be possible to say that use of the device form of mark had nevertheless served to build up the necessary rights in the word mark. As the General Court put it, “... it remains to be ascertained whether, in the present case, ... the components


182. Spa Monopole, compagnie fermière de Spa SA/NV v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Orly International, Inc.), Case T-131/12 ¶ 34, [2015] ECR II-____ (GC, May 5, 2015) (SPARITUAL).
which differentiate the word mark from the figurative mark used in trade do not prevent the relevant public from continuing to perceive the goods at issue as originating from a particular undertaking.”

On the facts, the General Court found that Spa Monopole’s evidence supported its case on this point. The General Court’s view differed from that of the Board of Appeal as to the relative importance of the figurative Pierrot figure—which was also used more generally in some of the company’s marketing. The General Court noted that although statements made by the company itself had testified to the importance of the Pierrot figure in marketing—a “favourite character” that played an ambassadorial role for the brand, as well as “facilitating recognition of the product”—the company’s materials also showed uses of the SPA word mark on mineral water bottles without the Pierrot figure.

Importantly, the evidence also showed that the Pierrot figure had been created to be the ambassador figure for an already existing mark (i.e., the SPA word mark). It therefore served to help generate revenues derived by sales under the word mark, rather than as a means of undermining the importance of the word mark.

Among other factors noted by the General Court in its overall assessment of the position was the way in which the device mark was represented: “[T]he word component ‘spa’ appears in a distinct and predominant manner in the figurative mark SPA with the Pierrot device. It is clear that the Pierrot image appears in an almost transparent light blue colour, in the background behind the word component ‘spa’, which, by contrast, is juxtaposed and highlighted by its dark blue colour on a white background and its central position within the figurative mark in question.”

On its way to concluding, overall, that the evidence demonstrated an accrual of reputation to the word mark, the General Court took notice of the fact that previous General Court decisions had determined the SPA word mark to have an established reputation. It noted that the General Court’s previous decisions on this issue had been made by the Court “on its own volition,” following an examination of the position, and not simply in acceptance of unchallenged assertions made by the spa brand owner.

The Board of Appeal decision was annulled.

183. Id. ¶ 35.
184. Id. ¶ 38.
185. Id. ¶ 39.
186. Id. ¶ 44.
15. France—Court of Appeal of Rennes—Can a specific reputation acquired by a senior mark help to bridge the gap between goods and services that have no objective similarity, if the senior trademark owner relies only on likelihood of confusion grounds and fails to plead unfair advantage or detriment to distinctive character?

In the decision of the Court of Appeal of Rennes, dated February 24, 2015, SA Yves Rocher v. RVK,187 the Court upheld the decision of the French Trademark Office (the INPI) rejecting the opposition filed by Yves Rocher against RVK’s trademark application.

The facts of the case are as follows. The French company Yves Rocher, well-known in France for its cosmetic products, is the owner of the CTM shown here:

![Yves Rocher logo]

The mark is registered for a range of products and services in Classes 3, 5, 35, and 44, including in particular “cosmetic products and dietary supplements.”

The Russian company Russkaya Vinnokonyachnaya Kompaniya (RVK) filed an international application claiming (inter alia) protection in France for the word and device

**YVES ROCHER**

... in Class 33 to designate “wine & liquor.”

Yves Rocher lodged an opposition against the application before the INPI claiming the existence of a likelihood of confusion with its earlier mark.

On August 21, 2006, the French Trademark Office rejected the opposition, acknowledging the similarities between the signs at stake, but considering that the products respectively covered by the two marks were too different for the claim to succeed. Hence, Yves Rocher appealed this decision.

Before the Rennes Court of Appeal, Yves Rocher argued (inter alia) that the products concerned were similar, on the basis that they were complementary. As it explained to the court, Yves Rocher has developed its activity around plant-based cosmetics

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and biologic agriculture. It produces food supplements made of fruit and plants, and has also opened a Hotel-Spa, including a restaurant (in which wine is served).

The Rennes Court of Appeal dismissed Yves Rocher’s argument based on the goods’ complementarity. The Court raised the lack of similarity between the plaintiff’s goods’ hygienic and cosmetic function, and the defendant’s goods’ dietary function. Furthermore, the judge pointed out that the services provided by the plaintiff’s restaurant were not covered by the trademark registration relied upon. In the context of an opposition claim, goods and services must be compared as they appear in the marks’ specification.

The Rennes Court held that, even though a low degree of similarity in goods/services may be balanced by a higher degree of similarity in signs, the interdependence of these factors in the analysis does not preclude the need to have at least a low degree of similarity between the goods concerned.

Furthermore, the reputation enjoyed by Yves Rocher’s earlier mark was specific to the cosmetic business which the court felt to be too far removed from the “wine and spirits” covered by the defendant’s mark. Therefore, the relevant public would not perceive these two categories of goods as originating from the same entity.

16. EU—General Court—Article 8(5)—Due Cause—Does an individual have ‘due cause’ to use his or her own name?

The General Court’s decision in Kenzo Tsujimoto v. OHIM (Case T-414/13),\(^{188}\) one of several decisions involving the parties concerned—is reported briefly because it deals with a point on which there is relatively little case law: “due cause” under Article 8(5).

There were, in fact, four judgments dealing with the same issue, two handed down on January 22, 2015, and two on December 2, 2015 (the other three being Case T-322/13,\(^{189}\) Case T-393/12\(^{190}\) and Case T-522/13\(^{191}\)). Each deals with due cause in the

\(^{188}\) Kenzo Tsujimoto v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Kenzo), Case T-414/13, [2015] ECR II - _____ (GC, Dec. 2, 2015) (KENZO ESTATE).

\(^{189}\) Kenzo Tsujimoto v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Kenzo), Case T-322/13, [2015] ECR II - _____ (GC, Jan. 22, 2015) (KENZO).

\(^{190}\) Kenzo Tsujimoto v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Kenzo), Case T-393/12, [2015] ECR II - _____ (GC, Jan. 22, 2015) (KENZO).
same way, and the judgments differ only in terms of classification of the goods and the marks for which registration was being opposed (KENZO in the January judgments and KENZO ESTATE in the December judgments).

This particular case concerns a CTM application by Mr. Kenzo Tsujimoto to register KENZO ESTATE as a CTM in respect of wines, alcoholic fruit beverages, and “western liquors” in Class 33.

The opponent, Kenzo, owns earlier rights in the KENZO trademark, for which it has CTM protection for goods including cosmetics in Class 3, leather goods in Class 18, and clothing in Class 25. KENZO is an established luxury brand.

The General Court upheld the decision of OHIM’s Second Board of Appeal that the KENZO ESTATE mark should be rejected under Article 8(5) of the CTM Regulation, on grounds that it would take unfair advantage of the reputation that had been acquired by the KENZO mark in respect of luxury high-end goods.192 (This is an interesting contrast to the findings of the French court in the previous case, YVES ROCHER.)

It is a defense to an Article 8(5) claim that the applicant for the contested mark has “due cause.” This term is not defined in the CTM Regulation. In the present case, the applicant claimed due cause on the basis that his mark KENZO ESTATE uses his first name, Kenzo. The General Court dismissed the arguments, holding that: “[The CTM Regulation] does not provide any unconditional right to register a name as a Community trademark . . . let alone to register a forename as a trademark. Consequently, the fact that the applicant’s forename is Kenzo is not enough to constitute due cause for the use of the mark in respect of which registration is sought, for the purposes of Article 8(5) of [the CTM Regulation].”193

191. Kenzo Tsujimoto v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Kenzo), Case T-522/13, [2015] ECR II - _____ (GC, Dec. 2, 2015) (KENZO ESTATE).


193. Kenzo Tsujimoto v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Kenzo), Case T-414/13 ¶ 58, [2015] ECR II - _____ (GC, Dec. 2, 2015) (KENZO ESTATE).
17. EU—General Court—Likelihood of Confusion/Dilution, etc.—Collective Marks—To what extent does an opposition based on earlier rights in a “collective” mark differ from one brought on the basis of a regular earlier trademark?

The Tea Board v. OHIM (Case T-627/13)\(^{194}\) is a rare case in which a Community collective mark was used in opposition against an application for a (regular) Community trademark.

A Community collective mark (also simply called a “collective mark”) is a special kind of CTM, typically owned by an association of producers. The function of a collective mark is to distinguish the goods or services of members of an association from the goods of others. As a general matter, rather than on the basis only of acquired secondary meaning, it is possible to register a Community collective mark that corresponds to or is the same as the name of the geographical location from which the goods covered by the mark come. In this way, Community collective marks differ from regular CTMs.

The case involved an application to register the figurative mark shown below as a CTM in Classes 25, 35, and 38:

![Darjeeling](image)

The goods and services for which the registration was sought included, principally, women’s lingerie and other clothing in Class 25, and related retail services in Class 35.

The opponent, the Tea Board, is a statutory body established in India, with powers to administer the production of tea. The Tea Board has protected the name “Darjeeling” in the EU as a geographical indication for tea, but also owns certain Community collective marks, including a registration for the word mark DARJEELING for tea in Class 30. It was on these Community collective marks that the opposition was based.

Despite the fact that the opponents’ marks are not regular CTMs, the opposition proceeded on the normal basis provided under Article 8(1)(b) and Article 8(5) of the CTM Regulation.

The opposition was dismissed by OHIM, and the Tea Board’s appeal to the Second Board of Appeal also failed.\(^{195}\) The present

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\(^{194}\) The Tea Board v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Delta Lingerie), Case T-627/13, [2015] ECR II-_____ (GC, Oct. 2, 2015) (DARJEELING).

\(^{195}\) Case R 1387/2012-2 (OHIM Second Board of Appeal, Sept. 11, 2013).
case involved the Tea Board’s further appeal to the General Court under both Article 8(1)(b) and Article 8(5).

Regarding the Article 8(1)(b) claim, the problem that the Tea Board had to overcome was this: on any normal assessment, the goods covered by its registrations—tea, in Class 30—had no similarity whatever with the applicant’s goods and services, such as lingerie. The Tea Board tried to bridge the gulf by arguments based on the special nature of a collective mark, and by the fact that its own collective marks signified a particular geographic area, Darjeeling. The Tea Board argued that the function of a collective mark such as its own is to guarantee that the goods or services covered by the mark come from a business that is located in the geographical area indicated by the mark. It submitted that the fact that the goods or services covered by the marks at issue might have the same geographical origin—that is, that clothing might come from Darjeeling, just like tea—ought to be taken into consideration when assessing the similarity of the goods and services.

The General Court rejected this argument. Although a Community collective mark (like DARJEELING) might indeed identify the geographic origin of the goods for which the mark is used, this does not mean that this is the essential function of a Community collective mark. The essential function of such a mark is, in fact, as noted above to distinguish the goods and services of the members of the association which owns the mark from those of other associations or business undertakings.

The General Court noted that the Tea Board had not based its opposition on its protected geographical indications; only its collective marks. It went on to hold that, “where, in the context of opposition proceedings, the signs at issue are collective marks on the one hand and individual marks on the other, the comparison of the goods and services covered must be carried out using the same criteria as those that apply to an assessment of the similarity or identity of goods and services covered by two individual marks.”

Although it failed in its claim based on Article 8(1)(b) of the CTM Regulation, the Tea Board fared better on Article 8(5) and succeeded in having the adverse decision of the Board of Appeal partially annulled. The General Court upheld the rejection of the Tea Board’s case insofar as it was based on the claim that use of the applicant’s mark would be detrimental to the distinctive character of the Darjeeling collective marks, but allowed that an “unfair advantage” claim might succeed. At least, the General Court ruled, a risk that the applicant’s marks might take unfair

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196. The Tea Board v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Delta Lingerie), Case T-627/13 ¶ 49, [2015] ECR II— (GC, Oct. 2, 2015) (DARJEELING).
advantage of the DARJEELING collective marks could not be ruled out, where the applicant’s mark was used for clothing products or for retail services connected with them. The General Court reasoned: “[T]he values conveyed by the element shared by the signs at issue—namely, the word element ‘darjeeling’, which refers to a tea marketed under the earlier trademarks . . . are those of a sophisticated, exclusive, unique product . . . and . . . it is permissible to presume that a large part of the public concerned will be aware that the region of the same name from which that product originates is located in India. Thus, the word element ‘darjeeling’ is likely to evoke images of exoticism, sensuality and mystery which are connected, in the mind of the relevant public, with the representation of the Orient.”\textsuperscript{197} The General Court concluded: “In the light of the foregoing . . . positive qualities evoked by the word element ‘darjeeling’ shared by the signs at issue are capable of being transferred to some of the goods and services covered by the mark applied for and, as a result, of strengthening the power of attraction of that mark.”\textsuperscript{198}

The findings of the General Court were, however, expressed to be conditional on factors that had been assumed for the purposes of the analysis but had yet to be tested through an examination of the evidence—in particular the premise that the DARJEELING collective marks possessed a reputation “of exceptional strength.”\textsuperscript{199}

It is striking that the court was prepared to find that, in principle, an unfair advantage claim might be made in relation to a geographical term designating the product of an association of growers from the region. The exotic values that the CTM applicant is apparently appropriating through choosing to use the term DARJEELING may have more to do with general notions of India or the “Orient” than with anything specifically invested into the earlier mark by the tea growers, although perhaps this will be tested as part of the further examination of the earlier marks’ reputation. The General Court was much more cautious when dealing with the alternative basis on which the Article 8(5) claim was put forward—the “detriment to distinctive character” (dilution) argument.

\textsuperscript{197} Id. ¶ 140.
\textsuperscript{198} Id. ¶ 142.
\textsuperscript{199} Id. ¶ 142.
18. EU—General Court—Article 8(4)—Protected Geographical Indications—On what basis may a protected geographical indication provide the basis for a “relative grounds” opposition to a trademark application?

The General Court decision in Case T-387/13 is a rare case dealing with the interplay between the CTM Regulation, on the one hand, and the EU Regulation concerning the protection of geographical indications, on the other. The ruling in this case, Federación Nacional de Cafeteros de Colombia v. OHIM was given on September 18, 2015.200

The intervener, Ms. Nadine Hélène Jeanne Hautrive, had applied to register the trademark shown here in Class 43:

![Colombiano House]

The services for which the CTM application was made are: “services for providing food and drink; restaurants, bars and cocktail bar services; catering services; stores administering of food and drink indoor or take away [sic]; food and beverage services; sandwich bars, snack bars.”

The application was opposed by the national federation of coffee growers of Columbia, based on its Protected Geographical Indication (PGI) “Café de Colombia.” The PGI was registered under Council Regulation (EC) No. 510/2006 of March 20, 2006, on the protection of geographical indications and designations of origin for agricultural products and foodstuffs. The registration was with respect to coffee.

The opposition was brought under Article 8(4) of the CTM Regulation, which provides a basis for opposition, under certain conditions, to the proprietor of a non-registered trademark or other sign used in the course of trade of more than mere local significance.

One of the conditions to which Article 8(4) is subject is that the “sign” relied on should confer on its owner the right to prohibit the use of a subsequent trademark.

In order to determine what rights the PGI “Café de Colombia” did confer, it was necessary to refer to the terms of Regulation No.

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200. Federación Nacional de Cafeteros de Colombia v. OHIM, (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Nadine Hélène Jeanne Hautrive), Case T-387/13, ECR II-_____ (GC, Sept. 18, 2015).
The case turned on the relative role and importance of two provisions of this Regulation, one of which, Article 13, is headed “Protection” and provides that the owner of the PGI has the right to prevent certain conflicting uses. The other, Article 14, is headed “Relations between trademarks, designations of origin and geographical indications.”

Article 13(1) provides as follows, as regards the protection it confers on PGIs:

Registered names shall be protected against:

(a) any direct or indirect commercial use of a registered name in respect of products not covered by the registration in so far as those products are comparable to the products registered under that name or in so far as using the name exploits the reputation of the protected name;

(b) any misuse, imitation or evocation, even if the true origin of the product is indicated or if the protected name is translated or accompanied by an expression such as “style”, “type”, “method”, “as produced in”, “imitation” or similar;

(c) any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product, on the inner or outer packaging, advertising material or documents relating to the product concerned, and the packing of the product in a container liable to convey a false impression as to its origin;

(d) any other practise liable to mislead the consumer as to the true origin of the product.

Where a registered name contains within it the name of an agricultural product or foodstuff which is considered generic, the use of that generic name on the appropriate agricultural product or foodstuff shall not be considered to be contrary to points (a) or (b) in the first subparagraph.

Article 14(1) provides, with specific reference to trademark applications filed later than PGI application, as follows: “Where a designation of origin or a geographical indication is registered under this Regulation, the application for registration of a trademark corresponding to one of the situations referred to in Article 13 and relating to the same class of product shall be refused if the application for registration of the trademark is submitted after the date of submission of the registration application to the Commission.”

201. It should be noted that Regulation No. 510/2006, relied on in the case in hand, has now been repealed and replaced by Regulation No. 1151/2012. This 2012 Regulation contains provisions that replicate Articles 13(1) and 14, cited below, so the lessons of the case retain their relevance in respect of future, similar, cases.
In the present opposition case, both OHIM and the Fifth Board of Appeal applied Article 14(1) and dismissed the opposition.\(^2\) As can be seen above, Article 14(1) refers to an application for a trademark “relating to the same class of product” as the PGI. The Board of Appeal held that the link between the trademark applicant’s Class 43 services, on the one hand, and coffee, on the other, was too weak to regard them as being in the same class of product.

However, the General Court annulled the Board of Appeal decision, holding that it should have applied Article 8(4) of the CTM Regulation by reference to Article 13 of the 2006 Regulation, and not by reference to Article 14.

As the General Court noted, “it is apparent from the case-law that Article 8(4) of [the CTM Regulation] provides that, pursuant to the applicable national law, the sign in question must confer on its proprietor the right to prohibit the ‘use’ of a subsequent trademark, but does not require that, pursuant to the applicable national law, the sign in question must confer on its proprietor the right to prohibit the ‘registration of a trademark.’”\(^2\)

The General Court noted that OHIM’s Opposition Guidelines were consistent with this finding—although OHIM found itself arguing the contrary position in the case in hand. The General Court cited the following provisions of the OHIM Guidelines:

The ability of PGIs to prevent use is governed by the relevant provisions of the EU Regulations ([Article 13 of Regulation No 1151/2012] . . .). In this context, it is important to distinguish the latter provisions preventing use from those that prevent registration of a trademark [Article 14 of Regulation No 1151/2012] and which are not a basis for opposition under Article 8(4) [of the CTM Regulation]. Therefore, under Article 8(4) [of the CTM Regulation], a PGI can prevail if the conditions set out in the provisions preventing use are met, [which] are:

- the contested [CTM application] exclusively consists of the whole PGI or adds other words or figurative elements (direct or indirect use) for comparable products or, even for non-comparable products, if the use of the PGI exploits the reputation of the protected name
- the contested [CTM application] contains or consists of an imitation or of an evocation of the PGI
- other misleading indications and practises.\(^2\)

\(^2\) Case R 757/2012-5 (OHIM Fifth Board of Appeal, May 17, 2013).
\(^2\) Id. ¶ 42.
\(^2\) OHIM Opposition Guidelines cited at Federación Nacional de Cafeteros de Colombia v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener
The court concluded that Article 13 of Regulation No. 510/2006 provided the basis for opposition by the owners of PGIs, whereas Article 14 should be regarded as establishing a basis on which OHIM itself should consider rejecting a trademark application based on Article 7(1)(k) of the CTM Regulation.

The General Court concluded by noting the substantive difference in the terms of Article 13 and Article 14, regarding their respective scope of protection. It held that, whether or not the reference to “comparable products” in Article 13(1)(a) was any wider than “same class of products” in Article 14, the opponent’s case was still more broadly based under the terms of Article 13 than under Article 14. Therefore, the outcome of the opposition might be different under Article 13. Since this therefore required a fresh examination of the case, the Board of Appeal decision was annulled.

19. EU—CJEU—Misinterpretation of national law—What is the scope of OHIM’s powers when called upon to apply the laws of an EU Member State in a CTM opposition case?

Last year’s Annual Review of EU Trademark Law contains a comment on the CJEU’s judgment in OHIM v. National Lottery Commission. The CJEU had remitted the case back to the General Court for a ruling, which it gave in Gambling Commission v. OHIM (the other parties to the proceedings before the Board of Appeal of OHIM being Mediatek Italia and De Gregorio) in June 2015, and which is the subject of the present comments.

The background is as follows. In October 2007, the National Lottery Commission (NLC), now the Gambling Commission, obtained the registration of a Community trademark for the figurative mark shown below. The symbol is used for the UK’s wildly popular national lottery. Mediatek Italia Srl and Giuseppe De Gregorio filed for a declaration of invalidity in respect of the CTM, based on an alleged earlier Italian copyright relating to an image similar to the contested mark, the Mano Portafortuna.

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before the General Court, being Nadine Hélène Jeanne Hautrive), Case T-387/13 ¶ 51, ECR II-____ (GC, Sept. 18, 2015).


207. Gambling Commission v. OHIM (the other parties to the proceedings before the Board of Appeal of OHIM being Mediatek Italia and De Gregorio), Case T-404/10, [2015] ECR II-____ (GC, Jun. 20, 2015).
The contested mark

The applicants for declaration of invalidity action submitted in evidence, in support of their claim to an earlier copyright, a copy of an agreement allegedly dated September 16, 1986, under which it appeared that the artist responsible for the Mano Portafortuna design had assigned his rights to reproduce the sign to Mr. De Gregorio.

The defendants of the invalidity action, however, alleged that the supposed copyright assignment agreement contained a number of anomalies, notably: (1) the apparent date of the postal stamp attesting to the date of the agreement was a Sunday, when Italian post offices are closed; and (2) the term of copyright protection referred to in the agreement was seventy years post-mortem, whereas the copyright protection term at the time the agreement was allegedly signed, in 1986, lasted for fifty years post-mortem—it was extended to seventy years only subsequently.

The case played out briefly as follows: OHIM’s Cancellation Division held the contested mark to be invalid; a decision upheld by the First Board of Appeal. The NLC then brought an action for the annulment of the Board of Appeal’s decision. The General Court upheld the annulment action, finding that the Board had misinterpreted the applicable national law and failed to assess accurately the scope of its own powers. OHIM then appealed to the CJEU.

As reported in last year’s review, in a 2014 ruling, the CJEU set aside the General Court’s decision on procedural grounds. This was because the General Court had conducted its own research and found that the Italian Civil Code allowed the agreement to be freely contested in court. The General Court had arrived at this conclusion by referring to a 2007 Italian Supreme Court decision which stated that dates reported on post office prints do not necessarily constitute full proof and can be disregarded without initiating forgery proceedings. However, this Italian judgment had not been mentioned during the proceedings before OHIM or in

208. Case R 1028/2009-1 (OHIM First Board of Appeal, June 9, 2010).

209. Case No. 13912 (Italian Supreme Court, June 14, 2007).
the written pleadings before the General Court. As this judgment had been critical to the General Court’s line of reasoning, the CJEU found, in its 2014 decision, that although the General Court had not exceeded the limits of its powers by assessing the scope of the rules of national law, it had infringed the principle that the parties should be heard, since the parties had not had the chance to make observations about the Italian case.

The matter then returned to the General Court for reconsideration, resulting in the 2015 ruling now under discussion. The General Court noted that where an application for invalidity is based, as here, on an earlier right protected under national law, the invalidity applicants had to provide evidence that they were entitled to the right under the law in question, and also had to provide particulars establishing the content of that law. It went on to confirm that the Board of Appeal had been correct to rely on the rules of the relevant national law—here, Italian Law—to determine the probative value of the 1986 agreement. The question was whether the Board of Appeal had correctly understood the Italian law rules?

The General Court concluded that the Board had, in fact, misinterpreted those Italian law provisions. In the absence of a contemporaneous notarization of the parties’ signature (which was lacking in the present case; a notarized confirmatory assignment signed 22 years later being, in the General Court’s view, insufficient) reliance would need to be placed on the post office stamp to establish the exact date of the agreement. This was in accordance with the Italian Codice civile. The General Court noted that the presence of the post office stamp was a factor which could establish the definite date (September 21, 1986) of the supposed 1986 agreement and, thus, constitute proof of the provenance of the statements made in it as of that date. However, where the Board of Appeal had gone wrong in its appraisal of Italian law was in concluding that the presence of the post office stamp rendered the Gambling Commission unable to adduce proof contradicting the apparent evidence of the post office stamp, other than by means of proceedings for a declaration of forgery. That conclusion was inconsistent with Italian case law, and wrong.

The General Court, therefore, concluded that the Board had based its approach on a misinterpretation of the Italian law provisions, and therefore misconstrued the precise scope of its own powers. Had the Board understood (as it should have done) that the Gambling Commission could legitimately challenge the authenticity of the agreement within the context of the present proceedings, the Board might have given more weight to the anomalies in the agreement and might have reached a different conclusion on the merits of the claim to an earlier copyright. The General Court therefore concluded that the Board of Appeal
decision should be annulled. The matter will therefore go back to the Board of Appeal for a further assessment of the position, no longer on the basis of the false premise that the 1986 agreement constitutes conclusive evidence of the provenance of the statements contained within it.

V. BAD FAITH

A. Introductory Comments

EU trademark law contains a number of provisions offering the possibility of challenging a trademark application, or the resulting registration, on the basis that the application was made in bad faith.

The position is relatively simple in the case of a Community trademark: it is not possible to oppose a CTM application on grounds of bad faith as such (although certain other opposition grounds may incorporate a bad faith element), but an invalidity action may be brought on this basis. The rule is contained in Article 52(1)(b) of the CTM Regulation.

The TM Directive, on the other hand, contains two relevant provisions, Article 3(2)(d) and Article 4(4)(g). The provisions in the TM Directive create options for the EU Member States. Each EU Member State may choose to incorporate into its law a broader bad faith provision under Article 3(2)(d), a narrower one under Article 4(4)(g), or neither. In practice, Member States have gone in different directions on this. Some, such as the United Kingdom, have adopted a general bad faith provision, whereas others have adopted a provision that applies only in the more limited situation described in Article 4(4)(g).

Just two cases are noted in this Section. The first concerns a challenge to a family of Spanish national trademark registrations. The challenge was brought by reference to bad faith rules adopted in Spain pursuant to the TM Directive. The matter went to the Spanish Supreme Court, which applied principles derived from leading CJEU case law. The second case was in the EU General Court. Like the first case, it involved a complex exercise in the interpretation of ambiguous facts.

B. Legal Texts

Article 52(1)(b) of the CTM Regulation

1. A Community trademark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:

...
(b) where the applicant was acting in bad faith when he filed the application for the trademark.

**Article 3(2)(d) of the TM Directive**

2. Any Member State may provide that a trademark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that:

> . . . the application for registration of the trademark was made in bad faith by the applicant.

**Article 4(4)(g) of the TM Directive**

4. Any Member State may . . . provide that a trademark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:

> . . .

(g) the trademark is liable to be confused with a mark which was in use abroad on the filing date of the application and which is still in use there, provided that at the date of the application the applicant was acting in bad faith.

**C. Cases**

1. **Spain—Spanish Supreme Court—Invalidity—Bad Faith—What factors will result in a bad faith ruling when the claim is not brought for over a decade?**

   On April 10, 2015, the Spanish Supreme Court gave judgment in *ITV Global Entertainment v. Europroducciones TV* (Appeal 1775/2013), a ruling on the issue of bad faith.

   The case arose from an invalidity action brought by ITV Global Entertainment Ltd, the owner of rights in a television format for a word-play game show, the name of which translates into English as “pass the word.” ITV Global Entertainment had concluded license agreements with many foreign companies to show this TV format with the local language-equivalent names, such as “passaparola” (Italian) in 1997, and “passo a palavra” (Portuguese) in 1999. In these countries, ITV also owned a trademark registration corresponding to the name of the program. This was not the case in Spain.

   The invalidity action was brought against ITV Global Entertainment’s Spanish licensee, Europroducciones TV. It was brought with respect to Spanish language-equivalent registrations of the name which Europroducciones TV had secured through

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applications made in its own name: Spanish trademark registrations No. 2222976 PASA PALABRA” (Class 38), No. 2222977 PASA PALABRA (Class 41), No. 2351547 PASAPALABRA (Class 9) and No. 2351548 PASAPALABRA (Class 28). The main grounds for the action were that the applications for the trademarks had been filed in bad faith.

Most of the contested registrations were the result of applications that had been filed in 1999, yet the invalidity action based on bad faith was filed only in 2010. The plaintiff argued that it had only become aware of the existence of the Spanish trademark when, in late 2009, it had filed a CTM application for PASAPALABRA and received an opposition from Europroducciones TV.

The defendant argued, inter alia, (i) that the program Pasapalabra was shown for the first time in Spain in July 2000 and that, at the time its contested Spanish marks had been filed, the name of the program that had been running had been The Alphabet Game in the United Kingdom and Rire en toutes lettres in France; (ii) that, prior to 1999, the only place in which the program had been shown with a name translating to “pasa palabra” (or “pass the word”) had been Italy (Passaparola); (iii) that, in the contract signed with ITV Global Entertainment, nothing had been said about the name of the program; and (iv) that the plaintiff had acquiesced in the registration and use of the trademark by the Spanish company. The defendant also counterclaimed against ITV Global Entertainment for trademark infringement.

The Commercial Court of Madrid rendered a decision on June 27, 2011 upholding ITV Global Entertainment’s claim and invalidating the various trademarks “Pasa Palabra” and “Pasapalabra” for having been filed in bad faith. It also rejected the counterclaim for trademark infringement.

The case went to appeal, and on April 22, 2013, the Appeal Court of Madrid rejected the appeal.

The defendant Europroducciones TV then filed a cassation appeal before the Supreme Court. In this appeal, it argued that:

- the plaintiff had not shown that it held any prior rights in the name “Pasa Palabra” (even unregistered rights) which, in the defendant’s submission, was a requirement for success in a bad faith claim pursuant to the leading CJEU decision in the field—its June 11, 2009, ruling in Lindt (Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH, Case C-529/07);211 and

- the mere knowledge of another’s trademark does not necessarily imply that an application to register it is in bad faith.

faith; to establish bad faith there must be something in addition that makes the filing reprehensible, which in this case did not exist.

The Spanish Supreme Court rejected the appeal. The Spanish Supreme Court took a more rounded (and correct) view of the CJEU’s *Lindt* ruling than the defendant had proposed, noting the following principles from that ruling: “the fact that the applicant knows or must know that a third party has long been using, in at least one [EU] Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought is not sufficient, in itself, to permit the conclusion that the applicant was acting in bad faith”;212 that “consequently, in order to determine whether there was bad faith, consideration must also be given to the applicant’s intention at the time when he files the application for registration”;213 and although intention is a subjective matter, it “must be determined by reference to the objective circumstances of the particular case.”214

The Spanish Supreme Court considered it to be established that the defendant had been aware of the success of the TV programs in the United Kingdom, France, and Italy, and that its interest in registering a Spanish equivalent of the name of the program could be explained as only reflecting an intention to obtain a competitive advantage without any reasonable justification. There had been no rationale for the defendant to file the application other than to speculate with the mark and use the registration as a tool to block the activities of the plaintiff. This had been proved by the defendant’s filing of an opposition to ITV Global Entertainment’s CTM application, and a request that had been made by Europroducciones TV that ITV Global Entertainment should take a fee-bearing license to use the mark in Spain. In addition, the Spanish Supreme Court stated that the alleged intention of the defendant to use the mark on a television show of its own had not been proved.

212. *Id.* ¶ 40.
213. *Id.* ¶ 41.
214. *Id.* ¶ 42.
2. EU—General Court—Bad Faith—What importance attaches in a bad faith case to the duties of a director toward a company he has founded, and to the handling of a trademark application in covert fashion?

In *Silicium España Laboratories, SL v. OHIM, LLR-G5 Ltd intervening*, the General Court had to consider an invalidity action based on bad faith grounds in which both of the individuals with firsthand knowledge of relevant events had since died. Its ruling, upholding the finding of bad faith, was given on June 16, 2015.

The trademark application in question had been filed on behalf of “Mr. R,” who was considered to be the “beneficial” applicant. The application was for the Community trademark LLRG5, and it covered a range of products and services in Classes 5, 32, and 44.

At the time of the filing, in 2003, Mr. R was a co-director and 50% shareholder in an Irish company called LLR-G5 Limited, which made and sold organic silicon under the name “G5.” It is this company that brought the invalidity claim forming the basis of the present case.

In February 2004, Mr. R resigned as a director of LLR-G5 Limited, although remaining a shareholder until 2006. Shortly after his resignation, Mr. R arranged to have the CTM application transferred into his own name. It later matured into a registration.

The General Court considered it to be quite obvious that, when he arranged the filing in 2003, Mr. R was well aware that his company was already using LLR-G5 as its corporate name. But a finding of bad faith would also require evidence of an untoward intent on Mr. R’s part. This, although a subjective matter, had to be determined by the objective circumstances. The circumstances of most relevance concerned Mr. R’s relationship with the company, and in this regard the General Court noted with regret, “the lack of detail available as to the circumstances and the conditions of the creation of the intervener, the resignation of Mr. R as a co-director of the company and, finally, the filing of the application for registration of the sign at issue.”

The General Court nevertheless concluded that there was enough evidence to draw conclusions.

The arguments put forward by *Silicium España*—the current owner of the CTM, and successor in title to Mr. R—was based on the notion that Mr. R had been the acknowledged rights owner.

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215. Silicium España Laboratories, SL v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the Court, being LLR-G5 Ltd), Case T-306/13, [2015] ECR II – (GC, June 16, 2015) (LLRG5).

216. Id. ¶ 50.
The intervener relied in particular on two documents. One was a warning letter that had been written to a third party on behalf of LLR-G5 Limited, which refers to Mr. R having given the company an exclusive license to use his name or the names LLR-G5 or G5. The other was a memorandum of agreement made by Mr. R and LLR-G5 Limited in December 2004, a few months after Mr. R’s resignation as a director, which included the following clauses:

The said [Mr. R] will confer upon the Company an exclusive license to manufacture and distribute the product known as G5 and any other health products of the same range.

[Mr. R] will use his best endeavours to promote all products at present and presently produced and distributed by LLR-G5 Limited and will not cause any problems for the Company, its Directors or employees.

[Mr. R] will not authorise any other Company, individual or partnership to use [his] name or the names LLRG5 or G5 to manufacture or promote any food supplements, health products or medical/medicinal products based on Organic Silicon, Organic Silicon, Organic Silicium, monomethylsilanetriol or any other product formulated from the same range or any other combination thereof.217

In the overall context, the General Court did not find these documents to be compelling evidence of either pre-existing rights on Mr. R’s part or an agreement that he should be the rights-owner. There was no evidence of the circumstances to which the memorandum of agreement had come into being. However, the General Court considered that it was not mere speculation to conclude that, in the circumstances obtaining in 2004 (with Mr. R and his former business partner having parted company, and looking to wrap up their respective interests) the third clause quoted above from the memorandum was nothing more than a non-compete clause. The General Court also felt that the warning letter had merely been referring back to the content of the memorandum. The General Court also noted that neither document had referred specifically to the CTM.

The memorandum of agreement and warning letter were clearly capable of more than one interpretation, but overall the General Court appears to have been influenced by two things: one is the apparent element of subterfuge in the trademark filing—the General Court considered that Mr. R had not permitted LLR-G5 Limited the possibility of considering an opposition to the mark, and the Court referred to the application as having been “a concealed act’, carried out, furthermore, through an intermediary, intended to prevent the intervener from continuing to use that

217. Id. ¶ 8.
sign.”218 The General Court believed from the evidence that Mr. R had filed the application secretly because he wished to compete with the company once he had left it. The other factor was simply the special duty that Mr. R had as director of the company. The General Court put it as follows: “in his capacity as a co-director of the intervener, Mr. R was obliged to act in the intervener’s best interests. As co-director and co-founder, Mr. R clearly accepted that the contested sign should become the company name of the intervener and that that name be used when trading in the goods at issue. In his position as a director and shareholder of the intervener, Mr. R could not be unaware of the risk of harm that registration in his name, unbeknownst to the intervener, of a sign identical to the company name used by the intervener, which was enjoying at the time (according to Mr. R’s own statements) commercial success in the relevant areas, might cause the intervener.”219

VI. USE, NON-USE, AND PROOF OF USE

A. Introductory Comments

Neither the TM Directive nor the CTM Regulation requires that a trademark should be in use before the mark may be registered. Similarly, there is no requirement that the trademark owner should prove ongoing (or any) use of the trademark upon renewal of the registration, or at any other periodic interval.

Despite this, the EU does subscribe to the “use it, or lose it” principle. A Community trademark becomes vulnerable to attack on grounds of non-use once it has been registered for five years. A similar rule applies in relation to trademarks registered with national EU trademark authorities.

The question of whether or not a mark is in use at a given time may arise in two contexts. The first is where the registration of the mark is made the subject of a revocation attack on the specific grounds of non-use, which may happen on a stand-alone basis or as a counterclaim in infringement proceedings. The second is where the trademark in question is being used as an “earlier right” in a challenge to a third party’s trademark application or registration. In this latter situation, the third party may require, if the challenger’s mark is at least five years old, that “proof of use” be provided. To the extent that such proof is not then provided, the earlier right is disregarded for the purposes of the challenge.

The provisions concerning revoking a Community trademark on grounds of non-use are found in Articles 15 and 51(1) of the

218. Id. ¶ 71.
219. Id. ¶ 70.
CTM Regulation (read together with Article 160 in relation to international registrations that designate the EU). The parallel provisions in relation to the trademark registrations on the registers of EU Member States are set out in Articles 10 and 12 of the TM Directive.

The requirements for “proof of use” in connection with challenges to third party marks—which are in part optional for Member States—are set out in Article 42 of the CTM Regulation (read together with Article 160 in relation to international registrations that designate the EU) and Article 11 of the TM Directive.

Four cases are mentioned in this Part. The first is from the English Court of Appeal and addresses the issue of how a trademark specification (identification of goods) should be cut down when the mark has been used for some, but not all, of the goods for which it was registered. The second is from the Netherlands and concerns the recurring issue of how to deal with a case where the use of the mark in question has been relatively minimal. The third concerns a rather startling reference to the CJEU by the Swedish Supreme Court, asking if adverse consequences may arise from the non-use of a CTM within the five years after its registration. The last is a General Court case dealing with the question of whether or not a mark used to designate a certain material used in the manufacture of finished products may be said to be used for the finished products as well as the materials in question.

B. Legal Texts

Article 15 of the CTM Regulation

1. If within a period of five years following registration, the proprietor has not put the Community trademark to genuine use in the [European Union] in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the Community trademark shall be subject to the sanctions provided for in this Regulation, unless there are proper reasons for non-use.

The following shall also constitute use within the meaning of the first sub-paragraph:

(a) use of the Community trademark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered.”

(b) affixing of the Community trademark to goods or to the packaging thereof in the Community solely for export purposes.
2. Use of the Community trademark with the consent of the proprietor shall be deemed to constitute use by the proprietor.

Article 42 of the CTM Regulation

2. If the applicant so requests, the proprietor of an earlier Community trademark who has given notice of opposition shall furnish proof that, during the period of five years preceding the date of publication of the Community trademark application, the earlier Community trademark has been put to genuine use in the Community in connection with the goods or services in respect of which it is registered and which he cites as justification for his opposition, or that there are proper reasons for non-use, provided the earlier Community trademark has at the date been registered for not less than five years. In the absence of proof to this effect, the opposition shall be rejected. If the earlier Community trademark has been used in relation to part only of the goods or services for which it is registered it shall, for the purposes of the examination of the opposition, be deemed to be registered in respect only of that part of the goods or services.

3. Paragraph 2 shall apply to earlier national trademarks . . . by substituting use in the Member State in which the earlier national trademark is protected for use in the Community.

Article 51 of the CTM Regulation

1. The rights of the proprietor of the Community trademark shall be declared to be revoked on application to the [OHIM] or on the basis of a counterclaim in infringement proceedings:

(a) if, within a continuous period of five years, the trademark has not been put to genuine use in the [European Union] in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use; however, no person may claim that the proprietor’s rights in a Community trademark should be revoked where, during the interval between expiry of the five-year period and filing of the application or counterclaim, genuine use of the trademark has been started or resumed; the commencement or resumption of use within a period of three months preceding the filing of the application or
counterclaim which began at the earliest on expiry of the continuous period of five years of non-use shall, however, be disregarded where preparations for the commencement or resumption occur only after the proprietor becomes aware that the application or counterclaim may be filed.

**Article 160 of the CTM Regulation**
For the purposes of applying Article 15(1), Article 42(2), Article 51(1)(a) and Article 57(2), the date of publication pursuant to Article 152(2) shall take the place of the date of registration for the purpose of establishing the date as from which the mark which is the subject of an international registration designating the European Community must be put to genuine use in the Community.

**Article 10 of the TM Directive**
Use of trademarks
1. If, within a period of five years following the date of the completion of the registration procedure, the proprietor has not put the trademark to genuine use in the Member State in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the trademark shall be subject to the sanctions provided for in this Directive, unless there are proper reasons for non-use. The following shall also constitute use within the meaning of the first subparagraph:
   (a) use of the trademark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered;
   (b) affixing of the trademark to goods or to the packaging thereof in the Member State concerned solely for export purposes.
2. Use of the trademark with the consent of the proprietor or by any person who has authority to use a collective mark or a guarantee or certification mark shall be deemed to constitute use by the proprietor.
3. In relation to trademarks registered before the date of entry into force in the Member State concerned of the provisions necessary to comply with Directive 89/104/EEC:
   (a) where a provision in force prior to that date attached sanctions to non-use of a trademark during an uninterrupted period, the relevant period of five years
mentioned in the first subparagraph of paragraph 1 shall be deemed to have begun to run at the same time as any period of non-use which is already running at that date;

(b) where there was no use provision in force prior to that date, the periods of five years mentioned in the first subparagraph of paragraph 1 shall be deemed to run from that date at the earliest.

Article 11 of the TM Directive
Sanctions for non-use of a trademark in legal or administrative proceedings

1. A trademark may not be declared invalid on the ground that there is an earlier conflicting trademark if the latter does not fulfil the requirements of use set out in Article 10(1) and (2), or in Article 10(3), as the case may be.

2. Any Member State may provide that registration of a trademark may not be refused on the ground that there is an earlier conflicting trademark if the latter does not fulfil the requirements of use set out in Article 10(1) and (2) or in Article 10(3), as the case may be.

3. Without prejudice to the application of Article 12, where a counterclaim for revocation is made, any Member State may provide that a trademark may not be successfully invoked in infringement proceedings if it is established as a result of a plea that the trademark could be revoked pursuant to Article 12(1).

4. If the earlier trademark has been used in relation to part only of the goods or services for which it is registered, it shall, for purposes of applying paragraphs 1, 2 and 3, be deemed to be registered in respect only of that part of the goods or services.

Article 12 of the TM Directive
Grounds for revocation

1. A trademark shall be liable to revocation if, within a continuous period of five years, it has not been put to genuine use in the Member State in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use.

    However, no person may claim that the proprietor’s rights in a trademark should be revoked where, during the interval between expiry of the five-year period and filing of
the application for revocation, genuine use of the trademark has been started or resumed.

The commencement or resumption of use within a period of three months preceding the filing of the application for revocation which began at the earliest on expiry of the continuous period of five years of non-use shall be disregarded where preparations for the commencement or resumption occur only after the proprietor becomes aware that the application for revocation may be filed.

(. . .)

C. Cases

1. UK—English Court of Appeal—Use/Non-Use—To what extent should a trademark application be cut down to reflect the fact that it has not been used, for the relevant period, for some but not all of the goods for which it had been registered?

The decision of the English Court of Appeal in Roger Maier and Assos of Switzerland SA v. ASOS plc and ASOS.com Limited was handed down on April 1, 2015. This was an unusual case involving similar marks that had been in concurrent use for similar (and sometimes identical) products for an extended period. The case is interesting for four reasons, namely: (a) its analysis of the extent to which a trademark specification should be cut down on grounds of partial non-use; (b) its insistence on a proper assessment of the likelihood of confusion by reference to fair notional use of the senior mark; (c) its analysis of the scope of a trademark dilution claim; and (d) its treatment of the “own name” defense.

The first point is dealt with here. Points (b), (c), and (d) are dealt with, respectively, in later sections of this review, with the cases on infringement and defenses.

The plaintiff’s deal, primarily, in sophisticated, expensive, hard-core cycling clothes under their brand name ASSOS. Among their registered trademark rights is a CTM for the word mark ASSOS, which was registered in Class 25 for “clothing, footwear and headgear.”

The defendants run an online fashion clothing business, based in the United Kingdom, which has been remarkably successful. Their business was founded in 1999 as “As Seen On Screen,” and changed its name to the acronym ASOS in 2002. ASOS was from then on the name of their website and, from 2004 onward, the

business also started to sell private label clothing under the ASOS mark, alongside other brands.

Trademark infringement proceedings against the ASOS companies were commenced, by reference to the ASSOS CTM, in 2011. The claims included alleged infringement with respect to both Article 9(1)(b) of the CTM Regulation, (likelihood of confusion) and Article 9(1)(c) of the CTM Regulation (dilution—or, more properly, detriment to the distinctive character of the earlier mark). The defendants responded with, among other things, an allegation that the ASSOS CTM should be cancelled in part on grounds of non-use, and a defense to the infringement claim under Article 12(a) of the CTM Regulation—that is, that the use of ASOS amounted to an honest use of the defendant’s own name.

At first instance, the claim in the English High Court failed, primarily on the basis that the court considered there to be no likelihood of confusion and no evidence of harm to the ASSOS brand as a result of the use of ASOS.\(^{221}\) The court was heavily influenced by the expensive, niche quality of the plaintiffs’ product lines, even though they included not only specialist cycling gear but also certain items of casual wear.

The plaintiff’s appeal to the English Court of Appeal failed, but for different reasons: on a 2:1 split, the Court of Appeal upheld the “own name defense.”

A first step for the English High Court (which was sitting as a Community trademark court) had been to determine the proper scope of protection of the ASSOS CTM, in light of the non-use attack made on it. The specification as originally filed covered “clothing; footwear and headgear.” The defendants recognized the use of the ASSOS mark for technical, specialist cycling wear, but they disputed the registration in respect of other products. There was evidence that the plaintiffs had introduced certain non-technical clothing items under the ASSOS trademark—such as track-suits and t-shirts—but the range was relatively limited. From this starting point, the High Court had had to determine whether the retention of the original broad specification (including “clothing”) was justified, or whether it should but cut down. If the latter, it had to determine the appropriate narrower specification.

The High Court ultimately decided that the specification should be reduced to: “Specialist clothing for racing cyclists; jackets, t-shirts, polo shirts, track-suits, track-suit bottoms, casual shorts, caps.”

The formulation of the narrowed specification was disputed before the English Court of Appeal. The issue provoked considerable debate, which resulted in the High Court’s

\(^{221}\) Roger Maier and Assos of Switzerland SA v. ASOS plc and ASOS.com Limited [2013] EWHC 2831 (Ch) ¶ 88 (Sept. 19, 2013) (ASOSS/ASOS).
formulation being (broadly) upheld by a 2:1 majority. The debate focused on the itemized approach featured in the second part of the narrowed specification.

Lord Justice Kitchen, who delivered the leading judgment in the Court of Appeal, considered the guidance given on the subject of partial revocation by the EU General Court. He referred to the court’s task as involving a value judgment, and described the approach in these terms:

The Court must identify the goods or services in relation to which the mark has been used in the relevant period and consider how the average consumer would fairly describe them. In carrying out that exercise the court must have regard to the categories of goods or services for which the mark is registered and the extent to which those categories are described in general terms. If those categories are described in terms which are sufficiently broad so as to allow the identification within them of various sub-categories which are capable of being viewed independently then proof of use in relation to only one or more of those sub-categories will not constitute use of the mark in relation to all the other sub-categories.\(^{222}\)

It follows that protection must not be cut down to those precise goods or services in relation to which the mark has been used. This would be to strip the proprietor of protection for all goods or services which the average consumer would consider belong to the same group or category as those for which the mark has been used and which are not in substance different from them. But conversely, if the average consumer would consider that the goods or services for which the mark has been used form a series of coherent categories or sub-categories then the registration must be limited accordingly.\(^{223}\)

Despite the fact that the High Court had listed a number of individual product descriptions rather than proposing one or more product categories or sub-categories that would encompass them, Lord Justice Kitchen largely refrained from criticism of the High Court’s decision. On the one hand, the use in relation to the particular items of clothing concerned did not, in his view, justify a specification extending to all casual wear. On the other hand, the High Court’s approach had not been arbitrary or persnickety; the descriptions of casual clothing for which the High Court had

\(^{222}\) Roger Maier and Assos of Switzerland SA v. ASOS plc and ASOS.com Limited [2015] EWCA Civ 220 ¶ 64 (Apr. 1, 2015).

\(^{223}\) Id. ¶ 65.
proposed the registration should be sustained were meaningful, and were meaningfully distinguishable one from another.

Lord Justice Underhill concurred, but with regret: “Ideally I should have preferred to find a general description which comprised the listed items, and . . . variations of them, but was a good deal more specific than “casual wear”. But that is easier said than done, and in any event the only half-way house proposed to us, “leisure wear”, seems to me to have most of the same problems.”

In the minority, Lord Justice Sales disagreed. He would have allowed continuing protection for the wider category “casual wear,” holding “neither party could suggest any sensible, non-arbitrary dividing line between the sort of leisurewear which Assos has already been selling and casual wear generally. I consider that there is no other sensible dividing line of any clarity, which is non-arbitrary and avoids capricious and unjustified limitations on the protection which Assos is entitled to derive from its CTM.”

His comments echoed the point that the court is making a value judgment; the minority opinion favored an approach that placed greater emphasis on affording flexibility to the trademark owner in a casual clothing market, which the judge described as being “highly fluid and highly adaptive to fashion trends.”

2. Benelux—District Court of Overijssel, The Netherlands—Genuine use

May the fact that a trademark owner is a small company and has only recently acquired a trademark be taken into account when assessing genuine use?

A sale of only 872 products was deemed to constitute genuine use of a Benelux trademark, in a case where the trademark owner was a relatively small entity, which, not long after acquiring the trademark at issue, relaunched that trademark. This was decided by the District Court of Overijssel in the Netherlands in the case Ten Cate/TD.

The underlying facts are as follows. Ten Cate alleged that two trademarks belonging to TD should be revoked because of lack of genuine use. By interim decision of June 25, 2014, the District Court of Overijssel had ordered TD to provide evidence of genuine use.

TD proceeded to provide documentation, which, according to the court constituted evidence of the sale of 872 pillows to one

224. Id. ¶ 185.
225. Id. ¶ 237.
226. Id. ¶ 235.
customer in the period October/December 2012. The court stated that while this is not a large number, it was also not negligible. The court furthermore considered it relevant that TD had only acquired the trademarks in May 2012 and apparently had only at that stage perceived those to be a commercial reason to put the trademarks into use. The court also referred to the fact that TD is a relatively small enterprise, and that it had relaunched the relevant trademarks not long after acquiring them, which makes it understandable that the sales (both in terms of turnover and number of products) were small.

Other evidence that was provided, in particular orders provided to suppliers of design inlays and a Web shop, were, however, deemed irrelevant, even though they were given to external providers. The court considered that, to count as genuine use, the use of a trademark must be of a kind which would come to the attention of the public interested in purchasing a product because of the trademark.

3. Sweden—Swedish Supreme Court—Non-use—Might the lack of genuine use of a Community trademark within five years from the date of the registration of the trademark deprive the proprietor of the possibility of contesting the infringement of the trademark?

The case which raises this question, Länsförsäkringar AB v. A/S Matek, is the subject of great controversy in Sweden. The 2015 ruling of the Swedish Supreme Court, which has raised the matter with the CJEU, keeps the controversy alive.

The plaintiff—an insurance, banking, and real-estate undertaking called Länsförsäkringar AB—brought trademark infringement proceedings in Sweden against a construction company called A/S Matek. It requested the court to issue an injunction prohibiting use of the figurative elements in Matek’s trademarks, reproduced below (the color marks), when marketing services regarding the production, construction, and installation of wooden houses in Sweden. The plaintiff’s claim was based on Article 9(1)(b) of the CTM Regulation.

The basis for the claim was the plaintiff’s Community trademark—for the black and white trademark below. The plaintiff’s trademark was registered for services including “real estate affairs; appraisal of real estate in connection with insurance; rental of apartments and business premises; real-estate

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management” in Class 36. The plaintiff’s mark was also registered for “building construction; repair; installation services” in Class 37. It was accepted between the parties that the plaintiff had not used its trademark, and was not planning to use its trademark, for the construction and other services in Class 37. In practice, the parties’ services were quite distinct: the plaintiff was offering real-estate services and other services belonging to Class 36, whereas the defendant’s business consisted of producing, constructing and installing prefabricated wooden houses belonging to Class 37. The plaintiff’s CTM had been registered for less than five years.

The plaintiff’s Community Trademark

Two of the trademarks used by the defendant

The Svea Court of Appeal, before which the matter had come, had concluded that the plaintiff’s trademark had acquired a significant reputation in Sweden, and that the parties’ trademarks were very similar. Despite this; despite the fact that the plaintiff’s trademark registration in fact covered construction services in Class 37; and despite the fact that the defendant was using its trademarks for services within the scope of that registration, the court assessed that there was no risk that the relevant public would confuse the parties’ trademarks. The court reasoned that it was to the proprietor’s and the defendant’s actual scope of business (respectively) that it should look when determining whether or not the parties’ goods and services should be regarded as similar, and whether or not there was therefore a likelihood of confusion, rather than to the full specification of goods and services that the plaintiff’s trademark registration covered. The Svea Court of Appeal held the defendant had not infringed the plaintiff’s
trademark in accordance with Article 9(1)(b) of the CTM Regulation.

The consequence of that judgment, if it could possibly be correct, would be to revolutionize EU trademark law. It would mean that a Community trademark proprietor would have to have commenced genuine use of its trademark in respect of the relevant goods and services covered by its trademark registration, even though the trademark registration had been in place for less than five years, before it could effectively enforce its trademark rights. Users of the CTM system will be aware that there is neither an intent-to-use requirement on filing for CTM protection nor an actual use requirement to secure registration of a CTM. Those seeking to enforce their CTM rights may be required to prove use of rights that are more than five years old; conversely, received wisdom is that there can be no such requirement within the five-year grace period.

The plaintiff, unsurprisingly, appealed the case to the Swedish Supreme Court and claimed that, since its Community trademark had been registered for less than five years, the scope of services included in its Community trademark registration were decisive when determining if there exists a likelihood of confusion between the trademarks, and not the scope of the parties’ actual businesses. According to the Swedish Supreme Court this issue had neither been addressed specifically in the CTM Regulation nor previously discussed in case law. The court therefore requested the CJEU to deliver a preliminary ruling on the issue, asking the following questions:

1. Are there any consequences for a proprietor of a Community trademark registration if the proprietor does not within five years from the time of the registration commence genuine use of its trademark in the EU for goods or services that are covered by the registration?

2. If the answer to the question above is yes, under what circumstances and in what way does the lack of genuine use within five years from the time of the registration of a Community trademark affect the trademark proprietor’s trademark right? 230

It seems scarcely possible that the CJEU should answer the first of these questions in the affirmative. There would be seismic consequences if it did.

4. **EU—General Court—Use of trademarks—When is a trademark that designates a certain material to be regarded as used in relation to goods that make use of the material in question?**

In Case T-660/11, *Polytetra GmbH v. OHIM*, the General Court dealt with an issue concerning genuine use in connection with TEFiON.231

TEFLON is a trademark owned by du Pont, familiar to consumers in particular as a non-stick coating for cookware. The TEFiON mark is registered as a Community trademark for the following goods and services:

- Class 1: “Chemicals used in industry, science and photography, as well as in agriculture, horticulture and forestry; unprocessed artificial resins, unprocessed plastics; manures; fire extinguishing compositions; tempering and soldering preparations; chemical substances for preserving foodstuffs; tanning substances; adhesives used in industry”;
- Class 11: “Apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes”;  
- Class 17: “Rubber, gutta-percha, gum, asbestos, mica and goods made from those materials and not included in other Classes; plastics in extruded form for use in manufacturer; packing, stopping and insulating materials; flexible pipes, not of metal”; and
- Class 40: “Treatment of materials.”

The TEFiON CTM was used as the basis for an opposition against an application, filed by the appellant, Polytetra GmbH, to register POLYTETRAFLON as a CTM, also in Classes 1, 11, 17, and 40.

In the course of the opposition, the TEFiON CTM being more than five years old, the applicant, Polytetra, required du Pont to prove use of its TEFiON mark. OHIM’s First Board of Appeal examined the evidence of use filed, and determined that genuine use had been established in respect of Classes 1, 11, and 17. This meant, effectively, that it held the mark to have been used not only in connection with the material (called PTFE) produced by du Pont itself (covered in Class 1), but also to the range of finished products covered by the Class 11 and Class 17 specifications of the TEFiON CTM registration (such as cooking apparatus) to which a TEFiON brand PTFE coating had been applied. The Board of Appeal

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231. *Polytetra GmbH v. OHIM* (the other party to the proceedings before the Board of Appeal, intervener before the General Court, being EI du Pont de Nemours and Company), Case T-660/11, [2015] ECR II-____ (GC, June 16, 2015) (TEFLON).
reached this conclusion because, in particular, the TEFLON mark was used by numerous EU manufacturers of finished products in respect of their own product marketing.\(^{232}\)

The applicant contested this finding and argued that the TEFLON mark could not be considered to have been used in respect of the final products as such. It noted that the third-party manufacturers used their own trademarks in connection with their finished products, and argued that the role of the TEFLON mark in the marketing of the final products was simply to promote them by reference to the quality of the raw material (i.e., the PTFE coating supplied by du Pont) used in them.

The issue was considered by the General Court in the context of (a) the relationship between the TEFLON materials and the final product; (b) the relationship between du Pont and the manufacturers, including the terms of a licensing program between du Pont and authorized users; and (c) the view of the consumer.

The General Court concluded that: “[i]n the present case, use of the TEFLON mark in relation to third parties’ final products does not ensure the essential function of that mark [i.e., to guarantee the identity of the commercial origin of the product] in respect of those final products. From the circumstances of the present case, […] it can be concluded that the consumer is capable of easily distinguishing the commercial origins, first, of the non-stick material covered by the TEFLON mark and, second, of the final product covered by the manufacturer’s mark.”\(^{233}\)

The case law reviewed by the General Court in the course of its ruling did not offer any direct guidance on comparable situations. There appears to be no CJEU authority dealing with the issue.

In view of its conclusions, noted above, the General Court annulled the decision of the Board of Appeal.

VII. EVIDENTIAL AND PROCEDURAL ISSUES IN OHIM PROCEEDINGS, AND RELATED APPEALS

A. Introductory Comments

The cases reported in this Part VII deal with points relating to evidence and procedure that arose during 2015 in relation to CTM opposition and cancellation cases working their way through the OHIM Board of Appeal, to the General Court. Four cases are covered: The first is a simple res judicata case. The second raises a more complex res judicata issue, as well as failure to state reasons

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\(^{232}\). Case R 2005/2010-1 (OHIM First Board of Appeal, Sept. 29, 2011).

\(^{233}\). Id. ¶ 80.
and failure to comply with the principle of sound administration. The third and fourth cases deal, respectively, with the question of entitlement to appeal to the CJEU, and the EU “abuse of rights” doctrine.

**B. Cases**

1. **EU—General Court—Res Judicata—How does res judicata work in the case of opposition cases ricocheting between OHIM Boards of Appeal and the General Court?**

   A decision handed down by the General Court on February 23, 2015, deals with an unusual res judicata point. The case is Case T-505/14, *Seven For All Mankind LLC v. OHIM.*

   The case relates to a CTM application filed by the appellant in 2015 to register the mark SEVEN FOR ALL MANKIND. The application was for goods in Classes 14 and 18. The application was opposed by Seven SpA on the basis of earlier rights in certain figurative marks featuring the word “SEVEN.” The opposition met with only very limited success in OHIM, and the OHIM decision was upheld by OHIM’s Second Board of Appeal.

   However, in a 2011 decision the General Court annulled the Board of Appeal decision. This General Court decision, favorable to the opponent, was upheld on further appeal to the CJEU. The CJEU decision of February 21, 2013, is reported in *Annual Review of EU Trademark Law: 2013 in Review.*

   The situation, therefore, as of 2013, was the case had gone back to the OHIM Board of Appeal level (although to an appeal board different to the one that had issued the original decision), so as to obtain a new decision at that level.

   By a decision of April 2014, OHIM’s First Board of Appeal, applying the General Court’s findings in its judgment of 2011 *Seven SpA v. OHIM—Seven For All Mankind (SEVEN FOR ALL MANKIND)* (Case T-176/10), determined the opposition case in

234. *Seven For All Mankind LLC v. OHIM* (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Seven SpA), Case T-505/14, [2015] ECR II-____ (GC, Feb. 23, 2015) (SEVEN FOR ALL MANKIND).


236. Seven SpA v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Seven For All Mankind LLC), Case T-176/10, [2011] ECR II-00352 (GC, Oct. 6, 2011).


239. *Seven SpA v. OHIM* (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Seven For All Mankind LLC), Case T-176/10, [2011] ECR II-00352 (GC, Oct. 6, 2011). (EU:T:2011:577.)
favor of the opponent on the grounds of likelihood of confusion, as provided for in Article 8(1)(b) of the CTM Regulation.

Among the General Court findings from the Seven case that were applied by the First Board of Appeal in reaching its decision were: that the earlier SEVEN marks had an average degree of distinctiveness; that “SEVEN” in the mark SEVEN FOR ALL MANKIND would attract more attention than the other words of which it is composed; and that the respective marks were visually, aurally, and conceptually similar.

In the present appeal to the General Court, the CTM applicant contested this new decision of the First Board of Appeal, arguing that the Board had erred in finding there to be a likelihood of confusion. It submitted that “seven” has a low degree of distinctiveness; that the Board of Appeal had been wrong to find that “SEVEN” was the dominant element of its own mark; and that the respective marks were not similar.

These arguments being contrary to what the General Court had held, in its 2011 decision, which was now res judicata, the General Court in the present case held all of the appellant’s arguments to be manifestly inadmissible. The 2011 General Court decision on the points in issue had been specific to the facts of the case (not merely composed of general propositions) and the Board of Appeal had not gone further in its application of the 2011 judgment than was warranted by the decision in question.

The one point on which, the current General Court decision seems to indicate, the appellant might have made some headway is with regard to the degree of similarity exhibited by the respective marks. The Board of Appeal had concluded that there was an important similarity between the marks at issue; the General Court’s 2011 decision had referred merely to there being some similarity. The point had not (according to the current General Court ruling) been fully developed in the appellant’s submissions. The suggestion is that more emphasis on this aspect of the case could have made a difference.

2. **EU—General Court—Claim of Res Judicata—Failure to state reasons—Infringement of principle of sound administration—To what extent should OHIM take account, in an opposition decision, of a ruling by an EU national court in a parallel infringement case, and for what reason?**

In Case T-378/13, Apple and Pear Australia Ltd, Star Fruits Diffusion v. OHIM,240 the General Court again addressed the issue

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240. Apple and Pear Australia Ltd, Star Fruits Diffusion v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM being Carolus C. BVBA), Case T-378/13 [2015] ECR II-_____ (GC, Mar. 25, 2015) (ENGLISH PINK/PINK LADY).
of claimed res judicata in the context of OHIM opposition proceedings. In this case, however, it was the opponent that claimed res judicata, which it did by reference to an earlier court decision. That claim failed, but the opponent succeeded on other procedural grounds.

The opposition related to a CTM application for the mark ENGLISH PINK, in relation to (inter alia) fresh fruits, filed by a company called Carolus C. BVBA. The application was opposed by the proprietors of the trademark PINK LADY, registered in respect of (inter alia) fruit, including apples. The opponents (appellants in the current General Court action) relied on three earlier CTMs, including a registration for the PINK LADY word mark.

The OHIM Opposition Division rejected the opposition. OHIM’s Fourth Board of Appeal then dismissed an appeal by the opponents, leading to the present General Court appeal.241

The issue on appeal to the General Court arose out of circumstances occurring between the date on which the earlier appeal had been filed, in 2011, and the date of the Board of Appeal’s ruling, in May 2013. The circumstances were that in June 2012, in an action for infringement brought by the PINK LADY trademark owners on the basis of (among other marks) the PINK LADY (word) CTM, the Tribunal de commerce de Bruxelles, (sitting as a Community trademark court), had annulled the Benelux mark ENGLISH PINK and ordered Carolus C. (the CTM applicant in the current case) to refrain from using that mark in the European Union. The decision became final a few weeks later. The opponents notified the Board of Appeal about the decision of the Brussels court. This was about 10 months prior to the Board of Appeal’s own decision.

Despite the notification, the subsequent Board of Appeal decision did not even mention the Brussels court ruling. The Board of Appeal decision explained in detail the Board of Appeal’s findings that the respective marks were not confusingly similar, and that no likelihood of confusion would arise (findings that were diametrically opposed to those of the Brussels court), but no comment was made about the Brussels ruling.

The General Court held that, in the circumstances, there were grounds to annul the Board of Appeal decision for failure to state reasons. The Brussels decision constituted a new, relevant, fact, of which the Board of Appeal had been notified some time in advance of the date on which it adopted its decision. During the General Court appeal OHIM explained that, despite its Board of Appeal’s silence on the matter, the Board of Appeal had “probably” taken account of the Brussels judgment but considered that it was not

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bound by it. The General Court held that, in failing to give reasons for this appraisal of the issue, the Board of Appeal had infringed Article 75 of the CTM Regulation, which provides:

Decisions of the Office shall state the reasons on which they are based. They shall be based only on reasons or evidence on which the parties concerned have had an opportunity to present their comments.

The General Court found further grounds for annulment of the Board of Appeal decision in that the Board of Appeal had infringed the principle of sound administration. The Board of Appeal had failed in its duty of due diligence, by failing to assess with all required care the relevant new fact before it—namely, the Brussels judgment.

According to the General Court, the Brussels judgment was relevant because “... there were essential common points between the factual aspects at issue in the infringement proceedings initiated and the opposition proceedings brought to contest the registration of the mark sought. Not only were the parties to both sets of proceedings identical, but also the earlier word mark relied on in support of the infringement proceedings before the Tribunal de commerce de Bruxelles was the same as the one relied on in support of the opposition proceedings before the various departments of OHIM. Moreover, the Benelux mark ENGLISH PINK, annulment of which was ordered by that court, and the mark sought were highly similar.”242 The General Court continued by remarking:

... that [the Brussels] judgment was delivered by a Community trademark court which was established pursuant to [the CTM Regulation] and which is as such part of the autonomous system that is the [European] Union trademark regime, as its role is to protect, throughout the territory of the [European] Union, those Community trademarks which are targeted by infringement or threatened infringement. It thus pursues objectives which are specific to that system.243 Moreover, ... , the intention of the [European] Union legislature must be understood as meaning that the mechanisms put in place by the legislation are aimed at guaranteeing uniform protection of the Community mark throughout the territory of the [European] Union.244 The Board of Appeal decision was therefore annulled.

242. Apple and Pear Australia Ltd, Star Fruits Diffusion v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM being Carolus C. BVBA), Case T-378/13 ¶ 47, [2015] ECR II-_____ (GC, Mar. 25, 2015) (ENGLISH PINK/PINK LADY).
243. Id. ¶ 48.
244. Id. ¶ 49.
However, having held that the Board of Appeal should have taken account of the Brussels judgment, the General Court held it to be clear that the decision of a Community trademark court in an infringement action, has no res judicata effect of OHIM opposition proceedings, even where they concern the same trademark. Despite the overall aim of “guaranteeing uniform protection” for CTMs throughout the EU, a CTM opposition case must be assessed purely on the basis of the relevant EU legislation. The fact that a Community trademark court might have ruled differently could not (per se) cast doubt on the lawfulness of the Board of Appeal decision.

The Court went on to point out that, in any event, the claims and the causes of action pursued respectively in the Brussels case and the OHIM opposition case were different. One concerned the cancellation of the Benelux trademark ENGLISH PINK whereas the other pursued an opposition against its CTM counterpart; they were based respectively, on different provisions of the CTM Regulation and (in one case) on provisions of Benelux law.

3. EU—CJEU—Procedure—Right to Appeal to the CJEU—Can a person who was party to a Board of Appeal case but did not participate in a subsequent appeal to the General Court bring an appeal to the CJEU relating to the General Court ruling?

The CJEU’s decision on February 12, 2015, in Case C-35/14P covers an important procedural point. The case, Enercon GmbH,245 concerns an invalidity application relating to the CTM shown here:

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The mark in question was described in the application form as a color mark. The mark was registered for wind energy converters.

The registration was challenged by Gamesa Eólica SL, on grounds that the mark lacked distinctive character, under Article 7(1)(b) of the CTM Regulation.

OHIM’s Cancellation Division upheld the invalidation claim. However, Enercon GmbH, the owner of the contested CTM (and the appellant in the present case) succeeded in overturning that decision. OHIM’s First Board of Appeal characterized the mark at issue as being a figurative sign consisting of a two-dimensional shape made up of colors.246

At that stage, Gamesa Eólica SL applied to the General Court for an annulment of the Board of Appeal’s decision. The General Court’s decision,247 reported in the 2013 Annual Review of EU Trademark Law;248 was to grant the annulment that Gamesa Eólica had sought. The General Court held that the Board of Appeal had mischaracterized the nature of the mark in question.

Crucially, Enercon did not participate in the General Court proceedings, although it had been entitled to do so as “intervener.”

The present case before the CJEU involved an attempt by Enercon to challenge the ruling of the General Court, alleging failures in due legal process and substantive errors in the application of Article 7(1)(b) of the CTM Regulation.

The CJEU dismissed the appeal on procedural grounds.

The critical legal provision is Article 56 of the Statute of the Court of Justice of the European Union, which provides (in its second paragraph):

“[A]n appeal may be brought by any party which has been unsuccessful, in whole or in part, in its submissions. However, interveners other than the Member States and the institutions of the Union may bring such an appeal only where the decision of the General Court directly affects them.”

The issue turned, therefore, on whether Enercon could be considered to have participated, as an intervener, in the General Court proceedings that were decided in Gamesa Eólica’s favor.

Enercon argued that, although it had not made substantive submissions in the proceedings concerned, it had engaged in certain preliminary steps in communication with the General Court. It had also been mentioned by the General Court as a party to the decision under appeal.

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247. Gamesa Eólica SL v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM being Enercon GmbH), Case T-245/12, [2013] ECR II-____ (GC, Nov. 12, 2013).
The CJEU rejected these arguments. According to Article 135(1) of the Rules of Procedure of the General Court, parties to the proceedings before the Board of Appeal, other than the party that is applying to the General Court itself, must lodge their responses within a certain time period if they wish to intervene in the General Court proceedings. This Enercon had not done.

Enercon did not participate in the General Court proceedings, having neither proposed its own form of order nor indicated that it supported the form of order being proposed by OHIM. Accordingly, it had not been an intervener in the General Court proceedings and could not, as a result, bring an appeal before the CJEU. The appeal was therefore declared inadmissible.

4. EU—CJEU—Abuse of Rights—Would it matter if an applicant for a declaration of invalidity of a CTM on “absolute” grounds were motivated by the wrong reasons?

In Case C-622/13 P, Castel Frères SAS, the CJEU had to deal with (among other arguments) a claim that an invalidity action should be defeated on the grounds that the bringing of the action constituted an “abuse of rights.”

The case concerned an invalidity action against the CTM CASTEL, registered in Class 33 for alcoholic beverages. The action was brought under Article 7(1)(c) and Article 7(1)(j) of the CTM Regulation, both claims being founded on the fact that CASTELL is an indication of geographic origin, protected for wines in Germany and in four other EU member states.

Article 7(1) of the CTM Regulation provides for certain “absolute” grounds of objection to the registration of a trademark. Article 7(1)(c), set out at the beginning of Part III, provides (broadly) that a CTM should not be registered (and, if registered, may be declared invalid) if it is descriptive as to, among other things, geographical origin. Article 7(1)(j) relates to protected geographical indications. It provides a basis for the rejection/cancellation of (inter alia) trademarks for wines which contain or consist of a geographical indication identifying wines.

Both OHIM and the Second Board of Appeal rejected the claim, noting the spelling difference between the terms “CASTEL” and “CASTELL.” However, the General Court annulled the Board of Appeal decision, holding the spelling difference to be insufficient. The General Court also dismissed a claim made by the


CTM owner, Castel Frères SAS, that the invalidity applicant’s action for annulment (i.e., the action before the General Court) should be declared inadmissible on grounds of “abuse of rights.”

On its own subsequent appeal to the CJEU, the CTM owner not only contested the General Court’s approach and findings on the substance of the Article 7(1) issues, but also argued that the General Court had been wrong in law when holding that the General Court action brought by the invalidity applicant could not constitute an abuse of rights.

The basis for the abuse of rights allegation was that the cancellation applicant, Fürstlich Castell, had itself submitted two German trademark applications for the word mark CASTEL, during the course of the proceedings. (The argument was that Fürstlich Castell was using the system to cancel the CASTEL CTM for the wrong reasons—because, in fact, it wanted the CASTEL mark for itself.)

The CJEU rejected this argument. It held there to be no requirement for an invalidity applicant who relies on the so-called “absolute” grounds for invalidation to show that it has any interest in bringing the proceedings, since the “absolute” grounds serve a public interest function.

Referring extensively to its own earlier decision in Donaldson Filtration Deutschland v. ultra air (Case C-450/13 P), the CJEU went on to hold that, in a case of this kind, neither the motives and earlier conduct of the invalidity applicant nor the potential or actual economic interests of the invalidity applicant are relevant. The Court went on to say, “[a]ccordingly, the fact that the applicant for a declaration of invalidity may file an application with a view to subsequently affixing itself the sign in question to its own products cannot amount to an abuse of rights in any circumstances. The public interest safeguarded by Article 7(1)(c) of [the CTM Regulation] is precisely that of keeping that sign freely available.” The CJEU therefore concluded by endorsing the General Court’s view that the argument of abuse of rights could have no part to play in respect of an invalidity claim of this kind.

251. Fürstlich Castell’sches Domänenamt Albrecht Fürst zu Castell-Castell v. OHIM (the other party to the proceedings before the Board of Appeal of OHIM, intervener before the General Court, being Castel Frères SAS, Case T-320/10, [2013] ECR II— (GC, Sept. 13, 2013).


VIII. INFRINGEMENT

A. Introductory Comments

This Part VIII considers cases on infringement of the exclusive rights conferred on trademark proprietors by the CTM Regulation and the TM Directive.

The rights of a trademark proprietor relating to Community trademarks are found in Article 9 of the CTM Regulation. The parallel rights conferred by a trademark in relation to the national trademark authorities of EU Member States are set out in Article 5 of the TM Directive.

The cases featured in Part VIII are from the EU national courts—primarily from a national supreme court or court of appeal. The cases are so varied that there is no particular structure to this Part, except that there is a cluster of shape mark cases starting with the Bounty decision of the German Federal Supreme Court. These make an interesting comparison with the KIT KAT decision featured in Part III above. Other important decisions of the German Federal Supreme Court featured this year include a fascinating color mark case, Sparkasse Red. This Part also features important cases from the English Court of Appeal and the Spanish Supreme Court. In general, infringement cases that are interesting primarily for the defenses that were run in them have been reserved to Part IX.

B. Legal Texts

Article 9 of the CTM Regulation

1. A Community trademark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

   (a) any sign which is identical with the Community trademark in relation to goods or services which are identical with those for which the Community trademark is registered;

   (b) any sign where, because of its identity with, or similarity to, the Community trademark and the identity or similarity of the goods or services covered by the Community trademark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trademark;

(c) any sign which is identical with, or similar to, the Community trademark in relation to goods or services \[which are not similar to those for which the Community trademark is registered\], where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trademark.

2. The following, inter alia, may be prohibited under paragraph 1:

(a) affixing the sign to the goods or to the packaging thereof;

(b) offering the goods, putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;

(c) importing or exporting the goods under that sign;

(d) using the sign on business papers and in advertising.

[Note: The italicized wording appearing above in square brackets is effectively to be ignored, as a result of CJEU case law. In other words, the rule applies whether or not the goods and services in question are similar, and also applies where the goods and services are identical.]

Article 5 of the TM Directive

1. The registered trademark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the trademark in relation to goods or services which are identical with those for which the trademark is registered;

(b) any sign where, because of its identity with, or similarity to, the trademark and the identity or similarity of the goods or services covered by the trademark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trademark.

2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trademark in relation to goods or services \[which are not similar to those for which the trademark is registered\], where the latter has a
reputation in the Member States and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trademark.

3. The following, inter alia, may be prohibited under paragraphs 1 and 2:
   (a) affixing the sign to the goods or to the packaging thereof;
   (b) offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;
   (c) importing or exporting the goods under the sign;
   (d) using the sign on business papers and in advertising.

[Note: Again, by virtue of CJEU case law, the italicized wording appearing above in square brackets is effectively to be ignored. In other words, the rule applies whether or not the goods and services in question are similar, including situations where the goods and services are identical.]

C. Cases

1. Germany—German Federal Supreme Court—Infringement—Similarity of Marks—How should a court assess the likelihood of confusion between a word mark and a product shape mark whose similarity exists at a conceptual level?

   The German Bundesgerichtshof (Federal Supreme Court), delivered its decision on September 23, 2015, in the GOLDBÄREN (GOLDBEARS) case, Case No. I ZR 105/14.255

   The case involves a question of conceptual similarity between a word trademark and a three-dimensional trademark.

   The plaintiff, Haribo, is in the business of manufacturing and distributing fruit gums, including so called “gummy bears” offered under the trademark “GOLDBÄREN” (“GOLDBEARS”). The plaintiff is the owner of the German trademarks GOLDBÄREN and GOLDBÄR, both registered for confectionery. It also owns a CTM, registered for chocolate and confectionery, as shown here:

The defendant, Lindt, makes and sells chocolate products, including the well-known “Lindt Goldhase” (“Lindt Golden Rabbit”) and, since 2011, a sitting chocolate bear, wrapped in golden foil, called “Lindt Teddy” or just “Teddy” as depicted hereinafter.

The plaintiff Haribo, arguing that the bears as used by Lindt were figurative representations of the word “Goldbear,” brought proceedings claiming an infringement of its trademark rights. The court of first instance delivered a judgment in favor of plaintiff. The Court of Appeals repealed the judgment and decided in favor of defendant. Upon the plaintiff’s further appeal on the grounds of law, the German Federal Supreme Court (to the extent relevant here) confirmed the judgment of the Court of Appeals and rejected Haribo’s claims.

In accordance with generally recognized principles (cf. ECJ GRUR Int. 2010, 129, Rn. 60 – La Espanola) trademark similarity may be phonetical, visual or conceptual. Where—as in this case—a word trademark is to be compared with a three-

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dimensional form, similarity may only arise from the meaning. In comparing the trademarks, it is necessary to look at the overall impression created (BGH GRUR 2012, 930 Rn. 45 – Bogner B / Barbie B). 257

Conceptual similarity between a word mark and trademarks of other categories may exist if a word is, from the consumer’s viewpoint, the obvious, natural, and exhaustive designation of the trademark form with which it is to be compared. Leading cases of the German Federal Supreme Court have accepted this principle for the comparison between word and figurative trademarks (BGH GRUR 1999, 990 – Key). 258 That principle also applies—as the Court of Appeals had correctly understood—for the comparison between a word mark and a three-dimensional form. It is, however, necessary to ensure that, through a finding of conceptual similarity between the trademarks, one does not grant a protection for an underlying principle or idea in a manner alien to trademark law, or an unlimited extension of protection since, otherwise, the trademark protection may result into a monopolization of product forms. It is, because of that, recognized that in order to find a conceptual similarity between a word trademark and a product form, strict requirements have to be fulfilled. Consequently, the word(s) in question will only be considered an obvious, natural, and exhaustive designation of a three-dimensional form with which it is to be compared if the gap between the form and the words would be bridged without a series of “intellectual steps.” A general or a descriptive concept will not be sufficient to overcome the gap (BGH GRUR 2006, 60 – coccodrillo). 259

In its judgment, the Court of Appeals had put particular emphasis on the fact that the junior trademarks consisted not only of form and color but also contained the words “Lindt” and “Lindt Teddy,” respectively (including a red ribbon around the neck). The Court of Appeals seriously considered the possibility that consumers would naturally adopt the “Goldbär” (Gold bear) name for the product, but concluded that “Goldbären” would not be the obvious and exhaustive designation of the Lindt product. The Federal Supreme Court accepted this reasoning, concurring that the term “Goldbären” would not be an obvious designation of the Lindt product. The possible influence of form and color would not make the designation of the defendant’s products as “Goldbären” obvious since one could easily call the defendant’s bear “Teddy,” “Chocolate Bear” or “Chocolate Teddy.” Also, the German Federal


Supreme Court felt that its considerations were supported by a survey submitted to the Court of Appeals, according to which only 8.5% of those questioned would use the designation “Goldbär” for defendant’s chocolate bear whereas some 37% would use other designations, such as “Teddy” (14.7%), “Lindt Chocolate Bear” (4.2%), “Lindt Bear” (3.6%), etc.

The German Federal Supreme Court also held that the mere possibility that a form might be named “Goldbär” would not be sufficient to establish conceptual similarity between the marks.

The German Federal Supreme Court went on to point out that because there was no similarity between the word mark, on the one hand, and the product forms and color of the defendant’s product, on the other hand, there could be no infringement even if one assumed that the respective products were highly similar and that the plaintiff’s trademarks were very well-known.

As for the plaintiff’s claims in relation to its figurative mark (shown again below), this was a Community trademark and the German Federal Supreme Court confirmed the lower courts’ ruling that plaintiff Haribo could not base its claims on the CTM because the court of first instance was not a Community trademark court (and, thus, not the proper venue).

The German Federal Supreme Court went on to hold that, even if the figurative mark featured in the CTM were protected simply as an established unregistered trademark, the claim would still fail. The respective forms were very different. Also, the Court said, one had to consider that the idea of a bear was much too general to establish a conceptual similarity, all the more so since the idea was taken from nature. To hold differently would result in the protection of a general idea not known under trademark law.
2. Italy—Italian Supreme Court—Infringement—Similarity of Goods—Should the similarity between the parties’ respective goods, in an infringement claim, be assessed purely in traditional terms or by adopting a more flexible approach?

The decision of the Italian Supreme Court on April 13, 2015, in Consorzio Italiano Oleifici et alia 9 v. Folonori Tenute et alia (Case No. 7414) deals with the analysis of similarity between goods. It explores whether or not, in evaluating the similarity of goods in the context of an infringement claim under Article 5 of the TM Directive, it is necessary to establish whether the concerned products satisfy the same needs, and whether more flexible criteria may be applied.

The goods in question were wines, on the one hand, and edible oils, on the other. OHIM Opposition Division decisions have repeatedly ruled out the similarity between wine and edible oils, on the basis of traditional criteria (i.e., that they differ in both nature and purpose); that they do not share commercial origin, method of use or distribution channels; and that in large supermarkets they are displayed, respectively, in different sections (see OHIM Opposition Division of August 26, 2015, in Opposition No. B 2429226; OHIM Opposition Division of June 8, 2015, in Opposition No. B 2359001; OHIM Opposition Division of May 29, 2015, in Opposition No. B 2411315).

However, in the present case the Italian Supreme Court reached a different conclusion on the basis that the traditional criteria in themselves do not sufficiently address the underlying question of whether or not the relevant public, when confronted with the respective products bearing identical or similar trademarks, would believe them to originate from the same undertaking.

Focusing in particular on the “identity of needs,” the Italian Supreme Court warned of “a risk of losing sight of the link that should exist, also based on the common experience, between the identity of the needs that the products at issue are intended to satisfy and the uniqueness of the source of origin of said products, which is the very reason why marks are protected.” This view of the Italian Supreme Court is in line with the thought of leading Italian commentators, who see the criterion of the “identity of needs,” as well as the other traditional criteria of the intrinsic nature of the product and the products’ respective distribution channels, as being, at most, factors to help establish what consumers may actually think.

261. Id.
Italian scholars argue that a strict interpretation of the criteria of the “identity of needs,” the “products’ intrinsic nature,” and the “destination to the same customers” might be tantamount to requiring a substantial identity between the goods concerned. On the other hand, a broader interpretation of these criteria might lead to a conclusion that totally unrelated products are similar. For example, mineral water and canned beans have the same intrinsic nature as they are both food products; they satisfy the same needs as they are both intended to nourish the human body; and they are marketed to the same customers as they are both offered for sale in supermarkets.262

While the “identity of needs” and more traditional factors may help to establish what consumers actually think, this does not rule out the possibility that other factors may be more influential. In the present case, the court considered a key element in its assessment of similarity between the products to be the fact that “the production of oil and wine are often related” and therefore the consumer “may reasonably believe that wine and oil bottles bearing the same mark originate from the same undertaking.”263

The approach of the Italian Supreme Court appears to bring aspects of the “likelihood of confusion” test forward into the assessment of similarity.

3. UK—English Court of Appeal—Infringement—Notional and fair use of the registered mark—Should the determination of an infringement claim be influenced by the actual character of the use made of its mark by the plaintiff, when assessing either likelihood of confusion or detriment to distinctive character?

Earlier in this Review, the case of Roger Maier and Assos of Switzerland SA v. ASOS plc and ASOS.com Limited was introduced.264 The English Court of Appeal was ruling on an infringement case between an upmarket cycling brand, ASSOS, and the fashion brand, ASOS. Both trademarks were used in respect of clothing, and the High Court had held the ASOS and ASSOS marks to be similar to a high degree, yet had rejected the infringement claim under Article 9(1)(b) (there was also a claim under Article 9(1)(c) which is dealt with later in this review).265 It

263. Consorzio Italiano Oleifici et alia 9 v. Folonori Tenute et alia, Case No. 7414 (Italian Supreme Court, Apr. 13, 2015).
had done so on the basis of its findings as regards the similarity between the respective goods and services, and its conclusion that there was no likelihood of confusion and no evidence of harm to the ASSOS brand as a result of the use of ASOS. The result was driven in large part by the High Court’s focus on the particular goods for which the ASSOS mark had (thus far) been used, and the reputation it enjoyed for that specific kind or quality of product.

The English High Court had been heavily influenced by the expensive, niche quality of the plaintiffs’ product lines, even though they included not only specialist cycling gear but also certain items of casual wear.

The Court of Appeal criticized the High Court’s approach, pointing out that a proper analysis required the court to consider a “notional and fair use” of the registered mark in respect of all of the goods and services for which it had been (and remained) registered.

The High Court had fallen into error, first, in its assessment of similarity. The High Court judge had held, “... the question I must answer is not simply ‘is a dress similar to a t-shirt?’ but ‘is a dress similar to an Assos t-shirt, bearing in mind the reputation and distinctive character of the Assos mark’”\(^{266}\). Later the High Court had held, “... some of the goods, namely the casual clothes such as t-shirts and shorts are identical but beyond that there is limited similarity, given that Assos’ reputation is very closely linked to clothing suitable for cyclists.”\(^{267}\) The Court of Appeal confirmed that the High Court had been wrong to proceed by reference to the specific reputation that had been acquired, through use of the Assos mark, for specialist cycling wear in such a way as to reduce the similarity found to exist between the two parties’ respective products.

The error described above involved the High Court reading into its analysis certain aspects of the actuality of the use of the Assos mark, in a way that diminished the scope of the infringement claim. The Court of Appeal also noted certain further errors of a similar kind when it came to the High Court’s assessment of the likelihood of confusion. The High Court had limited its attention to the quality of goods that it thought likely to be sold under the ASSOS mark—namely, expensive garments for those wishing to appear athletic—rather than less-expensive garments of the same general kind (i.e., t-shirts, shorts and so forth). The High Court had also, similarly, focused on consumers who were discerning and paid particular attention to branding, styling and quality—because it considered that this was the kind of person who would buy Assos products—rather than paying

\(^{266}\) Id. ¶ 88.
\(^{267}\) Id. ¶ 90.
attention to the whole of the public who might buy items of the
kind, often at a lower price point, including those buying through
non-specialist outlets or online.

Having determined that the High Court had not approached
the infringement analysis having regard to a notional and fair use
of the registered CTM for all the goods covered by the (cut-down)
specification, the Court of Appeal turned to conduct the analysis
itself, afresh, looking at it from the perspective of the average
consumer. It held there to be a likelihood of confusion.

The issue of the notional and fair use of a trademark was also
central to the claim under Article 9(1)(c) that the ASOS mark was
detrimental to the distinctive character of the ASSOS mark
(dilution or blurring). The plaintiff’s case was that the activities of
the defendant had impacted the plaintiff’s ability to expand its
business beyond its existing fields of activity but within the scope
of the specification of its ASSOS trademark. The court’s initial
reaction was to dismiss this attempt to apply the notional and fair
use of a mark to an infringement claim on reputation grounds. It
did not see it as being supported by the evidence, which showed
that the established businesses had co-existed without practical
problems and that there was nothing to suggest that the plaintiff
was contemplating changing its business model.

However, on further consideration of the case law, and in
particular the decision in Intel (Case C-252/07 Intel Corporation
Inc v. CPM United Kingdom Ltd [2008]), the court felt that this
would involve an unduly restrictive approach to Article 9(1)(c). In
Intel, a number of references were made to assessing the detriment
to distinctive character “by reference to average consumers of the
goods and services for which that mark is registered”. The court
in this case therefore held that, when “assessing whether a
proprietor of a registered mark with a reputation is entitled to
protection, the court need not restrict its consideration to the
precise way in which the mark has been used and may also take
into account all normal and fair use of the mark in respect of the
goods or services for which it is registered.” The court was
therefore prepared to find that, in circumstances where it had been
established that an earlier mark had a reputation in respect of
some goods or services covered by its specification and that a link
to a later sign existed, “the ability of the [earlier] mark to identify
at least some of the goods for which it is registered as being the
goods of [the plaintiff] has, in some circumstances amounting to a

268. Intel Corporation Inc. v. CPM United Kingdom Ltd, Case C-252/07, [2008] ECR I-
08823 (CJEU, Nov. 27 2008).

269. Id. ¶ 35.

270. Roger Maier and Assos of Switzerland SA v. ASOS plc and ASOS.com Limited
normal and fair use of that mark, been weakened.”271 Likelihood of confusion, therefore, is at the extreme end of dilution of distinctive character.

The court was at pains to emphasize that this infringement under Article 9(1)(c) extended the infringement no further than the infringement under Article 9(1)(b) and that it depended entirely on the notional and hypothetical use of the earlier mark. However, it is not clear whether there could ever be circumstances in which this approach could lead to an expansion in real terms of the protection afforded to registered trademarks by reference to Article 9(1)(c).

4. Germany—German Federal Supreme Court—Infringement of Shape Marks—Where the plaintiff’s shape mark is found to have trademark significance among consumers, can the same be said of a near-identical shape used by the defendant?

In its ruling of October 21, 2015, the Bundesgerichtshof (German Federal Supreme Court) ruled in Case No. I ZR 23/14 on the consumer perception of a product form with acquired distinctiveness.272 The ruling holds that if there is a high degree of similarity between a three-dimensional trademark with acquired distinctiveness and a very similar shape used for identical products then one must, as a rule, proceed on the assumption that consumers will not only regard the shape of the older trademark but also that of the junior trademark as indicating the origin of the product.

The plaintiff in the case is a licensee of Mars Inc., owner of the three-dimensional German trademark shown here, registered in 2011:

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271. Id. ¶ 143.
The mark is registered, inter alia, for confectionery. The product is sold under the brand name BOUNTY. The defendant is likewise in the business of manufacturing and distributing confectionery, including the chocolate bar WISH, the shape of which is shown here:

Considering the use of the chocolate bar shape by the defendant as an infringement of its trademark rights, the plaintiff filed a cease-and-desist-action with the District Court of Cologne. While the Cologne District Court granted the plaintiff’s request, the Court of Appeals overturned the first instance decision. The plaintiff therefore filed a further appeal with the German Federal Supreme Court on grounds of law. The German Federal Supreme Court agreed with the District Court’s findings and set aside the Court of Appeal’s decision.

The infringement claim was based on likelihood of confusion.

The issue before the German Federal Supreme Court was whether or not the use of the “Wish”-chocolate bar shape by the
defendant constituted trademark use. The German Federal Supreme Court held that it was.

German courts respect the EU law principle that infringement claims based on likelihood of confusion are limited to those cases where the third party’s use of the contested “sign” interferes with the essential function of a trademark, which is to guarantee the origin of the product or service (ECJ, ECLI:EU:C:2009, 378-L’Oréal; BGH GRUR 2013, 1239 – VOLKSWAGEN). It is also true (as the German Federal Supreme Court held) that experience teaches that, in contrast to word or figurative trademarks, consumers do not generally regard the shape of a product as a reference to origin, since the particular form of the product is, in many instances, chosen for aesthetic reasons (cf. BGH GRUR 2010, 1103 – Pralinenform II).

In applying these general principles the Court of Appeals had—as the German Federal Supreme Court found—correctly analyzed the degree of distinctiveness of the plaintiff’s trademark. The degree of distinctiveness of a three-dimensional trademark affects the answer to the question of whether the consumer regards any given product shape as a reference to the product’s trade origin. Trademarks with acquired distinctiveness are generally considered by German courts to have an average degree of distinctiveness. The Court of Appeals had—based on a degree of brand awareness of 53.2% in favor of the “Bounty” bar; this being the results of a survey—correctly determined the shape of the protected mark to have such acquired distinctiveness. However, although the Court of Appeals therefore considered the protected mark to have an average distinctiveness, it had not been prepared to deduce from this that consumers would also regard a highly similar product form—that is, the shape of the “Wish” bar—as an indication of that product’s origin. This is where, in the opinion of the German Federal Supreme Court, the Court of Appeals had gone wrong.

The German Federal Supreme Court held that the fact that the public recognize a plaintiff’s shape trademark to have brand significance cannot automatically result in a finding that the shape of the defendant’s product would likewise be taken to indicate its origin, if there are considerable differences between the conflicting trademarks (BGH GRUR 2007, 780 – Pralinenform I). However, if, in contrast, there is a high degree of similarity between the three-dimensional trademark with acquired distinctiveness and the shape used by the defendant for products of the same kind, then one must, as a rule, assume that consumer would regard not only the form of the plaintiff’s trademark but also that of the infringing trademark as referring to its trade origin.

Based on these considerations the German Federal Supreme Court held that the Court of Appeals had been wrong to reject the
infringement claim: not only was the degree of brand awareness 53.2%, but also the conflicting products were of an identical nature. The mere fact that the shape of the conflicting chocolate bars was not fully identical would not matter. It needed to be taken into account that consumers only rarely have the opportunity to compare different trademarks directly, and would have to rely on incomplete recollection (BGH GRUR 2015, 1114 Jumping Poodle).

5. Spain—Spanish Supreme Court—Infringement—Three-dimensional Marks—Can a barely noticeable verbal element, on a tab, appearing on a mark that is nevertheless dominated by features of shape, provide the basis for a defense by a competitor using a similar shape, but with a different label?

The judgment of the Spanish Supreme Court on April 18, 2015, in Appeal 1621/2013, Camper S.L v. Kiowamoda S.L,273 concerns the validity and infringement of a Community trademark corresponding to the shape of a well-known model of shoes called “pelotas” (meaning “balls” in Spanish).

The plaintiff was Camper S.L. Its action was based on likelihood of confusion and the taking of unfair advantage. A reproduction of Camper’s most relevant trademark—registered as a CTM—is as follows:

The defendant, Kiowamoda has a shoe model called Fleximax 5000, which Camper claimed to be a copy of its “balls” model,

273. Supreme Court, Civil, Apr. 18, 2015, Appeal 1621/2013.
having, in Camper’s view, the same or very similar distinguishing features (side stitching, sole, rear view, reinforcements). The allegedly infringing shoe design is shown below:

![Shoe Design](image)

The defendant filed a counterclaim seeking to invalidate the Community trademark on the basis of Article 7.1 (e)(iii) of the CTM Regulation (signs which consist exclusively of the shape which gives substantial value to the goods). It defended the infringement claim by arguing that there were important differences in the heel, stitching, label and, above all, the soles of the shoes. It also argued that, even if, on the trademark register, Camper’s mark appears as a three-dimensional mark without any word element, the reality was that the label on the side of the shoes contained the mark CAMPER. Therefore, the presence of the mark FLEXIMAX on the allegedly infringing shoes (which was also registered as a Community word mark) prevented any likelihood of confusion.

CTM Court No. 2 of Alicante rejected both Camper’s complaint and the counterclaim. Camper appealed and the Appeal Court of Alicante revoked the first instance decision as regards infringement. It ordered cessation of the infringing use, destruction of the stocks, removal of the infringing goods from the marketplace and a compensation for damages. (The rejection of the counterclaim for invalidity was not appealed and had become final).

Kiowamoda appealed before the Supreme Court of Spain, which confirmed the decision of the Appeal Court and confirmed that Kiowamoda was infringing the rights of Camper.

− The Spanish Supreme Court held that, even if the label featured on the shoe design protected by Camper’s Community trademark did in fact contain the word “Camper” (as to which the Court had serious doubts), this could hardly be seen and was not the distinctive and dominant part of the trademark.

− The analysis of confusion made by the Appeal Court was correct, in line with the case law of the CJEU, as it was based on the external appearance of the shoes themselves (particularly on the sole design), rather than on the word marks or label that the shoes contained, and concluded
that there was a likelihood of confusion as the essential and most distinctive features of the mark were reproduced in the infringing shoe.

6. Belgium—Brussels Court of Appeal—Infringement—Three-dimensional trademark—Acquired distinctiveness—Can a trademark infringement claim succeed based on similarity in product shape where the infringement claim based on product names and packaging design trademarks fails?

The Brussels Court of Appeal ruled on January 27, 2015, in Kraft Foods Belgium v. Natrajacali.²⁷⁴

Kraft Foods Belgium produces the well-known CÔTE D’OR chocolate. It relied on the reputation of its CÔTE D’OR trademarks and related product shape and packaging trademarks to contest sales by a competing Belgian chocolate producer, Natrajacali, of BELGID’OR chocolate with a similar shape and packaging. Kraft Foods Belgium based its claim on trademark infringement and unfair trade practices.

CÔTE D’OR word mark

Kraft’s earlier Benelux mark

Kraft’s packaging

Disputed packaging and shape

The Brussels Court of Appeal rejected Kraft’s infringement claim based on the CÔTE D’OR word mark, against both the BELGID’OR word sign and its use on packaging. The court found that there was no link between the two word marks (for the purposes of Article 5(2) TM Directive) and rejected a claim based

on an alleged likelihood of confusion (under of Article 5(1)(b) TM Directive), in view of the lack of visual, phonetic and conceptual similarities between the product names.

However, the claim based on infringement of the shape mark prevailed. The Brussels Court of Appeal ruled that Kraft’s trademark for the shape of a chocolate bar had acquired distinctiveness through use since its registration in 1999. The court found that the shape used by Natrajacali for its own product was practically identical to Kraft’s earlier registered trademark. As a result, the court ordered Natrajacali to cease using the contested shape and quasi-identical shapes, including any representation of them on packaging.

7. Belgium—Brussels Commercial Court—Infringement—Three-dimensional trademarks—Can the same result necessarily be expected when enforcing essentially the same non-traditional trademark in two neighboring EU countries?

The Brussels Commercial Court ruled on December 23, 2015, in Capri Sun v. Tropicalia Beverages Industries Agrozumos Riha Wesergold Getränke (Case No. A/15/1184), an infringement case involving a three-dimensional trademark for a product packaging shape.

Capri Sun produces a fruit drink sold in a distinctive self-standing pouch, the shape of which is protected on the Benelux trademark register as a three-dimensional trademark, registered for non-alcoholic beverages in Class 32.

In October 2014, Capri Sun learnt that a soft drink was being sold in Colruyt supermarkets in Belgium under the name “BONI,” in a pouch identical or similar to its three-dimensional trademark. Capri Sun sued both the distributor and bottler of the contested product.

The defendants filed a counterclaim, alleging that Capri Sun’s trademark was invalid, inter alia, because the shape is necessary to obtain a technical result. (This being an absolute ground for refusal of the registration under Article 3(1)(e)(ii) of the TM Directive.)

In its defense, Capri Sun produced an extensive overview of available drink packaging, including a large variety of pouches. This overview led the court to conclude that the shape of Capri Sun’s pouch was not necessary to fulfil a technical result (e.g., standing upright or allowing a good grip). Indeed, other shapes allow the same result to be obtained. The court noted in particular that the straight borders of the three-dimensional mark are important non-functional elements, giving a tight, modern shape to the packaging and making it easily recognizable for consumers, and distinctive.

After finding that the earlier trademark was valid, the Brussels Commercial Court ruled that the defendant’s BONI packaging was identical to Capri Sun’s earlier mark. In view of this finding, there was no need for the court to analyze the claims based on likelihood of confusion and unfair trade practices. The Court ruled in favor of Capri Sun under the “double identity” basis provided for in Article 5(1)(a) of the TM Directive.

It is worth noting that in 2014 two Dutch courts, dealing with essentially the same facts, rendered a diametrically opposing conclusion. They found Capri Sun’s three-dimensional trademark to be invalid on the ground that it is necessary to obtain a technical result. These Dutch judgments are currently under appeal.
8. Belgium—Antwerp Commercial Court—Infringement—Likelihood of confusion—Can a trademark claim protect the “look and feel” of well-known product packaging redolent of the brand’s nationality when the brand owner has recently migrated to new branding and a competitor subsequently moves in to fill the space with a new “national” brand?

The Antwerp Commercial Court ruled on March 3, 2015, in Torrekens Tobacco and Landewyck v. Tabacofina and British American Tobacco (B v. BELGA, Case No A/14/10010), a case concerning the look and feel of cigarette packaging.

BELGA was Belgium’s oldest and most famous cigarette brand. The packaging of the cigarettes featured a distinct color combination of red and yellow/black and gold. The trademarks protecting the packaging are owned by Tabacofina and British American Tobacco (BAT).

In 2014, a decision was taken to replace BELGA with BAT’s LUCKY STRIKE brand, subject to a six-month brand migration period. The last BELGA cigarettes were placed on the market in late November 2014.

At the end of October 2014, the Belgian tobacco manufacturers Torrekens and Landewyck launched a new brand of cigarettes, with packaging featuring the colors of the Belgian flag (i.e., black, yellow, and red), the letter “B,” and a picture of a crown symbolizing the Belgian monarchy. In the press, Torrekens said that its intention was to launch a product to replace the last brand of Belgian cigarettes, which had recently disappeared from the market.

Tabacofina and BAT sued Torrekens and Landewyck for trademark infringement and unfair trade practices. The plaintiff relied on six trademarks of which the most recent (and the representative of the BELGA product packaging), Benelux registered Trademark No. 965031, is shown above on the left. The defendant’s product packaging is shown on the right.

The Antwerp Commercial Court found Torrekens and Landewyck’s packaging similar to the BELGA trademark due to the use of the same color combinations and symbols referring to Belgium (the letter B and the crown referring to Belgium and, hence, the BELGA mark). The Court stressed that the Torrekens branding was intended to be similar to that of the BELGA product, according to the defendants’ own statements.

The court upheld the claim based on likelihood of confusion, noting that the average consumer of tobacco products may not have followed the brand migration process and thus might not be aware that the BELGA brand no longer exists.

In addition, it was obvious to the court that the defendants were trying to take unfair advantage of the reputation of the BELGA trademarks, through association with those marks.

The court also upheld the claim based on unfair trade practices, due to the deliberate use for the new mark of the same “look and feel” as the famous BELGA cigarette brand.

(The case subsequently came on appeal before the Antwerp Court of Appeal, which ruled on February 1, 2016. The appeal ruling (Case No. 2015/AR/1232) confirmed the 2015 ruling of the lower court.)

9. Benelux—Court of Appeal Arnhem-Leeuwarden, The Netherlands—Is a pseudonym a trademark?

The Court of Appeal Arnhem-Leeuwarden ruled on April 28, 2015 in Kapland that a pseudonym is in principle the name of an author and does not as such denote trade origin.

The underlying facts are as follows. Since 1966, a certain Mr. Van den Hoofdakker had been writing and publishing poems under the pseudonym “Rutger Kopland.” He was well known under this name in the Netherlands and received several awards, including the “P.C. Hooft” prize for his complete works. Mr. Van den Hoofdakker died in 2012. In 2013, a foundation started using the name “Kopland”; they also registered a Benelux trademark KOPLAND and the Internet domain name kopland.nl. In September 2013, the foundation informed the widow of Mr. Van

den Hoofdakker, who was also one of his heirs, of the chosen name. Mr. Van den Hoofdakker’s daughter then proceeded to register a Benelux trademark KOPLAND, and his widow wrote to object to the use by the foundation, which then changed its name to “Het Kopland” (NB: “Het” is Dutch for “the”). The widow, however, also objected to this use and started legal proceedings, mainly based on a general tort.

One of the defenses raised by the foundation, was that KOPLAND is a registered trademark and that the plaintiff (the widow) did not herself own a trademark registration (although the daughter did). The court had to decide whether or not the pseudonym as used by Mr. Van den Hoofdakker could nevertheless be protected on the basis that it functioned as a trademark.

The court held that a pseudonym in principle stands for the name of an author. In that sense, it indicates the origin of a story or poem, but that does not mean that it is used to distinguish the origin of a book or poem in the trademark sense. A pseudonym might, depending on the context, also be perceived by the relevant public as a sign distinguishing certain books or poems from books or poems of different entities, but this would depend on the context. The court ruled that, in the present case, the relevant public would only perceive the pseudonym as the name of the author because of the way it was used, namely above a poem and on the first page of a volume of poetry. The court concluded that in the present case, the pseudonym was not used as a trademark.

10. Spain—Spanish Supreme Court—Infringing Company Names—When does the use of a company name infringe a registered trademark?

The judgment of the Spanish Supreme Court of July 6, 2015, in Appeal 2318/2013, Autorama S.L. v. Autoram S.L. deals with the question of when the defendant’s use of a company name constitutes a trademark infringement.

The plaintiff, Autorama S.L., was a Volvo car dealer in the city of Valladolid, Spain. It filed a claim for trademark infringement in respect of its trademark and trade name AUTORAMA, registered as a Spanish trademark in relation to the retail sale of vehicles, and repair services for vehicles, against the company Autoram S.L., a BMW car dealer in the city of Zamora. The defendants used the sign AUTORAM in connection with the same services. One of the main arguments used by the defendant was that in trade it was using trademark BMW; the name “Autoram S.L.” being no more than company name, registered at the Spanish Companies Registry.

279. Supreme Court, Civil, July 6, 2015, 2318/2013.
At first instance, the Commercial Court of Burgos dismissed the trademark infringement action on the grounds that there was no likelihood of confusion. This decision was based on (inter alia) the different geographical areas of the businesses of the parties (Valladolid is 100 km from Zamora), and the different brands of car with which the parties worked.

The Court of Appeals of Burgos allowed the plaintiff’s appeal, finding a likelihood of confusion on the part of the public, based on the similarity between the signs AUTORAMA and AUTORAM, the identity of the respective services and the fact that Spanish Trademark Law does not require the use of the defendant’s sign to be made as a trademark. What matters, said the Appeal Court, is the relationship that the public can establish between a sign and a product or service, rather than the nature of use intended by its owner (e.g., as a company name). The Court of Appeals found it irrelevant that the parties run their businesses in different geographical areas.

In its 2015 ruling, the Spanish Supreme Court confirmed the infringement of the AUTORAMA trademark and trade names on the grounds of likelihood of confusion. It held that the company name “Autoram” was used for more than just to identify the company in legal documents. It found that the name of a legal entity, especially in the case of commercial companies, is liable to be considered to be used as a distinctive sign when it is associated by the public with the reputation that the products or services of the company enjoy.

The Spanish Supreme Court found that, for the purposes of an action for trademark infringement, the relevant question to be asked in relation to the use of the defendant’s corporate name is: what does the use of the company name on the market consist of? If this use is limited to the inclusion of the corporate name to identify the company on an invoice, contract, or similar documentation (so that, in accordance with honest practices in commercial matters, it cannot be inferred that it is intended to generate on the market the perception of a link or connection between the company name and the products or services in which its business consist) then there will be no trademark infringement.

However, the Spanish Supreme Court found that in the present case, the use made of the company name “Autoram” in its car dealer business, separately or together with the mark BMW, implied “something more than just a use of a company name to identify the company in legal documents.” The Court considered that the defendant was using its name as a trademark (i.e., in advertising), as a business identifier in trade (shop sign, etc.). In addition, the Supreme Court that no “own name” defense under Article 6(1)(a) of the TM Directive applied, as there was no evidence on the file to suggest that the use being made of the name
was a use of the defendant’s own name “in accordance with honest practices.”

11. UK—English Court of Appeal—Infringement—Should the court take account, in an infringement claim, of the specific physical context in which the plaintiff’s mark has been used, and is there a threshold level of required similarity between the marks?

In *Mattel v. Zynga*, [2015] EWCA Civ 290, the English Court of Appeal had to consider, among other things, the question of whether the physical context in which a registered trademark had been used should be taken into account in the infringement analysis under Article 9(1)(b) of the CTM Regulation for the purpose of deciding how the average consumer of goods at issue perceived a trademark.

A second important issue addressed in *Mattel v. Zynga* was the question of whether or not there is a threshold level of similarity that must be satisfied, as between the senior mark and the junior mark, before the court is required to go on to consider the consequent question of whether or not there is a likelihood of confusion.

The decision of the Court of Appeal, handed down on March 27, 2015, is the latest in a series of rulings (see also *Mattel v. Zynga*, [2015] EWHC 3348 (Ch); *Mattel v. Zynga*, [2013] EWCA Civ 1175; and *Mattel v. Zynga*, [2012] EWHC 3345 (Ch)) relating to claims by the owners of the UK rights in the board game SCRABBLE against Zynga, the world’s largest social gaming company. The claims relate to allegations of infringement of various Community trademarks. For present purposes the CTM registration of greatest relevance is for the word mark SCRABBLE, and the sign alleged to infringe it is SCRAMBLE, although the longer form SCRAMBLE WITH FRIENDS was also at issue.

A number of questions were considered by the Court of Appeal, the first of which concerned the question of whether or not the trademark owner could, in support of its case, rely on contextual matter relating to its use of its own mark, where the matter

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concerned is extraneous to the mark itself. The plaintiffs argued that, in addition to taking account of the context in which the defendant uses the allegedly infringing sign, it was material and proper to consider the context in which the registered mark had been used. In this case, this would have meant taking into account the fact that the SCRABBLE mark had been used in the context of games using tiles, numbers, premium word scores and a “woodland green” background color.

The point was one of real potential significance on the facts. The defendant, Zynga had recently adapted a number of features of its own game, including a mobile app and Facebook version. In 2012, after Zynga’s acquisition of Newtoy, a company which had a number of games such as WORDS WITH FRIENDS and CHESS WITH FRIENDS, Zynga released a new version of the game in question in the case, SCRAMBLE WITH FRIENDS, which used green as its primary color and saw Zynga abandon its previous orb-like playing pieces in favor of rectangular tiles.

The Court of Appeal concluded that it was not permissible to look at the extraneous context of the use of the registered mark. It looked at Specsavers International Healthcare Ltd and others v. Asda Stores Ltd, a preliminary ruling of the CJEU Case C-252/12,284 in which the CJEU had held that it was not logical to be unable to take into consideration the fact a particular color (in that case, also, green) had become associated in the mind of a significant portion of the public with that earlier trademark, as a result of the mark having been used in that color, simply because the earlier trademark was registered in black and white.

Specsavers concerned a trademark dispute between a large UK opticians brand and a major UK supermarket chain, called ASDA. Specsavers, the earlier rights owner, had taken exception to various aspects of ASDA’s advertising campaign for optical products, including ASDA’s use of a particular graphical sign, and its use of the color green. The CJEU had to consider, among other things, whether the plaintiff could rely on the fact that its extensive use of its own (similar) logo had been in the color green, despite the fact that it CTM registration of the logo was in black and white (and thus did not feature a claim to the color green as such). The CJEU held that Specsavers could indeed rely on the distinctiveness that its mark had achieved in the color green.

The Court of Appeal was not prepared to stretch the reasoning in Specsavers to cover the facts before it in Mattel v. Zynga. The general principle was that matter extraneous to the plaintiff’s mark is not relevant to a trademark infringement claim. Admittedly it was true that, in one respect, the color in which a

mark is used could be described as “extraneous matter.”\textsuperscript{285} However, the color in which a mark is used would affect the perception of the mark as such. This was different from the kind of contextual matter which Mattel wanted the court to take into account (namely, aspects of the wider presentation of the game in respect of which the mark was used). This was matter “which had been routinely and uniformly used \textit{in association with the mark.”}\textsuperscript{286} (Emphasis added). This was not a matter which would affect the consumer’s perception of the mark itself. The correct test was to compare the registered trademark, as it would appear on the register, with the contested sign as it would appear in use to the average consumer, taking full account of the context in which the contested sign appears.

The second issue considered in \textit{Mattel v. Zynga} was whether or not there is a minimum threshold level of similarity that must be satisfied, as between the senior mark and the junior mark, before the court is required to engage in an analysis of whether or not there is a likelihood of confusion.

The legal test for trademark infringement under Article 9(1)(b) of the CTM Regulation refers simply to situations where, because of the similarity of the junior mark with the senior mark (and the other relevant circumstances), there exists a likelihood of confusion. The degree to which the registered mark and the sign alleged to infringe it are similar is a relevant consideration in determining the likelihood of confusion. The test for infringement under the dilution/unfair advantage provisions of Article 9(1)(c) of the CTM Regulation is worded differently; the wording refers to a junior mark that is similar to the senior mark. However, nothing in particular appears to turn on the different way in which the two Articles are worded. Case law has indicated that, all other things being equal, even a low degree of similarity between the marks could be sufficient to establish a claim under either provision, although the degree of similarity liable to lead to a successful claim under Article 8(5) is in principle lower than that required to found a claim based on likelihood of confusion.

When applying essentially the same rules in the context of an opposition, rather than an infringement claim, OHIM adopts the approach of determining whether the marks should be considered similar or not in overall terms and, if so, to what degree they are similar. However, it leads up to that determination by means, first, of a separate assessment of the marks’ similarity in terms, respectively, of their visual, aural and conceptual aspects. One consequence of this approach is that a finding that the marks are

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\item[286.] \textit{Id.} ¶ 47.
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similar in one or more of these aspects does not necessarily translate into a finding that they are similar overall. The result is that OHIM not uncommonly pronounces two marks to be dissimilar overall, even though it has held them similar in (for example) visual and/or aural terms.

In the present case involving an infringement claim, the defendant, Zynga, argued in favor of the proposition that the law recognized a requirement for a threshold level of similarity—that is to say, that the degree to which they are similar would have to meet a certain threshold before the court would even need to consider the possibility that the similarity could result in confusion or other harm. The defendant cited several CJEU cases in support of the proposition, all of which had come out of OHIM opposition decisions. What appeared to unite the cases, in the main, was that they involved situations in which marks were held to be similar to a certain degree in one or more of the compartmentalized comparisons of aural, visual and conceptual similarity, yet were nevertheless not taken forward into a likelihood of confusion analysis. The English Court of Appeal rejected the suggestion that the cases displayed the application of a threshold test.

The best direct support for the argument in favor of a threshold level of similarity appeared to lie in the last of the CJEU cases cited by Zynga, Kaul GmbH v. OHIM (Case C-193/09), where the marks at issue were ARCOL and KAPOL. Zynga’s argument cited the following passage:

“The General Court was also right to observe, in this connection, at paragraph 29 of the judgment under appeal, that when it is found that two opposing marks, considered individually, do not display the minimum degree of similarity required for it to be possible to establish a likelihood of confusion solely on the basis of the highly distinctive character of the earlier mark or solely because the goods covered by the earlier mark and those covered by the trademark applied for are identical, the opposition must be rejected.” (Emphasis added).

However, the significance of the words “the minimum degree of similarity” were not explained by the CJEU, and the terms of the ruling do not necessarily support the view that there is a threshold requirement of the kind explained above. The English Court of Appeal preferred the view that they do not.

Although the English Court of Appeal decided in Mattel that no requirement for a threshold degree of similarity had been

established, it considered that the cases cited in support of the threshold requirement did support a different proposition: that it is only the overall similarity that “counts.” In other words, it is only if the two marks have some overall similarity (even a faint one) that it is necessary for the court to go on to carry out the “global assessment” of the likelihood of confusion. The Court of Appeal was quite comfortable with this conclusion. This was despite the fact that, as the Court of Appeal noted, this could apply even in a case where the finding of no overall similarity is reached purely on the basis of a difference merely in the conceptual comparison of the marks—the marks having been found to have an average similarity in both visual and aural terms (see, for example, WeserGold a comparison of WESERGOLD with WESTERN GOLD, held to be dissimilar overall).289

In the present case, and the comparison of SCRABBLE with SCRAMEBLE, the Court of Appeal, having rejected the application of a minimum threshold requirement, having found the marks to be similar, and having then gone on to consider the likelihood of confusion, nevertheless found the two marks insufficiently similar to give rise to a likelihood of confusion. One important reason cited was that, despite there being “an obvious degree of visual, phonetic and conceptual similarity between the two marks,”290 the court considered that after a period of extensive side-by-side use of the marks it would have expected “far more abundant evidence of confusion by the date of trial.”291 It is unusual for the absence of actual recorded confusion to be influential in a decision.

12. Germany—German Federal Supreme Court—Infringement—Color Marks—In what contexts (including in advertising) may a competitor’s use of a registered color mark be regarded as an infringement, and in what terms should an injunction against future infringement be couched?

In its ruling of September 23, 2015, the Bundesgerichtshof (German Federal Supreme Court) ruled in an infringing color mark case—Case No. I ZR 78/14—Sparkassen Rot (Savings Bank-Red).292

The ruling indicated that the use of a certain color in connection with pure corporate image promotion may not amount


291. Id. ¶ 181.

292. Case No. I ZR 78/14, GRUR _____ (German Federal Supreme Court, Sept. 23, 2015) (SPARKASSEN ROT).
to an infringement in the context of an infringement claim brought by the owner of a corresponding color mark registration on grounds of likelihood of confusion. It is, however possible, that an infringement claim could succeed on one of the reputation-based grounds provided for under Article 5(2) of the TM Directive if the earlier mark is well-known.

The present case involved an infringement claim brought by the German Federal Savings Bank Association, which has over 16,000 participating savings bank branches in Germany. The association has for decades used the color red as shown in this sign:

The plaintiff is also the owner of a German trademark registration for the color red per se

This is registered for financial services, namely retail banking.

The defendants in the case were Banco Santander and its German subsidiary, having some 200 branches in Germany. The defendants also used the color red in their marketing. They had attempted to register their own Community trademark for the color red per se in 2008, and had the application rejected by OHIM because of a lack of distinctiveness.

The plaintiff brought proceedings for infringement of its registered trademark (or alternatively, of its company designation). The Association requested the court of first instance to prohibit Santander’s use of the color red in the provision of retail banking services. In the alternative, it claimed a more limited injunction against Santander’s use of the color red in (inter alia) the following promotional settings:
It also made a claim in the further alternative, seeking a prohibition on the use of the color red in the following logo form:

The defendants defended their position, and retaliated by filing an action for cancellation of the Association’s color *per se* trademark. That claim was rejected by the German PTO in 2012, but upheld on appeal by the German Federal Patent Court. However, the matter has been further appealed by the Association on points of law, and is now pending, separately, with the German Federal Supreme Court.

The trademark infringement claim, meanwhile, proceeded. The claim was based on both likelihood of confusion and reputation-based grounds. In due course, it found its way to the German Federal Supreme Court.

Although, for certain procedural reasons, the German Federal Supreme Court did not stay the infringement case due to the pending cancellation action it did, however, set aside the entire judgment of the Court of Appeals on the question of infringement. In referring the matter back to the Court of Appeals, the German Federal Supreme Court advised the lower court of the following considerations to be taken into account, as relevant.

The German Federal Supreme Court, first, pointed out that the plaintiff’s claim should be considered unfounded as it lacked the necessary certainty; it had left open what kinds of use of the color “red” would be covered by the prohibition it was seeking. As the Supreme Court held, it was evident that the prohibition sought by the plaintiff would only extent to use of the color red in
connection with retail banking services. Nevertheless, there was disagreement, and a lack of clarity, over the nature of the use that ought to be caught by the prohibition. The boundary being explored in this connection is between a trademark use infringing the rights to the color trademark per se and the use of the color red for ornamental purposes only which, as a matter of principle, should be permitted.

The delimitation just described is often difficult since consumers would, generally, regard the use of color in connection with a product or a service not as a reference to the trade origin of a product or service but simply as decoration (as to which, the German Federal Supreme Court referred to the CJEU decision in Libertel;\textsuperscript{293} and its own decision in Yellow Dictionaries\textsuperscript{294}). The German Federal Supreme Court held, therefore, that it was incumbent on the plaintiff to identify precisely the trademark use of which it could legitimately complain and, if necessary, to support this delineation by introducing examples (referring here to its earlier decision in Kinderhochstühle im Internet III).\textsuperscript{295} This is what the plaintiff will now have to do as the matter returns to the Court of Appeals.

The Supreme Court continued, secondly, to approve the considerations cited by the Court of Appeals for rejecting the narrower, alternative, basis on which the injunction had been sought—that is, the requested prohibition of the use of the color red in background advertising and Formula 1 advertising.

The German Federal Supreme Court found that the Court of Appeals had been right in holding that the use of the color red in these contexts would not constitute trademark use of the color red. With leading cases in mind (BGH GRUR 2012, 1040 – pjur/pure)\textsuperscript{296} the Court of Appeals had taken the position that, in the advertising contexts under consideration, consumers would not see a reference to any products or services of Santander, but simply a general reference to Santander as a sponsor of Formula 1 events. The German Federal Supreme Court agreed with this conclusion by, first, emphasizing that the use of a trademark exclusively as a company designation would not constitute trademark use for the purposes of Article 5(1) of the TM Directive. By contrast, the use of a company designation would, none theless, amount to a trademark use if the use is of a nature which interferes with the


\textsuperscript{294. Case No. I ZR 228/12, GRUR 1101 (2014) (German Federal Supreme Court, Sept. 18, 2014) (YELLOW DICTIONARIES).}

\textsuperscript{295. Case No. I ZR 240/12, GRUR 1101 (2014) (German Federal Supreme Court, Feb. 5, 2015) (KINDERHOCHSTÜHLE IM INTERNET III).}

\textsuperscript{296. Case No. I ZR 100/10, GRUR 1040 (2012) (German Federal Supreme Court, Feb. 9, 2012) (PJUR/PURE).}
capacity of the plaintiff’s trademark to serve as an exclusive indication of the origin of a product or service. This may be the case if the public has reason to believe that there is a connection between the allegedly infringing corporate identifier and the products or services distributed or offered by the company concerned (BGH GRUR 2015, 1004 – IPS/ISP). Nevertheless, as the Supreme Court emphasized, not every conceptual relationship between the red company designation of the defendants and financial services would be sufficient to qualify as trademark use of the color red. Rather, consumers must, at least in general, be able to determine from the use of the designation, in its own right, which concrete services the use of the designation relates to. It is therefore necessary that a direct relationship between the designation and the concrete goods or services is established; a mere image promotion of a company is not sufficient (BGH GRUR 2012, 832 – ZAPPA).

Although the Supreme Court concluded that the Court of Appeals had been correct in its analysis of the likelihood of confusion claim, as noted above, it took a different view on the subject of the reputation-based claim. As the Supreme Court pointed out, the Court of Appeals had omitted to evaluate whether or not the infringement claim could be made out (even if the use of the color red were confined to these kinds of corporate image promotion described above) on the basis that the plaintiff’s mark is well-known trademark.

In order for the owner of a well-known trademark to succeed in a claim against use as a company designation under Article 5(2) of the TM Directive it is necessary that the use of company designation should interfere with one of the functions of the trademark. However, in a claim of this kind this does not necessarily need to be the so-called “essential” function of identifying the origin of a product or service (BGH GRUR 2011, 1135 – Große Inspektion für alle); it could extend to other functions of the mark such as its advertising or promotional function.

The German Federal Supreme Court observed that the Court of Appeals had not taken into consideration that the promotional function of a trademark may be interfered with where the defendant’s corporate identifiers are used in connection with general promotional activity, such as sponsoring of sports events. This is the kind of damage that had been claimed by the plaintiff,

which had pointed out that the defendant’s use of the color red in this way would cause the color to lose its value as an effective means of marketing communication for the plaintiff. Since the Court of Appeals had not answered the questions raised in this connection, it will have to do so when it takes the matter up again.

The German Federal Supreme Court then went on to consider the lower court’s decision to reject the second of the alternative claims put forward by the plaintiff, which sought a prohibition on use of the red Santander logo shown above.

The German Federal Supreme Court again held that the rejection of the claim by the Court of Appeals had not been justified. In evaluating the facts, the Court of Appeals had assumed that, in looking at the logo (with its figurative and verbal elements), as a whole, the significance of the red color had been diminished too much to amount to an infringing use of the color red. Looking at the matter from, as the Court of Appeals had put it, a realistic view, it seemed impossible that the relevant public would associate the Santander logo with the plaintiff because by virtue of the matching color red. The Supreme Court disagreed. It agreed that the Santander logo was a unitary trademark consisting of words, figurative elements and the color red. However, this did not mean that it should necessarily be denied that there was trademark use of the color red, as such, within the logo. It is true, as the Supreme Court held, that in many areas the use of color for promotion or on packaging would only be seen as a design element. However, there may be exceptions. This is particularly so where consumers are used to the fact that, in the product or service area in question, there is a market practice of using use colors as indications of origin. This would, in particular, be the case when the senior trademark has an increased distinctiveness which exerts influence on the perception of the junior trademark. Consequently, a finding that the Santander logo makes a trademark use of the color red may be possible if branding habits in retail banking were such that such colors would be seen in themselves references to the origin of the product or service. The Supreme Court held that Court of Appeals had to look into this factor when taking up the case again.

The German Federal Supreme Court held the Court of Appeals to have been right in excluding the possibility of a direct
likelihood of confusion between the plaintiff’s color red mark and the Santander logo. However, the Federal Supreme Court held that it needed to analyze anew whether there was an indirect likelihood of confusion (i.e., confusion in the wider sense) between the trademarks—a possibility that the lower court had rejected. Such indirect likelihood of confusion, said the German Federal Supreme Court, is only possible if special circumstances exist; that is, consumers will only assume that there are economic or organizational relationships between the owners of the trademarks if there are particular circumstances, in a given case, to support this. This might be where the trademark had been integrated in a combined trademark, yet retained an independent role within it. Another factor relevant to this analysis would be that the earlier mark has a reputation in the market—in which case, similarity between the well-known trademark and the allegedly infringing trademark may likewise give a raise to the assumption that there are economic or organizational relations between the parties (BGH GRUR 2013, 1239 – VOLKSWAGEN/Volks.Inspektion). This too would have to be evaluated by the Court of Appeals.

13. Spain—Spanish Supreme Court—Can the use of branded beverage containers refilled by a third party and also bearing the third party’s mark constitute trademark infringement?


The plaintiff was owner of the trademark IROSA registered for “aerated mineral waters,” among other goods, in Class 32. It manufactures and markets soda water in crystal soda siphon bottles bearing the mark IROSA. Once the soda siphon bottles are empty, consumers could return them to plaintiff for refill. The defendants were engaged in the business of refilling soda siphon bottles—including IROSA bottles—with soda water that did not come from the plaintiff. The defendants used a plastic wrap around the cap of the refilled bottle, in the manner shown in the picture below, which bore their own trademark. However, the plaintiff’s mark remained on the bottle.

301. Appeals Court of Barcelona, May 18, 2015, Appeal 257/2014.
The plaintiff filed a claim for trademark infringement in relation to the defendant’s marketing of soda water as refilled by them in IROSA soda siphon bottles.

Commercial Court No. 8 of Barcelona dismissed the action on the grounds that the defendant did not make a trademark use of the sign IROSA to identify its product. The first instance court found that the use made by the defendant did not adversely affect the essential functions of the trademark, as the consumers of soda water did not order a specific brand; they simply took the containers to a particular supplier for them to be refilled, and were aware of the origin of the soda water. The court also took into consideration that the IROSA soda water was not associated with a certain quality or composition that differed from that of other soda waters.

The Appeals Court of Barcelona set aside the judgment of first instance and upheld the trademark infringement claim. It did not have any doubts that the presence of a particular trademark on a glass container containing a beverage constituted use of that trademark as a trademark because the relevant public (namely, the owner of the establishment that buys the product or an individual that consumes it) will conclude that that sign identifies the commercial origin of the liquid product contained in the container. The Court went on to say that if the containers of the plaintiff bear the IROSA mark indelibly, the consumer will establish a link between that sign and the commercial origin of the soda water, which is enough to qualify the use as a trademark use, even though the container also bears (as shown above) disposable packaging bearing with a different trademark, since the public
would perceive that both trademarks designate the same commercial origin, or that they are related companies or companies with legal or economic ties that allow the shared use of the marks in question.

In consequence, the refilling of bottles bearing the mark IROSA has an adverse effect on the essential function of the trademark which is to guarantee to consumers the origin of the product.

The Court of Appeals of Barcelona went on to find that it was irrelevant that the end consumer does not tend to request a certain brand of soda water from soda siphon bottles, or that there are few differences in the composition of the soda waters. What matters is that the defendant’s activity constitutes a use of another’s trademark to distinguish a third party’s product on the market.

The Court also found that the CJEU’s ruling in Case No. C-46/10 VIKING GAS (Viking Gas A/S v. Kosan Gas A/S) in respect of exhaustion of rights did not apply to this case, because, unlike the gas bottles that were the subject of the VIKING GAS case, the soda siphon bottles do not have an independent economic value. Viking Gas is a preliminary ruling of the CJEU of July 14, 2011, involving the refilling of gas bottles. The questions raised in the case concerned the application of Article 7 of the TM Directive—the rule on “exhaustion of rights.” Article 7 provides that a registered trademark does not entitle its owner to prohibit the use of the mark in relation to goods that have been put on the market in the Community under the trademark concerned by the trademark owner or with his consent—unless there are legitimate reasons to oppose the resale. In that case the bottles themselves were of a special and costly design, and were purchased (along with the gas) as objects of value in their own right. The CJEU ruled in that case that Viking could not use its registered trademark rights in the bottle shape to prevent third parties from operating a business of exchanging empty Viking bottles for refilled Viking bottles which contained the third party’s (not Viking’s) gas unless there were legitimate reasons.

In the IROSA case, the defendant had not itself invoked the “exhaustion of rights” defense. The Barcelona Appeal Court did nevertheless mention it, but held that, in contrast to the VIKING gas case, where the bottle had a specific shape and was itself registered as a three-dimensional mark, the present case involved an ordinary soda bottle with no independent economic value of its own.

IX. LIMITATION OF RIGHTS, AND DEFENSES

A. Introductory Comments

EU trademark law contains various specific defenses to, and other limitations of, the exclusive rights provided to EU trademark owners under Article 9 of the CTM Regulation and Article 5 of the TM Directive (i.e., the infringement provisions covered in Section VIII above).

The majority of the cases covered in this Part—from Germany, Italy, the UK and Denmark—relate to the limitations contained in Article 12 of the CTM Regulation and Article 6 of the TM Directive. These provisions, which are noted in full in Section B below, allow for descriptive use, referential use, and use of one’s own name—in each case provided that the use is “in accordance with honest practices.”

Cases featured later in the section deal with a wider variety of defenses. These are, in turn: parody defense; “exhaustion of rights” (under Article 13 of the CTM Regulation and Article 7 of the TM Directive); a clash between EU Trademark law and the EU principle of free movement of goods; parody; two cases from the Spanish courts on acquiescence and concurrent use; and finally a case on “due cause” from Belgium.

B. Legal Texts

Article 12 of the CTM Regulation

Limitation of the effects of a Community trademark

A Community trademark shall not entitle the proprietor to prohibit a third party from using in the course of trade:

(a) his own name or address;

(b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;

(c) the trademark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts, provided he uses them in accordance with honest practices in industrial or commercial matters.

Article 13 of the CTM Regulation

1. A Community trademark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trademark by the proprietor or with his consent.
2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.

Article 6 of the TM Directive

Limitation of the effects of trademark

1. The trademark shall not entitle the proprietor to prohibit a third party from using, in the course of trade:
   
   (a) his own name or address;
   
   (b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;
   
   (c) the trademark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts;

   provided he uses them in accordance with honest practises in industrial or commercial matters.

2. The trademark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, an earlier right which only applies in a particular locality if that right is recognized by the laws of the Member State in question and within the limits of the territory in which it is recognized.

Article 7 of the TM Directive

1. The trademark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trademark by the proprietor or with his consent.

2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.
C. Cases

1. Germany—German Federal Supreme Court—In what circumstances can a modifier of an original product continue to use the trademark under which the original product was sold?

   On March 12, 2015, the German Bundesgerichtshof (Federal Supreme Court), ruled in a case dealing with a fair use defense connected with the continued use of the original manufacturer’s trademark in relation to products that have been modified after purchase (File No. I ZR 147/13 – Tuning). The German Federal Supreme Court noted that the application of the defense required a court to balance the interests of the trademark owner with those of the providers of the modification services and, contrary to the judgments of the lower courts, found in favor of the modifier.

   The defense that was successful in the case corresponds to that under Article 6(1)(b) of the TM Directive. This indicates that the defense—which covers descriptive use—has a flexible role; it is more typically used where the defendant uses a word with inherently descriptive connotations, but which happens to correspond to the plaintiff’s trademark. Here, the word in question was a famous trademark with no inherent descriptiveness; it simply identified the plaintiff’s product by name.

   The case relates to an infringement claim brought by the manufacturer of Porsche cars, which owns the word/figurative trademark shown here:

   
   ![Porsche Trademark](image)

   The defendant, Techart, offered a modification service for PORSCHE cars, which involved the retuning of the engine, for which it used its own trademark TECHART. Offers of the defendant’s service could be found on the Internet under the listing “Porsche.” In all of its offers, the defendant used the plaintiff’s name and model designations, always with an express reference to its own involvement, such as: “Porsche 911 Turbo with TECHART-alteration.”

   In addition, the defendant’s advertising contained the description of the cars and the modifications carried out by TECHART, such as:

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303. Case No. I ZR 147/13, GRUR ____ (German Federal Supreme Court, Mar. 12, 2015).
Porsche regarded Techart’s offers as an infringement of its PORSCHE trademark because, in the plaintiff’s view, they did not make sufficiently clear that the car, due to its alterations, should now be attributed to Techart. Porsche prevailed at first instance and, in the main, at second instance. Both parties then filed an appeal on the grounds of law with the German Federal Supreme Court, which ruled in favor of Techart.

According to Article 6(1)(b) of the TM Directive, the owner of a registered trademark is not entitled to use it to prevent a third party from using a sign identical or similar to the registered trademark as an indication of the characteristics of goods or services, in particular their nature, quality, intended purpose, value, geographical origin, or time of production or of rendering, provided that the use does not contravene accepted principles of honest commercial practices.

Contrary to the findings of the Court of Appeals, the German Federal Supreme Court did not consider Techart’s conduct to amount to trademark infringement. Leaving open the question of
whether Porsche’s trademark rights in the cars themselves had become “exhausted” (see Article 7 of the TM Directive), the German Federal Supreme Court took the position that Techart’s use of the PORSCHE trademark was within the Article 6(1)(b) defense. Leading German cases hold that this defense may be made out if a product bearing the trademark of the manufacturer is altered by a third party after sale, and the altered product bearing the manufacturer’s trademark is offered under the third party’s trademark, provided it is made clear to the consumer that the original manufacturer designation (here, PORSCHE) merely designates the product in its original condition (BGH GRUR 2007, 705 Rn. 23 – Aufarbeitung von Fahrzeugkomponenten).

The Court of Appeals had held that the application of the Article 6(1)(b) defense was excluded due to the fact that the mark PORSCHE was still being used as an indication of origin for the cars. The German Federal Supreme Court disagreed, holding that the Article 6(1)(b) defense does not make any distinction between the various possible ways in which the “indication”, the use of which is being contested, might be used. (cf. ECF GRUR 2004, 234 – Gerolsteiner Brunnen).

The German Federal Supreme Court went on to hold that other aspects of the ruling below were also unfounded. Although the Court of Appeals had properly held that, for Article 6(1)(b) to apply, it was necessary that the consumer would understand that the reference to plaintiff’s trademark PORSCHE was limited to the cars in their original condition, the Court of Appeals had introduced standards which were too exacting in this regard. In the Supreme Court’s view, it was sufficient in the case at hand that, by introducing its own trademark (TECHART) as the new designation of the altered product, consumers would understand that they should not regard the original trademark PORSCHE as a means of reference to the altered product. It was sufficient that consumers would realize that alterations of the car had been undertaken.

The German Federal Supreme Court noted that the purpose of the Article 6(1)(b) defense was to balance the interests of trademark owner and the interests of third parties. It was not permissible to apply standards which in effect are too strict to balance the interests properly. The Supreme Court also noted, in this connection, that the Court of Appeals had been wrong to find fault with the defendant’s use of the designation PORSCHE in its advertising, since the wording used by defendant, “Porsche with


TECHART-tuning” made it clear to customers that Techart performs the tuning of a PORSCHE car. There was no reason to believe that a reader of the marketing would believe that Porsche itself was responsible for the tuning. It was also relevant to note that all of defendant’s offerings contained broad descriptions as to the tuning undertaken, all of which were expressly branded TECHART.

Differing again from the view of the Court of Appeals, the German Federal Supreme Court was also of the opinion that Techart’s approach to use of the PORSCHE mark was not contrary to “honest practices” as required by the Article 6(1)(b) defense. A proper analysis of the “honest practices” element requires an overall assessment of all relevant circumstances of a case (BGH GRUR 2013, 631 Rn. 37 – AMARULA). The basis of such analysis is that Article 6(1) exists to balance trademark protection with commercial freedoms, so that trademark law may continue to play its role as an essential part of competition. Against this background, Techart’s use could not be considered to be a contravention of good commercial practices. The German Federal Supreme Court pointed out that not only the wording used by the defendant in its offers but also all the additional descriptions that the defendant provided about its TECHART tuning would sufficiently make clear that the altered product was the defendant’s responsibility alone.

It was further necessary to note, held the German Federal Supreme Court, that parties offering engine-tuning need to have a certain flexibility when advertising their services. With this in mind, it was not necessary for them to point out expressly in an offer that the trademark of the car’s manufacturer refers only to the origin of the original product, and that the manufacturer is not responsible for the altered product, as long as this conclusion could be drawn from the overall presentation of the offer.

2. Italy—Court of Appeal of Milan—Infringement—Defenses—Can a fashion designer who no longer owns the trademark rights attaching to his name continue to use his name with reference to his involvement in the designs of a rival enterprise?

On July 23, 2015, the Court of Appeal of Milan, in Case No. 3208/2015, Fiorucci v. Edwin, addressed a fashion designer’s use of his own name.
The Court of Appeal of Milan did not find infringement and held that the use in question constituted a fair use of the designer’s name under Article 6(1) of the TM Directive.

The decision at issue is the latest chapter of the judicial saga between the Milanese designer Elio Fiorucci vis-à-vis the Japanese group Edwin. In the early 1990s, Edwin had bought from the designer’s company, which was facing a winding-up procedure, a number of marks consisting of the name FIORUCCI as well as the company’s goodwill. The problems arose because, despite the demise of his company, Mr. Fiorucci continued to be active in the fashion business, and to use his name for that purpose.

A first string of decisions issued by the Court of Milan (namely, Court of Milan, January 26, 2009, No. 1124/2009, Court of Milan, May 3, 2011, No. 6964/2011, and Court of Milan, August 1, 2012, No. 9150/2012), established that the use of the phrase “by Elio Fiorucci” placed after the mark LOVE THERAPY amounted to an infringement of Edwin’s FIORUCCI marks.

By the most recent of those three decisions—its decision of August 1, 2012, No. 9150/2012—the Court of Milan held that the above use was not in compliance with the principle of professional fairness set forth in Article 21.1 Italian Industrial Property Code (corresponding to Article 6(1) of the TM Directive, which allows use of a person’s own name if the use is in line with “honest practices in industrial or commercial matters”).

In particular, the Court of Milan found in its 2012 decision that the phrase “by Elio Fiorucci” would lead the public erroneously to think that the relevant products arose from Mr. Fiorucci’s creativity. In this regard, the Court of Milan pointed out that said products bore a label stating that they were “conceived, designed and produced by a group of young people of extreme sensitivity” and this was tantamount to an acknowledgment of the fact that Mr. Fiorucci himself did not have any stylistic involvement in the creation of the products.

Therefore, the Court of Milan took the view that the phrase “by Elio Fiorucci” could only be used lawfully if Mr. Fiorucci had had an actual “stylistic-creative responsibility” in connection with the relevant products. It was not sufficient that Mr. Fiorucci exercised—as the Court had found he did—only an “entrepreneurial control” over such production.

In its earlier 2011 decision (No. 6964/2011) also rejecting Mr. Fiorucci’s “own name” defense, the same court had held that

311. Id.
the conflict at issue arose out of Mr. Fiorucci’s unnecessary decision to give his personal name a specific commercial value by registering it as the distinctive designation of his commercial activity. That choice obviously entailed also the possibility that the resulting trademark might be assigned to a third party, thus bringing its use outside his control. It followed that while, on the one hand, “there is no absolute impediment for . . . Elio Fiorucci to use his name in his professional and business activity,” on the other hand, “the very reputation that his activity acquired in the past, which characterized the value of the assigned marks, required a careful assessment of the correctness” of the use of the phrase “by Elio Fiorucci.” Such use might cause prejudice to the new legitimate owner of the Fiorucci marks “in light of the possible removal or blurring of the evocative power” of the Fiorucci marks.

The Court of Milan was therefore clear that Mr. Fiorucci, having made the decision to make his name the trademark of his company, had a clear responsibility to not interfere with the continued exploitation of its value in the hands of the business successor, and that he had exceeded permissible bounds in his subsequent conduct.

However, in its decision of July 23, 2015, the Court of Appeal of Milan took a different approach (which is in line with its own precedent—Court of Appeal, March 3, 2011, No. 1682/2011). According to that 2011 decision, the right over a personal name is an absolute right, which cannot be limited by a transfer of the right in question where the transfer is effected by someone other than the right holder himself. In the case, it was the designer’s company which had assigned the FIORUCCI marks to Edwin, not Mr. Fiorucci.

The Court of Appeal of Milan then criticized the relevance given in the first instance decision to the label indicating that the relevant products were designed by a team of young designers. In particular, the Court pointed out that it is quite common for famous designers to be “surrounded by a crowd of co-workers,” but this could not in any way call into question the attributability of the relevant product to the designer himself.

Furthermore, the Court established that the fact that the writing “by Elio Fiorucci” was placed was after the mark LOVE THERAPY and written in italics in a smaller font than the one used for the mark LOVE THERAPY would rule out any risk of confusion with Edwin’s marks FIORUCCI.

There is no doubt that Elio Fiorucci would have been extremely happy about the decision issued by the Court of Appeal of Milan. Unfortunately, he passed away a few days before this

decision was handed down. In addition to being recalled in fashion and costume books, his name will be further remembered in legal reviews in connection with one of the most interesting and engaging streams of case law in the trademark field.

3. UK—English Court of Appeal—Infringement—Defenses—Honest Use of Own Name—In what circumstances can (or could) a corporate defendant establish the defense that it is making honest use of its own name?

Earlier in this review, the case of Roger Maier and Assos of Switzerland SA v. ASOS plc and ASOS.com Limited was introduced and explored. The English Court of Appeal was ruling on an infringement case between an upmarket cycling brand, ASSOS, and the fashion brand, ASOS. Having overturned the High Court’s decision on infringement by upholding the plaintiff’s claims, in principle, under both Article 9(1)(b) and Article 9(1)(c), the Court of Appeal then turned to the issue of whether or not the “own name defense” applied. The English High Court had not needed to decide whether the defense applied since it had held that there had been no infringement.

Article 12(a) of the Council Regulation (EC) No. 207/2009 provides that:

A Community trademark shall not entitle the proprietor to prohibit a third party from using in the course of trade:

his own name or address;

Provided he uses them in accordance with honest practices in industrial or commercial matters.

The Court accepted that the use complained of was use of the defendant’s own company name (“ASOS”). The crucial issue for the Court to determine was whether or not the defendant’s use of its own name as a trademark was in accordance with honest practices in industrial or commercial matters. This involved carrying out an overall assessment considering factors such as whether or not there existed a likelihood of confusion, whether the earlier trademark had a reputation, whether use of the sign complained of took advantage of or was detrimental to the distinctive character or repute of the earlier trademark and whether the possibility of conflict was something of which the defendant was or ought to have been aware.


The Court’s decision on this issue was finely balanced. In the view of the majority, in the unusual circumstances of this specific case, as explained below, the defendant had fulfilled its duty to act fairly in relation to the plaintiff’s legitimate interests and had not conducted its business so as unfairly to compete with the plaintiff. It was therefore entitled to the defense. The circumstances on which the majority placed particular reliance were:

(a) that both parties had adopted their names independently and that it had never been the defendant’s intention to confuse the public or in any way trade off the goodwill associated with plaintiff's business;

(b) whereas the failure to conduct reasonable trademark checks (which would have identified the plaintiff’s earlier rights) was central to availability of the defense to the dissenting judgment, the majority held that a search would have revealed no more than when the defendant learned of the plaintiff’s business in 2006, that is, that it was directed to the supply of specialist cycling wear, a business which the defendant did not believe would be affected by the defendant’s online services in the provision of fashion wear;

(c) since then, the parties had continued to expand their respective businesses without in any way changing their essential nature and had each acquired a substantial reputation and goodwill;

(d) there had been no confusion in practice between their respective goods or services and there was no real likelihood of it occurring in the future. Moreover, the defendant’s activities had not benefitted from the plaintiff's activities, nor had they been detrimental to the distinctive character or repute of the plaintiff's brand;

(e) the Court’s reasons for upholding the infringement claim in principle (see earlier note relating to this case) critically depended on the need to take account of a hypothetical and notional use of the plaintiff’s mark which, on the evidence, the plaintiff had no intention of making. To the majority, the concept of hypothetical and notional use had a reduced significance in relation to the availability of the defense, whereas to the dissenting judgment, a business is a dynamic thing and it was an error to confine the legitimate interests of a trademark proprietor to those specific uses which it had made of its mark; and

(f) the defendant had not taken any steps towards the plaintiff’s business model and, in fact, had been alert to the need not to take any step, such as selling cycling-inspired fashion, which might give rise to confusion. In the
dissenting judgment’s view, a defendant must have regard not only to uses which had already been made of an earlier mark, but also to expanded uses which it might fairly make and the defendant had paid no regard to those wider interests.

From March 23, 2016, this defense is no longer available to defendants to claims based on EU trademark registrations as the new EU Trademark Regulation (2015/2424) has amended the defense to limit its availability to only natural person and not to company names. However, the defense may remain open to defendants to claims based on national trademark registrations until EU Member States implement the new Trademark Directive (2015/2436) into their national laws (which they have until January 15, 2019, to do).

4. Germany—German Federal Supreme Court—Is it an infringement to supply badges, identical to those used (and registered) by an automobile company, for use on spare parts made by third parties?

The German Federal Supreme Court (Bundesgerichtshof) ruled on March 12, 2015, in a case concerning the unauthorized supply of badges bearing the well-known BMW roundel (Case No. I ZR 153/14).³¹⁷

The plaintiff, BMW is the owner of a number of trademarks including the German black and white trademark shown here:

![BMW logo](image)

The mark is used as the badge of BMW motor cars (although in a color version) and is registered, inter alia, for metal badges. The defendant sells and distributes, both nationally and internationally, spare parts for vehicles, and also manufactures metal BMW badges reproducing the BMW roundel of which the registered trademark consists (but, again, in a color version). The defendant supplied the badges with the intention that they should be applied to spare parts. When BMW complained, the defendant signed a cease-and-desist letter but refused, however, to pay

³¹⁷. Case No. I ZR 153/14, GRUR____ (German Federal Supreme Court, Mar. 12, 2015) (BMW).
damages. BMW filed an action against the defendant. Every court—specifically, the Court of First Instance, Court of Appeals, and, the Federal Supreme Court (upon appeal on grounds of law)—found in BMW’s favor. While the German Federal Supreme Court did not share Court of Appeal’s opinion that the defendant’s trademark was identical to the registered mark (due to the colors applied), it found the trademarks to be highly similar. The Court also found BMW’s trademark to have an increased distinctiveness (in fact, to be a famous trademark).

Without success, the defendant claimed that, in making and selling the badges, it was not making a trademark use of the BMW mark (i.e., not using it as a trademark) since the mark and the product were in fact one and the same thing. It is indeed true under German case law that the analysis of trademark use may create problems if the trademark has no identity separate from the product, since the trademark needs to be conceptually independent (BGH GRUR 2002, 1072 – SYLT-Kuh). However, in the case at hand, the German Federal Supreme Court concluded that this issue did not arise in the case of the defendant’s product. The relevant public would recognize the BMW badge both as a product in its own right and also as reference to the origin of the badge as being the plaintiff or a company licensed by BMW.

The defendant’s recourse to a fair use defense was also rejected. The defense was founded on Article 6(1)(c) of the TM Directive. This provides for a defense where the trademark is used to indicate the intended purpose of a product or service, in particular as an accessory or spare part, provided that the use is necessary for that purpose and the use is “in accordance with honest practices in industrial or commercial matters.”

The German Federal Supreme Court held that the fair use defense noted served a balance of interests between those of the original manufacturers of durable, high quality products, on the one hand, and independent third party suppliers, on the other hand. The provision addresses the concerns that there might be a limitation or even monopolization of the spare parts market by way of trademark registrations. On the other hand, third party developers must be prevented from unjustified exploitation of the reputation of a trademark which the trademark owner has created by way of its own investment.

Against this background, the German Federal Supreme Court held that the defense could not extend to the use of the BMW emblem by the defendant. In the balancing of interests it carried particular weight, in the court’s view, that the badges being supplied by the defendant had no content other than the famous

BMW trademark. The production of badges reproducing only the trademark of the manufacturer of the car would interfere with the rights of the trademark owner since the designation of cars, and the company behind them, is the exclusive right of the trademark owner. The fair use defense does not permit a defendant to use the mark, as here, as if it were the defendant’s own trademark.

5. **Denmark—Danish Supreme Court—Infringement—Defenses—Does an extensive use of an automobile company’s registered trademarks in the marketing of spare or “replica” automobile wheels fall within the spare parts defense?**

On March 10, 2015, the Danish Supreme Court delivered its ruling in *East Scandic A/S v Bayerische Motoren Werke Aktiengesellschaft*, Case No. 17/2010.319

The case concerned—in relevant part; it was also an important registered design case—the scope of protection of BMW’s trademarks in relation to the sale of replica BMW car wheel rims.

The defendant, East Scandic, the appellant in this case, is an independent manufacturer of accessories for cars, including cars manufactured by BMW. In May 2007, BMW became aware of East Scandic’s marketing of car wheel rims on East Scandic’s websites [www.wheels.dk](http://www.wheels.dk) and [www.eastscandic.dk](http://www.eastscandic.dk), using the “BMW” trademark and the names of BMW car models (which are also registered trademarks) in the following manner: BMW M10, Replica M10, M10 Wheels, Crom paint M3 BMW, BMW M5 and Replica M5, etc. Additionally, BMW’s blue and white roundel device mark was featured on a number of images of the wheel rim in question, as shown below.

None of the East Scandic wheel rims were made by or under license from BMW. BMW claimed that East Scandic’s car wheel rims were close imitations of BMW’s own car wheels—see for example the comparison below. In some instances, it was stated that the rim was a “replica”; in others, not.

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The Danish Maritime and Commercial High Court ruled in favor of BMW, finding that East Scandic had infringed both the BMW trademarks and the BMW design rights, as well as the Danish Marketing Practices Act. The judgment was appealed to the Danish Supreme Court by East Scandic.

In its defense of the trademark infringement claim, East Scandic argued that the use of BMW’s trademarks on its website was intended to indicate the purpose of the car wheel as a spare part. Article 12(c) of the CTM Regulation provides for a defense on this basis where use of a mark is necessary to indicate the intended purpose of a product or service—particularly, as an accessory or spare part—provided that the use is in accordance with honest practices. Article 6(1)(c) of the TM Directive provides for the same thing in relation to national trademarks.

The Danish Supreme Court disagreed, holding East Scandic’s use of BMW trademarks was simply too extensive for East Scandic to be able to claim the protection of the defense. The website and webpages in question used the word BMW and blue and white roundel device mark repeatedly in relation to the infringing car wheel rims and presented them in such a manner as to give the impression that they came from BMW. The presentation of the website was therefore not in compliance with “honest practices” under Article 12(c) of the CTM Regulation or the corresponding provision of the TM Directive. The BMW marks were being exploited beyond what was suitable to indicate their purpose as a spare part.

6. Germany—German Federal Supreme Court—Can a trademark cancellation action be defended on the basis that the contested mark is a parody of the well-known earlier mark?

In its decision of April 2, 2015, in a case involving the well-known PUMA trademark File No. 1 ZR 59/13, the
Bundesgerichtshof (German Federal Supreme Court) considered the permissibility of a parody mark featuring a jumping poodle.\textsuperscript{320}

The case involves the application of Article 5(2) of the TM Directive, under which EU Member States are permitted to make special provision to protect trademarks “with a reputation.” Under German law, as a result, the owner of a well-known trademark may oppose (or request cancellation of) a junior trademark even if there is no likelihood of confusion, if the similarities between the conflicting trademarks are such that the relevant public links the junior mark with the well-known trademark. The owner of a well-known trademark may be protected in this way even if the trademark plays in a humorous way with the well-known trademark, as trademark parody is covered by the constitutional principle of freedom of art.

The plaintiff, Puma is the owner of the German Trademark No. 200 16 32 of June 3, 1991, registered, inter alia, for paper, bags, sportswear, t-shirts etc. (shown below):

\begin{center}
\includegraphics[width=0.3\textwidth]{puma.png}
\end{center}

The defendant in turn is the owner of the German Trademark No. 305 67 514 of January 26, 2006, (illustrated below).

\begin{center}
\includegraphics[width=0.3\textwidth]{puDEL.png}
\end{center}

registered for various goods in Classes 16, 18, and 25 of the International Classification. Puma successfully sought the cancellation of the PUDEL mark by the German PTO. The first instance decision was—upon appeal—confirmed by the Court of Appeals, and has now been confirmed by the Federal Supreme Court on grounds of law in its 2015 decision.

\textsuperscript{320} Case No. I ZR 59/13, GRUR____ (German Federal Supreme Court, Apr. 2, 2015) (PUMA).
Both the Court of Appeals and the German Federal Supreme Court found the above word/figurative PUMA trademark to be a well-known trademark; it is known to virtually any adult German who takes an interest, even only occasionally in sports and sport events. The defendant, in fact, sought to justify its own position by reference to the earlier mark, by pointing out that the majority of consumers would immediately recognize in its own PUDEL mark a reference as a parody to the protected older trademark.

The Supreme Court confirmed that the Court of Appeals had been correct to find the conflicting signs to be sufficiently similar for the purpose of the claim based on Article 5(2). Not only had the Court of Appeals correctly emphasized that consumers would rarely have the opportunity to compare the respective trademarks directly (and would thus have to rely on incomplete memory), it had also correctly concluded that the similarity of the trademarks for the purposes of Article 5(2) did not require the existence of a likelihood of confusion. Instead Article 5(2) requires that the junior trademark be “intellectually related” with the well-known trademark. The Supreme Court held that the trademarks were neither phonetically similar nor conceptual similar (the consumer would easily recognize a difference between a puma and a poodle, but that the conflicting designations were visually similar). The beginnings of both signs were identical. Identical also were the composition of the overall appearance; the structure, being a combination of the word and picture; the element of jumping animals; and the direction of the jump.

The German Federal Supreme Court was hesitant in accepting a likelihood of confusion between the trademarks, because it felt that even the visual similarity was only low. It also pointed out that a likelihood of confusion in the broader sense of an association could not be found in the absence of any special circumstances, which were not present in the case in hand. In fact, the Court took the position that in view of the differences between the conflicting signs consumers would hardly believe that there is an economic or organizational cooperation between the two parties. However, the Supreme Court did take the position that, in view of the visual similarity of the signs, consumers would link the defendant’s trademark with Puma’s trademark.

The German Federal Supreme Court noted that it is not sufficient, in order to establish such a link, that a customer just “thinks” of a certain protected trademark when looking at another trademark. Nor is the owner of a trademark entitled to protection and exclusive use of a general principle, forming the basis of its trademark (BGH GRUR 2009, 772 – Augsburger Puppenkiste).321

However, in this case the Court considered the similarity between the trademarks to be sufficient and found such a link. Not only did the Court refer to a high degree of brand awareness of the Puma trademark, but also pointed out that the defendant had registered the PUDEL trademark for goods identical or highly similar to the ones protected by the earlier trademark. The German Federal Supreme Court added that the existence of a link was also supported by the fact that defendant claimed to be parodying the plaintiff’s trademark, which would not make sense if there were no such link between the trademarks.

In line with the Court of Appeal’s findings, the Supreme Court went on to point out that, even absent likelihood of confusion, the defendant’s mark took advantage of the reputation and distinctiveness of the Puma trademark, and did so without justification. Whether or not there was a justification needs to be looked at by evaluating all relevant facts. Under leading case law, the exploitation of a well-known trademark’s distinctiveness is recognized if a third party attempts to exploit the “pull” of a trademark in order to benefit from its attractiveness, its reputation or its standing without offering any consideration (CJEU, GRUR 2009, 756, Rn. 49 – L’Oréal / Bellure). In line with the leading cases of the CJEU, national courts need to ensure a reasonable balance between the various fundamental rights protected by European Union law (EuGH GRUR 2008, 241, Rn. 68 – Promusicae). By doing that, a national court would here have to look at the plaintiff’s fundamental right under Article 17 (2) of the Charter of Fundamental Rights of the European Union protecting intellectual property, on the one hand, and the defendant’s rights under Article 11 (1) (Freedom of expression) and Article 13 (Freedom of the arts and sciences) of the Charter, on the other hand. No other consideration would—the Supreme Court pointed out—hold sway under the German Constitution.

The evaluation of Court of Appeals on this issue was confirmed by the German Federal Supreme Court. While the German Federal Supreme Court did not share the lower court’s opinion that the infringing trademark could not claim the protection of “freedom of the arts”—the Supreme Court found the contrary to be true. In pointing out that the PUDEL mark constitutes a humorous allusion to the Puma trademark, it nevertheless held that in this case defendant’s rights under Article 13 Charter and Article 5(3) 1 German Constitution would not prevail over the Puma’s property right in its trademark.

The relevant consideration was that it had not been the intention of plaintiff to prohibit the use by defendant of the word/figurative motif but (only) the registration of such a trademark. In the opinion of the Supreme Court—the registration of the PUDEL mark did not need to be tolerated. Puma had made considerable (financial) efforts to sell and distribute its products under its PUMA trademark. The use of and success with the PUDEL by the defendant would not be possible without the existence of the well-known Puma trademark. In the view of the German Federal Supreme Court it would not be reasonable to expect the plaintiff to tolerate a permanent registered right in the infringing trademark, independent of its actual use, which the defendant might transfer and license. The humorous use being made of the PUDEL design did not require registration of a trademark right.

The German Federal Supreme Court went on to hold that the defendant’s exploitation of the distinctiveness and repute of the PUMA trademark would not be protected by freedom of expression (Article, 11(1) of the Charter) either. Protection of freedom of expression cannot, in the opinion of the German Federal Supreme Court, go so far that the owner of the well-known trademark must accept that an infringing designation may enjoy (permanent) trademark protection.

7. Belgium—Brussels Court of Appeal—Infringement—Exhaustion of Rights—Are rights to a trademark exhausted where the goods to which the mark has been applied were sold under a valid retention of title clause which allows the brand owner to recover unused stock?

The Brussels Court of Appeal gave judgment on October 20, 2015, in Xerox Corporation and Xerox Belgium v. Impro Europe. The Court ruled in favor of Xerox Corporation, the document technology company, in a pan-European dispute against the Belgian company Impro Europe concerning the latter’s marketing of branded consumables for printers, copiers, etc. in the European Union.

Throughout Europe, Xerox sells consumables for its equipment under the XEROX and other trademarks. It sells the consumables either separately or pursuant to maintenance agreements. In the latter case, authorized Xerox service providers provide maintenance services to end users, in the context of which consumables are supplied. Unlike consumables which are sold separately, consumables sold within the scope of a maintenance agreement would not have been sold for the purpose of being resold under a retention of title clause, so rights to the XEROX mark would not be exhausted.

324. Xerox Corporation and Xerox Belgium v. Impro Europe (Brussels Court of Appeal, Jan. 30, 2015).
agreement are marked with the word “metered” or the PagePack or eClick trademark.

The maintenance agreements between authorized XEROX service providers and end users contain a “retention of title” clause in favor of Xerox for the consumables supplied under the contract. According to the clause in question, Xerox would retain title to the consumable until the goods were consumed.

Upon learning that the defendant, Impro Europe was actively soliciting authorized Xerox service providers to sell it their surplus stock bearing the word “metered” and/or the PagePack or eClick trademark, distributed exclusively under maintenance agreements, Xerox initiated so-called search-and-seizure proceedings (“saisie-contrefaçon”) in Belgium, which led to the appointment of an expert and seizure of the consumables found at Impro Europe’s premises. Based on these findings, Xerox started proceedings on the merits.

The question arose as to whether Xerox’s exclusive trademark rights had been exhausted with regard to the consumables at issue. The so-called exhaustion of trademark rights is dealt with under the provisions of Article 7 of the TM Directive and Article 13 of the CTM Regulation, noted in Section B. above. The trademark right is exhausted when the product is “put on the market” in the EU by the trademark owner or with its consent.

The alleged infringer bears the burden of proving that the conditions for exhaustion are met (CJEU, April 8, 2003, C-244/00, Van Doren). Such proof must be provided for each individual product (CJEU, July 1, 1999, C-173/98, Sebago). The burden of proof can only be shifted to the trademark holder if the alleged infringer is able to establish a real risk of national EU markets being partitioned if it is required to prove that the goods were placed on the market in the European Economic Area (EEA) by the trademark owner or with its consent (Van Doren).

In the case at hand, one of Impro Europe’s largest suppliers of XEROX consumables was based in Switzerland, a country outside the EEA. Xerox’s exclusive rights within the EEA had not been exhausted with regard to consumables originating from this supplier, since Xerox had supplied them in Switzerland; Xerox had not put them on the market in the EEA itself.

With regard to the other consumables at issue, the Brussels Court of Appeal found that Impro Europe had not proved that Xerox had consented to their marketing or that there was a


reasonable risk of EU markets being partitioned. On the contrary, the court found that it had been established that the goods at issue had been supplied exclusively within the scope of maintenance agreements containing a retention of title clause in favor of Xerox, which remained effective until the goods were consumed. In the event of a surplus, Xerox would take back the excess goods. The effect of the title retention arrangements meant that the goods in questions could not be considered to have been “put on the market” by Xerox.

The Brussels Court of Appeal therefore concluded that none of the consumables (whether from Switzerland or from sources within the EEA) had been placed on the EEA market by Xerox or with its consent. As Xerox Corporation’s trademark rights were not exhausted, and Impro Europe had infringed them by selling the Xerox products in question.

In addition to trademark infringement, the court ruled that Impro Europe had engaged in third-party interference with contractual relations. Impro Europe was found to have participated in the breach of valid contracts between end users and authorized Xerox service providers by actively encouraging the former to sell their surplus stock, even though Impro Europe was an experienced player on the market and thus should have known of the customary retention of title with regard to such consumables.

The Brussels Court of Appeal issued a pan-European injunction on the marketing by Impro of goods under the XEROX trademark in combination with the word “metered” and/or the PagePack trademark or the eClick trademark.

The Brussels Court of Appeal also awarded Xerox damages in the amount of EUR 50,000 and ordered Impro Europe to surrender all profits made from the infringing XEROX consumables. The Court found that by actively encouraging Xerox customers to sell to it their surplus stock, Impro Europe had acted in bad faith, given its experience and deep knowledge of practices in the market for printer accessories, including customary retention of title provisions.

8. **UK—English Court of Appeal—Infringement—Defenses—Under what conditions is it to be considered necessary for a parallel importer to resell imported product under the brand name used locally for the product in question, instead of the trademark under which the products were sold elsewhere in the EU?**

When a pharmaceutical manufacturer markets an identical product in European Union member state A under trademark X and in EU member state B under trademark Y, in what
circumstances can a parallel importer take the goods (marked X) from state A to state B and rebrand them with mark Y?

In *Speciality European Pharm Ltd v. Doncaster Pharmaceuticals Group Ltd and another*, Court of Appeal, February 6, 2015 [2015] EWCA Civ 54, the English Court of Appeal had to deal with a so-called Euro-defense; that is, a defense that the enforcement of the trademark right would be unlawful under provisions of the Treaty on the Functioning of the European Union (the TFEU). The case concerned the parallel importation of a pharmaceutical product.

The product in question was an anti-diuretic drug, sold by the brand owner in 20 mg. tablets in France under the trademark CÉRIS, and in 60 mg. slow release capsules in Germany under the trademark URIVESC. In the United Kingdom the product was sold under the trademark REGURIN, of which the plaintiff held an exclusive license.

The defendant, Doncaster Pharmaceuticals, is a parallel importer that had for many years imported the product from France into the UK, placing stickers over the box bearing the name of the active ingredient, trospium chloride. However, legal proceedings for trademark infringement were commenced when the defendant changed its strategy and started to over-sticker the boxes with the UK brand name REGURIN. It also started to do likewise with product purchased in Germany under the URIVESC mark.

If read in isolation, the provisions of the TM Directive and CTM Regulation would provide the plaintiff, in circumstances such as these, with a straightforward infringement claim. The defendant was applying the registered mark to the goods, and could not rely on the so-called “exhaustion of rights” defense provided by EU law. (Article 7 of the TM Directive; Article 13 of the CTM Regulation.) This is because, although the products had been put on the EU market by the brand owner (or with its consent) they had not been so marketed—in France or Germany, as the case may be—under the trademark that the defendant now sought to use.

The defendant’s defense therefore lay, instead, under the so-called “free movement” principles of the TFEU which seek to promote the free movement of goods across national boundaries within the European Union and prevent artificial market partitioning.

Article 34 of the TFEU provides: “Quantitative restrictions on imports and all measures having equivalent effect shall be prohibited between [EU Member States].”

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Article 36 of the TFEU provides that: “The provisions of [Article] 34 . . . shall not preclude prohibitions or restrictions on imports . . . justified on grounds of . . . the protection of industrial and commercial property . . . .”

“Industrial or commercial property” in Article 36 of the TFEU includes trademarks. This means that, subject to what follows, the free movement provision, Article 34 of the TFEU, does not prevent a trademark owner from enforcing a trademark so as to stop the importation of goods bearing the mark if it is justified for the protection of that trademark.

However, Article 36 of the TFEU goes on to limit this, by providing that what is permitted in terms of the protection of intellectual property rights should not “constitute a means of arbitrary discrimination or a disguised restriction on trademark between member states.”

Articles 34–36 of the TFEU therefore seek to set a balance between the interest in upholding trademark rights and the interest in ensuring access to EU markets for products already in circulation in the EU. Setting the balance has proven difficult, and this produced an extensive body of case law, particularly in the sphere of the parallel importation of pharmaceutical products. The case law has in turn resulted in the development of certain fixed principles which address frequently recurring issues such as that of repackaging or rebranding, as in the present case.

According to these principles, the trademark owner cannot legitimately enforce its strict rights to oppose the rebranding of the product (that is, a rebranding which substitutes the trademark used by the brand owner in the EU country of import for one used by the brand owner in the EU country in which the products are purchased) provided that a number of conditions are met. Among these conditions is the requirement that the use of the replacement mark should be necessary in order to market the product.

In the present case, the English Court of Appeal discussed relevant case law from the CJEU, including the famous BMS case (in Bristol-Myers Squibb v. Paranova A/S (Note) (Joined Cases C-427/93, C429/93 and C436/93 [2003] Ch 75 (“BMS”), a repackaging case.329 The English Court of Appeal also discussed the case that it considered to be of most direct relevance, the rebranding case Pharmacia & Upjohn SA v. Paranova A/S (Case C-379/97) [2000] Ch 571.330

The English Court of Appeal cited the ruling in Paranova, as follows:

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The condition of artificial partitioning of the markets between [EU Member States] . . . means that it is necessary, in order to determine whether the proprietor of a trademark may, under national law, prevent a parallel importer of pharmaceutical products from replacing the trademark used in the member state of export by that which the proprietor uses in the member state of import, to assess whether the circumstances prevailing at the time of marketing in the member state of import makes it objectively necessary to replace the original trademark by that used in the member state of import in order that the product in question may be marketed in that state by the parallel importer.  

It being established that necessity is a key condition to establishing a defense under Article 36 TFEU in a rebranding case, the question was whether it was in fact necessary for the parallel importer to adopt the UK brand name REGURIN in the current circumstances, or whether it could or should have been satisfied with some alternative that caused less encroachment on the brand owner’s rights.

One alternative might have been to refrain from applying the UK trademark and simply use the name of the active ingredient instead. The defendant had in fact imported the 20 mg. product over-stickered in this way between 2005 and 2009, which had proven very successful. By 2009, over-stickered parallel imports accounted for approximately 60% of sales of 20 mg. trospium chloride as a whole and approximately 70% of prescriptions written generically. The defendant’s imported product was sold at a considerable discount to REGURIN and competed directly with it.

Data was presented to show that only 8.61% of 20 mg. prescriptions in the UK are written by reference to REGURIN and approximately 2.74% by reference to other brands. While pharmacists in the UK are obliged by law to fulfil a prescription for a specific brand of pharmaceutical with the branded product rather than any substitute for it, the defendant had access to the remaining 88.65% of prescriptions that are written generically and could therefore be fulfilled by either a branded or non-branded product.

The striking thing in this case is that, despite its past success in marketing the unbranded 20 mg. product, and the fact that, up to 2009 at least, the defendant had access to almost 90% of the market, the English Court of Appeal nevertheless found in the defendant's favor. One factor contributing to this conclusion was the change in market dynamics when the 20 mg. patent expired in

2009. Competition in the marketplace intensified as other generic products became available. According to the defendant, parallel importers were unable to compete effectively as they were no longer able to match the price of other generic products. The market share enjoyed by the defendant therefore decreased.

In any event, the English Court of Appeal considered that in this context, and given the rules preventing substitution with a non-branded product, the defendant’s inability to access the remaining 11.35% of prescriptions dictated exclusively by brands was substantial, especially when the proportion by value was much higher. The English Court of Appeal also found weight in the defending counsel’s argument that the figures may underestimate the market share actually monopolized by REGURIN. Despite the price differential, data showed that a significant proportion of generically-written prescriptions for the 20 mg. tablets were, in practice fulfilled with REGURIN. The Court of Appeal emphasized that the focus is not on what part of the market the parallel importer has access to, but what part of the market it does not. Here this was considered substantial.

As regards the 60 mg. slow release capsules, the UK regulatory body required them to be marketed under a brand name to distinguish between products that may have different release properties. In 2010 a company related to the defendant was refused a parallel import license to import the product under the German name URIVESC, on the basis that a third party used a similar name in the United Kingdom. This meant that the defendant was effectively prevented from importing either under the URISVEC brand or simply by reference to the active ingredient. The English High Court, at first instance, had considered it a plausible alternative for the defendant to adopt its own brand name.

The English Court of Appeal however recognized the impediments faced by the defendant in both adopting a brand and generating demand for it among doctors. The business of a parallel importer is by nature volatile; a continuous source of supply is never guaranteed. The Court of Appeal considered that it would be unrealistic, verging on irresponsible, to encourage a doctor to depend on such an inherently unreliable source of supply. Further, the high cost of investment required for the adoption of a brand could not be justified when supplies of the product could be ended “at a moment’s notice.”

In this situation, the English Court of Appeal considered that the defendant’s rebranding of the product to REGURIN was not a matter of commercial choice, seeking to gain from the well-known REGURIN name, but a step that went no further than was objectively necessary in order to gain effective access to the trospium chloride market in the United Kingdom. The
enforcement of the trademark would therefore create an artificial partitioning of the market that would be unlawful under Article 36 of the TFEU.

This case reflects how far, in principle, a parallel importer in specific circumstances may go in order to market the imported product effectively across EU Member States. It is important, however, to note that this decision rested on a detailed analysis of how the English market operates. A number of similar cases from other EU Member States were cited to the English Court of Appeal, all of which had been found against the defendant. In *Aventis Pharma AB v. Paranova Läkemedel*,332 the Swedish court had ruled that it was not objectively necessary for the defendant to adopt the Swedish brand name despite Swedish prescribing practices appearing to be exclusively by brand. The existence of other non-patented drugs marketed under different names was considered to be evidence that a marketing campaign might enable sales to be made under a different name. In *Boehringer Ingelheim Danmark A/S v. Orifarm A/S*,333 the Danish court had considered whether it was necessary to use the Danish brand name in marketing the non-prescription drug in question. The court held that the fact the branded product was most commonly sold at the recommendation of a doctor did not amount to a prescription practice that would necessitate selling the product under the same name. In the *Topinasal Case* (Case I ZR 207/02) 2004,334 the German court relied on the fact that importers had succeeded in obtaining 11% of the market in Germany by using the brand name under which the product was marketed outside of Germany. This was decided at a time when pharmacists in Germany could lawfully substitute an identical drug for the prescribed brand. In the opinion of the court, German consumers would readily accept this practice.

The English Court of Appeal in the present case considered the above decisions to be of limited assistance. Its own decision turned specifically on national rules and practices relating to the prescribing and marketing of drugs. However, one may also detect in the English ruling a greater sympathy than is typically displayed by continental EU courts for the defendant’s inability to access a relatively small part of the overall market.

9. Spain—Appeal Court of Barcelona—Infringement—
Defenses—In what circumstances could a trademark
infringement claim succeed despite over fifty years’
coexistence between the rival brands in the same
market?

The Appeal Court of Barcelona ruled on June 30, 2015, in the
case *Trias Galetes-Biscuits S.A. v. S Trias S.A.*

This case related to an infringement dispute between
companies that had been established by two members of the same
family, each of which had been using a trademark of which the
family name “TRIAS” was the distinctive and dominant part. Both
the marks were used in relation to biscuits. The marks, which are
shown above, had co-existed in the market for over fifty years. The
difference was that the plaintiff had become well-known and
owned several trademark registrations while the defendant was a
small local business using trademark S TRIAS without having a
trademark registration.

The Commercial Court No. 2 of Barcelona initially rejected the
infringement claim, holding that a trademark registration cannot
be used against a competitor with which there had been a
consensual co-existence for over fifty years (in fact, since 1949.)
The Commercial Court regarded the trademark registration as
valid against third parties but not enforceable against the S
TRIAS mark, in view of its very long use.

Trias Galetes-Biscuits filed an appeal. It argued that
acquiescence is not the same as consent and that since the
defendant did not have a trademark registration for its S TRIAS
mark, the acquiescence had no legal consequence since mere use of
a mark for many years does not establish trademark rights in
Spain. The company also maintained that, while it was true that
there had been a (very long) delay in filing the legal action, this
delay could be justified, for several reasons. In particular, since the
death in 2009 of the owner of the company S TRIAS, Mr. Salvador

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Trias, the company had been run by a new CEO who was no longer a member of the family—being a son-in-law of Mr. Salvador Trias—and, since his tenure began, the defendant company had started to adopt a parasitic behavior toward the better-known mark TRIAS by using a similar presentation and using the slogan “Las Típicas” (in English, “the typical ones”). In addition, the widespread use of Internet and the international growth strategy of Trias Galetes-Biscuits, the plaintiff, made it impossible to co-exist with another company with virtually the same mark, based in the same town, and selling the same products. Many foreign customers and distributors were becoming confused between the two products and companies, which was causing damage to the plaintiff's business.

The defendant based its defense on the co-existence since 1949 and the fact that consumers were in practice, able to distinguish between the two brands of biscuits. It also argued that it had the right to use the TRIAS family name under ‘own name’ defense.

The Appeal Court of Barcelona upheld the appeal and declared the use of trademark S TRIAS to be infringing. The Appeal Court considered that acquiescence of the use of a trademark by a third party, even for 65 years, should not result per se in the rejection of an infringement claim.

In this case, held the Appeal Court, the EU law principles of limitation due to acquiescence, could not be applied because the defendant was not the owner of a trademark registration.

Therefore, the relevant point was to establish whether, as a matter of purely domestic Spanish law, the delay in bringing the legal action was unfair and whether, by filing the legal action 65 years after the contested use had begun, the plaintiff’s action was contrary to the estoppel rule according to which “nemine licet adversus sua facta venire” (it is not lawful for anyone to go against his own acts).

In its ruling, the Appeal Court of Barcelona rejected the arguments based on the use of the Internet and the global trade dimension, but nevertheless upheld the appeal. It considered that there was an important subjective factor that could explain the delay in the bringing of the legal action—i.e., the fact that, over the whole period of the marks’ co-existence, the owner of the defendant company S Trias had been the cousin of the owner of Trias Galetes-Biscuits. This personal link, said the Appeal Court, sufficiently accounted for why the plaintiff had refrained from filing the infringement action before. However, there was now detriment to the trademark owner as the trademarks were being confused and the defendant had been taking unfair advantage of the reputation of the plaintiff’s “TRIAS” trademark. Therefore, while the delay in filing the legal action was considerable, it could not be said that taking the infringement action at this late stage
was unfair. The appeal was upheld, and the defendant required to cease use of the S TRIAS trademark.

10. Spain—CTM Court No. 1 of Alicante—Concurrent Use—What relevance, if any, may be attached, in an infringement claim, to the fact that the marks in question have co-existed peacefully for many years in other EU Member States?

In Appeal 21/2015, The Irish Dairy Board v. Tindale & Stanton Ltd. España, S.L., the CTM Court of Alicante ruled in an infringement case involving marks with a common geographic element. It referred certain questions to the CJEU relating to concurrent use.

On January 29, 2014, the plaintiff The Irish Dairy Board Limited, filed a CTM infringement action on the basis of several KERRYGOLD trademarks against the use of KERRYMAID by Tindale & Stanton Spain, the Spanish distributor of the company Kerry Group Plc. Both trademarks cover butter/margarine. The claim alleged a likelihood of confusion, and the taking advantage of the distinctive character of the earlier marks.

The trademarks to be compared are shown below. On the left is the representation of the earlier CTM registrations. On the right is the representation of the product KERRYMAID until 2013 (above) and as from 2014 (below).

On March 18, 2015, CTM Court No. 1 of Alicante rejected the infringement claim. It noted that the trademarks coincide in the initial term “KERRY,” but considered this to be insufficient to conclude that there was a likelihood of confusion. KERRY is a

336. The Community Trademark and Design Court of Alicante, Mar. 18, 2015, Appeal 21/2015.
geographical word that identifies a county in Ireland that is famous for its tourism, agriculture and dairy products, so, in the view of the first instance court, the two Irish companies that own the trademarks KERRYGOLD and KERRYMAID had a legitimate right to use the trademarks including the “KERRY” prefix, in the sense of the CJEU’s ruling of May 4, 1999 in WINDSURFING CHIEMSEE. CTM Court No. 1 of Alicante also held that the similarities derived from the use of the same style of lettering (of an Irish or Gaelic form) was not an important factor because such a letter style is frequently used for agricultural and food products, and evokes a sense of their geographical origin (as, in the case for instance in Spain, of the Basque region).

CTM Court No. 1 of Alicante went on to note that goods sold under trademark KERRYMAID are manufactured by a well-known Irish food group, which was the owner of CTM Registration No. 601526 “KERRY” fig. (word + device), covering (among other goods) “milk and dairy products” (Class 29). It noted also that the plaintiff’s request for a preliminary injunction filed before the Commercial Courts of Malta against the use of the KERRYMAID trademark in Malta had been rejected.

Finally, CTM Court observed that the KERRYGOLD and KERRYMAID goods had been coexisting without a likelihood of confusion for more than twenty years in Ireland and the United Kingdom. The CTM Court applied the ruling of the EU General Court in Case T-31/03 of May 11, 2005, Grupo Sada v. OHIM (Sadia, S.A.), a case involving the co-existence of certain marks in Spain, in which the General Court held that “the possibility cannot be entirely dismissed that, in certain cases, the co-existence of earlier marks on the market could reduce the likelihood of confusion.”

It held also that there was no taking unfair advantage of the earlier marks’ reputation; even if it were to be accepted that the KERRYGOLD trademark in the name of the plaintiff enjoyed a reputation, there would be “due cause” for the defendant to use the initial word KERRY. The coexistence of both trademarks in Ireland and the United Kingdom for more than twenty years served to confirm that this was not a case of taking unfair advantage, and that there was no parasitic intention.

The Irish Dairy Board appealed the decision to the Appeal Court of Alicante, arguing that the CTM Court had erroneously extrapolated the co-existence in the United Kingdom and Ireland.


338. Grupo Sada, pa, SA v. OHIM (the other party to the proceedings before the Board of Appeal, intervener before the Court of First Instance, being Sadia, S.A.), Case T-31/03 ¶ 86, ECR II-01667 (GC, May 11, 2005).
into its examination of whether or not there was a likelihood
confusion of the marks in Spain. The appellant argued also that
the co-existence of the trademarks in the UK and Ireland was not
a sufficient basis to conclude that there is due cause for the use of
the marks in Spain.

The Appeal Court of Alicante decided to refer certain
questions to the CJEU for a preliminary ruling. The questions to
refer to the CJEU are essentially the following:

1. Can Article 9(1)(b) of the CTM Regulation, when it
requires a likelihood of confusion in order to allow the
trademark owner to prohibit use in trade, without
authorization, of another mark, be interpreted in the sense
that likelihood of confusion may be excluded when  the
owner of the earlier CTM has co-existed peacefully, due to
acquiescence of the trademark owner, for years in two
Member States of the EU with similar national marks so
that the lack of confusion in these two Member States can
be extrapolated to other Member States, or to the whole of
the EU, in view of the unitary character of the Community
trademark?

2. In the case stated above, is it possible to take into account
geographical, demographic, economic, or any other
circumstances of the Member States where the co-
existence has taken place in order to assess the likelihood
of confusion, so that the lack of confusion may be
extrapolated to another Member State or to the whole EU?

3. As far as Article 9(1)(c) of the CTM Regulation—i.e., the
provision relating to “unfair advantage”—is concerned, must this legal provision be interpreted in the sense that
when the earlier trademark has been coexisting with the
conflictive sign during a certain number of years in two
Member States of the EU, without opposition of the
trademark owner, such owner’s acquiescence in these two
Member States can be extrapolated to the rest of the
territory of the EU in order to determine that there is due
cause in the use of the junior mark, in view of the unitary
character of the Community trademark?

The CTM Court had rejected the complaint on the basis of
several grounds—the co-existence of the marks in Ireland and the
UK for more than 20 years having been no more than an
additional factor to support the conclusions of the Court. However,
it will be interesting to see what the CJEU says, and what the
Court decides after the ruling of the CJEU.
11. Benelux—Antwerp Commercial Court—Infringement—Marks with a reputation—Does a defendant in an infringement claim have a “due cause” defense where the contested figurative trademark that it has adopted combines the color scheme of two of its own earlier marks?

Optima Bank v. Belgacom, a decision of the Antwerp Commercial Court on January 20, 2015. (ICIP Ing.-Cons. 2015, p.148)\(^{339}\) concerns an infringement claim based on Art 5(2) of the TM Directive, including the “due cause” defense (as to which, see the text of Art 5(2) noted in Section B at the beginning of Part VIII above).

The defendant, Belgacom, is the largest telecommunications operator in Belgium. In 2014, it decided to merge its two main brands—BELGACOM, used for fixed telephone lines, and PROXIMUS, used for its mobile network. BELGACOM services were associated with a light blue color whereas traditionally PROXIMUS was associated with the color purple. The merger of the two brands was accompanied by a total rebranding of the company’s visual identity. In particular, a new blue and purple logo was developed for use with the company’s new name, Proximus, and also used and registered on its own. The new logo was put into use in all kinds of ways: on telephones and other devices, advertising materials, vehicles, uniforms, signage, etc.

Optima Bank, the plaintiff, is an estate planning enterprise which also provides traditional banking services. It filed trademark infringement proceedings, claiming that the new PROXIMUS logo infringed its earlier rights arising from a trademark (a blue logo with four loops) in which it claimed a reputation (Article 5(2) of the TM Directive).

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The Antwerp Commercial Court ruled that the logos were similar overall. Despite the fact that they differ in shape, their three-dimensional impression and graphical characteristics, the colors used, and the color gradation were found to be similar.

The court found that Belgacom had no “due cause” to use purple and blue in this particular gradation and composition, despite the fact that blue was meant to refer to BELGACOM and purple to PROXIMUS.

However, the court ultimately dismissed Optima Bank’s claim on a more fundamental basis. It found that Optima Bank’s device mark had no reputation, or an insufficient reputation, among the relevant public, namely the public at large. In reaching this conclusion, the court noted that Optima Bank almost always used its own device in combination with the OPTIMA word mark and pointed to the lack of evidence that the OPTIMA device was recognized as a trademark for the services for which it was registered.

This judgment is final.

X. ENFORCEMENT AND JURISDICTION

A. Introductory Comments


The second of the cases is from the Swedish Supreme Court, and deals with the question of the Swedish courts’ jurisdiction in respect of a claim under both CTMs and national trademark rights in relation to the activities of an online vendor of infringing goods established outside the European Union.

The part of the ruling relating to the CTM claim refers to Article 97 of the CTM Regulation, the text of which is set out below.

B. Legal Texts

Extracts from the Enforcement Directive

Article 8 of the Enforcement Directive

1. Member States shall ensure that, in the context of proceedings concerning an infringement of an intellectual property right and in response to a justified and
proportionate request of the plaintiff, the competent judicial authorities may order that information on the origin and distribution networks of the goods or services which infringe an intellectual property right be provided by the infringer and/or any other person who:

(a) was found in possession of the infringing goods on a commercial scale;
(b) was found to be using the infringing services on a commercial scale;
(c) was found to be providing on a commercial scale services used in infringing activities;

or

(d) was indicated by the person referred to in point (a), (b) or (c) as being involved in the production, manufacture or distribution of the goods or the provision of the services.

2. The information referred to in paragraph 1 shall, as appropriate, comprise:

(a) the names and addresses of the producers, manufacturers, distributors, suppliers and other previous holders of the goods or services, as well as the intended wholesalers and retailers;
(b) information on the quantities produced, manufactured, delivered, received or ordered, as well as the price obtained for the goods or services in question.

3. Paragraphs 1 and 2 shall apply without prejudice to other statutory provisions which:

(a) grant the rightholder rights to receive fuller information;
(b) govern the use in civil or criminal proceedings of the information communicated pursuant to this Article;
(c) govern responsibility for misuse of the right of information;

or

(d) afford an opportunity for refusing to provide information which would force the person referred to in paragraph 1 to admit to his/her own participation or that of his/her close relatives in an infringement of an intellectual property right;

or

(e) govern the protection of confidentiality of information sources or the processing of personal data.
Article 97 of the CTM Regulation

Application of the Convention on Jurisdiction and Enforcement

1. Subject to the provisions of this Regulation as well as to any provisions of [applicable extraneous EU jurisdiction rules] proceedings in respect of the actions and claims referred to in Article 96 [i.e., including infringement and invalidity claims] shall be brought in the courts of the Member State in which the defendant is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.

2. If the defendant is neither domiciled nor has an establishment in any of the Member States, such proceedings shall be brought in the courts of the Member State in which the plaintiff is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.

3. If neither the defendant nor the plaintiff is so domiciled or has such an establishment, such proceedings shall be brought in the courts of the Member State where the Office has its seat.

4. (. . .)

5. Proceedings in respect of the actions and claims referred to in Article 92, with the exception of actions for a declaration of non-infringement of a Community trademark, may also be brought in the courts of the Member State in which the act of infringement has been committed or threatened, or in which an act within the meaning of Article 9 (3), second sentence, has been committed.

C. Cases

1. EU—CJEU—Remedies—Enforcement Directive—How should considerations of banking secrecy or the protection of personal data be reconciled with the need for effective enforcement of trademark rights?

On July 16, 2015, the CJEU ruled in Case C-580/13, Coty Germany GmbH v. Stadtsparkasse Magdeburg.340 This was a preliminary ruling pursuant to a reference from the German

Federal Supreme Court (Bundesgerichtshof) on October 17, 2013, covered in the EU Annual Review for 2013.\textsuperscript{341}

The German Federal Supreme Court’s request for a preliminary ruling concerned the interpretation of Article 8(3)(e) of the EU Enforcement Directive 2004/48/EC of April 29, 2004 on the enforcement of intellectual property rights. It deals with the rights of an intellectual property owner, on the one hand, and the position of a banking institution, on the other hand, concerning the bank’s refusal to provide information relating to a bank account used in connection with activity that infringes a registered trademark.

The case before the German Federal Supreme Court had to deal with an appeal, on grounds of law, by an exclusive licensee, Coty, of the Community trademark DAVIDOFF HOT WATER, registered for perfumes. In early 2011, a Coty representative purchased a perfume product being offered on the Internet under the name “DAVIDOFF HOT WATER.” Under the conditions of purchase the purchase price had to be transferred to an account held with Stadtsparkasse M., a savings bank in Magdeburg, Germany, the defendant. On delivery, it was immediately obvious that the perfume was counterfeit. Since the plaintiff could not obtain information about the owner of the Internet account being used for the sale of the perfume, it asked the defendant savings bank to provide the name and address of the owner of the bank account into which the purchase price had been paid. The bank refused, and Coty filed an action under Section 19(2) of the German Trademark Act requesting the bank to provide this information. While the plaintiff succeeded at first instance, the Court of Appeals rejected the action (holding that the bank was entitled to refuse to give evidence), upon which the plaintiff filed a further appeal with the German Federal Supreme Court.

Section 19(2) of the German Trademark Act provides a right for the owner of a trademark to require information on the origin and the distribution of infringing goods and services from a person who commercially carries out services used for the infringing activity. However, that person is permitted to refuse to give evidence in proceedings against the infringer under Section 383–385 of the German Code of Civil Procedure. One of the bases for refusing to give evidence is the preservation of banking secrecy. The defendant had invoked this right.

In evaluating the conflicting positions, the Supreme Court had concluded that the success of the appeal depended on the interpretation of Article 8(3)(e) of the Enforcement Directive. Article 8(1) of the Enforcement Directive requires EU Member

States to provide a mechanism whereby (inter alia) the providers of services that are used in infringing activity may be required to provide relevant information. Article 8(3)(e), however, goes on to provide that this is “without prejudice to other statutory provisions which . . . govern the protection of confidentiality of information sources or the processing of personal data.”

By its question to the CJEU, the German Federal Supreme Court asked, as the CJEU put it, whether Article 8(3)(e) of the Enforcement Directive must be interpreted as precluding a provision which, as in the given case, allows a banking institution to invoke banking secrecy in order to refuse to provide, pursuant to Article 8(1)(c), information concerning the naming of address of an account holder.

As it is the objective of the Enforcement Directive to harmonize EU legislative systems so as to ensure a high, equivalent and homogeneous level of protection in the EU’s internal market, it is therefore necessary that EU national laws should be aligned with the requirements of the Enforcement Directive. In other words, the limitation of the right to information under Article 8(1)(c) of the Directive by allowing a right to refuse to give evidence under national law had to be consistent with the rights conferred by the Directive. When implementing the measures required by EU directives, the authorities and courts of EU member states must not only interpret their national laws in a manner consistent with those directives but also make sure that they do not rely on an interpretation which would be in conflict with those fundamental rights or with other general principles of EU law (Promusicae, C-275/06).342

EU law protects, by charter, various fundamental rights, which may individually clash, and need to be reconciled with other such rights. However, if this is done in a way which results in serious infringement of a right protected by the Charter of Fundamental Rights this is to be regarded as contrary to the requirement that a fair balance should be struck between the fundamental rights in question.

In the present case, the provisions of the Enforcement Directive made plain that EU national laws should reflect an appropriate balance between, on the one hand, the right of an intellectual property rights owner to an effective remedy—for which purpose, the right to require information concerning the infringer was provided—and, on the other hand, the rights of an individual to the protection of their personal data—such being a countervailing fundamental right that might in appropriate cases justify the withholding of the data. The CJEU held there to be an

obligation on EU Member States to ensure a fair balance between these rights.

Looking, with this in mind at the relevant part Code of German Civil Procedure, the CJEU observed that, taken in isolation, this would seem to allow an unlimited refusal to withhold information on grounds of banking secrecy. Its wording does not contain any condition or qualification that would allow for the competing interests to be weighed in the balance on the facts of any given case. It would follow from this that the relevant part of the German Code of Civil Procedure does not comply with the requirement to ensure a fair balance between various fundamental rights, unless there is something elsewhere in German law to provide for this.

The CJEU ruled that any EU national law which allowed considerations of banking secrecy to justify the refusal to provide information under Article 8(1)(c) of the Enforcement Directive in an unlimited and unconditional manner were precluded by the requirements of the Enforcement Directive. The CJEU left it for the German Supreme Court to determine whether or not there are, in fact, under German national law, any other means or other remedies which would allow the competent judicial authorities to order that the necessary information concerning the identity of infringers to be provided, in view of the specific circumstance of a given case, in line with the Enforcement Directive.

2. Sweden—Swedish Supreme Court—Jurisdiction—
   Does the Swedish court have jurisdiction in an infringement claim against an online vendor established outside the EU, where the goods are purchased by Swedish residents?

In a November 13, 2015, decision of the Swedish Supreme Court (Case No. Ö 3223-13), the court clarifies when Swedish courts have jurisdiction in respect of a trademark infringement claim where the infringer’s place of business is located outside the European Union.

The plaintiffs in the case were two Swedish companies, Dermarome Stockholm Aktiebolag and Skin Concept I Stockholm AB, which held exclusive licenses for Sweden in respect of the trademarks DERMALOGICA JANE IREDALE and DECLOR. The plaintiffs discovered that a Hong Kong-based company named Vivamondo Limited was selling goods to Swedish consumers from its website under the marks in question. Two of the trademarks were registered on the Swedish national register and one was a CTM.

The products sold under the trademarks from Viva mondo's website were being imported from Hong Kong into Sweden. The plaintiff licensees brought infringement proceedings on the basis that the goods (although they might be genuine) were being sold within the EU without the rights holder's permission. According to the licensees, the importation of these goods therefore constituted prohibited parallel importation.

The legal action was brought against the website operator, Vivamondo, and sought injunctive relief to restrain the activities of its Swedish branch, that acted as a proxy on behalf of the parent company in the proceedings. Vivamondo objected on jurisdictional grounds, on the basis that it conducted all its business in Hong Kong; that the server which hosted the website was situated in Hong Kong; and that its Swedish branch—a separate legal entity—had no connection with the online sales.

The Swedish first instance and appeal Courts rejected Vivamondo's arguments and found that they had jurisdiction to hear the case. The matter was appealed, again on jurisdictional grounds, to the Swedish Supreme Court.

The Swedish Supreme Court dealt separately with jurisdiction in respect of the claims relating to the CTM, on the one hand, and the claims relating to the Swedish national trademarks, on the other.

Jurisdiction in relation to the CTM was relatively easy to establish under the provisions of Article 97 of the CTM Regulation. This Article provides a sequence of rules under which it is possible to ascertain which of the EU Member States should have jurisdiction in a trademark infringement matter. Under Article 97(1), CTM infringement proceedings may be brought in the courts of the EU Member State in which the defendant is domiciled or has an establishment. Under Article 97(2), if the defendant is neither domiciled in nor has an establishment in any of the EU Member States, the proceedings may be brought in the courts of the EU Member State in which the plaintiff is domiciled or has an establishment. It was therefore straightforward to conclude that the CTM infringement claim could properly be heard in Sweden.

The position was more difficult as regards the claim under the Swedish national trademarks. The Swedish Supreme Court acknowledged that the question of whether or not the Swedish Courts were qualified to try the infringement case in hand was not regulated by Swedish law since the defendant was resident outside the EU. The Supreme Court determined that the fact that Vivamondo had a Swedish branch was not ultimately relevant for the assessment of whether or not the Swedish Courts had jurisdiction over the Swedish infringement claim. However, the Supreme Court recognized the claim to a Swedish jurisdiction
(a) on the basis of its own earlier ruling (Case No. Ö 210-07)\textsuperscript{344} that damage caused by infringement of a registered Swedish trademark is deemed to have occurred in Sweden, and (b) on the basis that the question of trademark protection is essentially a national matter, which provides a Swedish interest in the administration of justice when the protection of a Swedish trademark is sought. Going beyond the Supreme Court’s earlier ruling in 2007, mentioned above, where the question of jurisdiction could be resolved based on the provisions in the so-called Brussels I Regulation (a European jurisdictional regime, now recast as Regulation (EU) 1215/2012) this new Supreme Court decision clarifies that Swedish Courts have jurisdiction if the infringement has occurred in Sweden, even though an infringer of a Swedish national trademark is domiciled and conducts its business outside of the EU. Previously, it was uncertain whether or not an infringement would be tried under such circumstances or be dismissed due to lack of jurisdiction.

XI. PASSING OFF AND OTHER RELATED RIGHTS

A. Introductory Comments

The two cases in this Part XI deal with very different subjects. The first is an English Supreme Court on the subject of passing off. It is an important decision not least in that it involved a review of legal developments in the subject area across a number of common law jurisdictions. The second case is from Denmark and indicates how the Danish Marketing Practices laws can be used in conjunction with trademark law to external effective trademark protection.

B. TM Directive—Recitals

Whereas:

(\ldots)

(5) This Directive should not deprive the Member States of the right to continue to protect trademarks acquired through use but should take them into account only in regard to the relationship between them and trademarks acquired by registration.

\textsuperscript{344} Case No. Ö 210-07 (2007) (Swedish Supreme Court, Apr. 27, 2007).
C. Cases

1. UK—United Kingdom Supreme Court—Passing-Off—For a well-established foreign brand owner to succeed in a passing-off claim, is it sufficient that the plaintiff’s trademark has a reputation in the United Kingdom, if the plaintiff does not also have a business with customers in the United Kingdom?

The English case *Starbucks (HK) Limited and another v. British Sky Broadcasting Group PLC and others* [2015] UKSC 31 concerns a passing off claim by an enterprise based in Hong Kong against a UK broadcaster in connection with the use of the trademark NOW. The decision of the Court of Appeal of England & Wales [2013] EWCA Civ 1465 was reported in the 2013 EU Annual Law Review. The present report concerns the subsequent appeal ruling of the Supreme Court, the UK’s highest court.

“Passing off” is a feature of the common law of England & Wales, and is also recognized in other common law jurisdictions. The law of passing off is held to be summarized very simply—“no man may pass off his goods as those of another.” The principle, however, relates to services as well as goods; the present case concerns television services. Although the essential elements of a passing off claim are similar from country to country, the law has developed with some variations in different jurisdictions. An exploration of these differences was a feature of the present case.

The basic facts were as follows. The plaintiffs ran a successful pay television service in Hong Kong. It had been launched in 2003 under the name NOW BROADBAND TV, but had operated since 2006 simply as NOW TV. Its revenues came from subscriptions and advertising. By 2012, when they launched their English legal claim, the plaintiffs had become the largest operators of pay TV in Hong Kong, with 1.2 million subscribers for their NOW TV service.

The public in the UK could not purchase subscriptions to the NOW TV services, but a number of Chinese-speaking members of the UK public were aware of it. This was because they had become familiar with it when visiting Hong Kong, because they had obtained access to NOW TV content on the plaintiffs’ websites or on the plaintiffs’ YouTube channel, or because they had viewed

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selected content from NOW TV as part of video-on-demand services on board international flights.

By early 2012 the plaintiffs therefore had a reputation for their NOW TV brand in the United Kingdom, but had no customers there. They were, in fact, contemplating a UK launch of the service, but had yet to make their plans public.

The present dispute arose when the defendants, a large UK broadcasting group, decided to launch its own television service in the United Kingdom under the same name. The plaintiffs launched both trademark infringement proceedings (which failed, and were not pursued in the Supreme Court) and the passing off claim which formed the subject-matter of the current appeal.

The passing off claim had failed both at first instance and on appeal to the Court of Appeal of England & Wales. It had failed because the plaintiffs had not established a fundamental element of their case—that they should have a goodwill in the United Kingdom attaching to their pay TV services. A distinction was drawn by the courts between having goodwill (in the sense of having customers in the jurisdiction) and merely having a reputation. On appeal to the Supreme Court the appellants invited the Supreme Court to re-examine this distinction in light of the extensive case law of the United Kingdom and the (sometimes conflicting) case law of other common law countries. The plaintiffs argued also that the utility of the law in its traditional form should be re-examined in light of recent trends—the shift to global marketplaces, and the delivery of content electronically.

Providing a thorough analysis of the cases, and the relative merits of developing the law in the way suggested by the appellants, the Supreme Court opted to decide the case on traditional principles. The plaintiffs had a reputation in the UK, but not a goodwill, in the sense of having customers in the UK, and so their appeal failed.

On its extensive review of the case law, the Supreme Court found relatively little among the UK authorities on which the appellants could fasten, in support of the argument that claims based merely on reputation had ever succeeded. The weight of authority was firmly the other way, including the well-known CRAZY HORSE case (Alain Bernardin & Cie v. Pavilion Properties [1967]).348 In that case, the proprietors of the famous “Crazy Horse Saloon” in Paris failed in their attempts to obtain an injunction against use of the name in the UK because, although they had advertised in the UK, and although there were people in the UK who had attended their cabaret when visiting in Paris, they could

not point to having done any business, directly or indirectly, in the UK.

In default of clear favorable authority in the United Kingdom, the plaintiffs had also cited cases from Ireland, Canada, New Zealand, Australia, South Africa, and Singapore, contending that they supported the notion that a passing-off claim could succeed without establishing a local goodwill. The UK Supreme Court disagreed. It found enough in the case law to conclude that there was some force in the plaintiffs’ arguments, yet on analysis found little in the cited cases to be of concrete support for the argument. Where the cited cases had addressed the issue squarely, the position was mixed: the Singapore courts were in line with the UK case law, although in Australia (in a decision cited later with approval in a South African case (Caterham Car Sales & Coachwords Ltd v. Birkin Cars (Pty) Ltd [1998] 3 All SA 175 (A), Supreme Court of South Africa)\(^{349}\) (cited at para. 43)),\(^{350}\) there was support for the plaintiffs’ arguments. The Australia decision in question was that of the Federal Court of Australia in ConAgra Inc v. McCain Foods (Aust) Pty ltd (1992) 106 ALR 465, where Lockhart J had held that it was “no longer valid, if it ever was, to speak of a business having goodwill or reputation only where the business is carried on.” The Australian court had referred to trends in globalization and had concluded that “it is not necessary . . . that a plaintiff, in order to maintain a passing-off action, must have a place of business or a business presence in Australia; nor is it necessary that his goods are sold here,” saying that it would be “sufficient if his goods have a reputation in this country among persons here, whether residents or otherwise.”\(^{351}\)

However, the United Kingdom Supreme Court noted that the Australian case had failed (as had the South African case) on the basis that the claimed reputation was insufficient, and noted also that the High Court of Australia had not ruled on the issue in question. The United Kingdom Supreme Court concluded that “…it does not appear . . . that there is anything like a clear trend in the common law courts outside the UK away from the ‘hard line’ approach manifested in the UK cases . . . .”\(^{352}\) It found no reason to depart from the traditional UK approach.

The United Kingdom Supreme Court went on to comment on the question of what would amount to a sufficient business in the


\(^{352}\) Id. ¶ 50.
United Kingdom to amount to a goodwill in the jurisdiction. The business must have a significant goodwill, in the form of customers in the jurisdiction. It does not need to have an office in the jurisdiction but it must have customers there. It was not enough to show simply that there are people in the jurisdiction who happen to be customers of the business in question when they go abroad. “However, it could be enough if the plaintiff could show that there were people in this jurisdiction who, by booking with, or purchasing from, an entity in this country, obtained the right to receive the plaintiff’s service abroad.”

The United Kingdom Supreme Court also commented on a question arising from the UK case law—whether or not goodwill is to be considered to be divided between jurisdictions. The court held that there is no rule of law that this is the case, but that, for the purposes of passing off cases, an English court must necessarily consider the factual position in the UK. In the context of passing off cases, goodwill is to be considered territorial in nature.

The United Kingdom Supreme Court recognized that, in reasserting the need for a local goodwill in an English passing off claim, it was setting a bar that could apparently have harsh results in certain cases. (As perhaps in the present case, where the plaintiffs had a large foreign business, were known in the UK under the name in question, and had been all set to launch in the UK). However, it considered that to stretch the law so as to allow claims based on mere reputation would tip the balance too far in favor of plaintiffs.

Interestingly, far from considering that developments in globalization and electronic commerce should speak in favor of relaxing the requirement for a local goodwill based on the presence of local customers, the Supreme Court felt that aspects of this dynamic actually reinforced the argument to the contrary.

Delivering the court’s judgment, Lord Neuberger commented: that “there is force in the point that the internet can be said to render the notion of a single international goodwill more attractive.” However, this did not appear to him to answer the argument for a legal view of goodwill as being territorial in nature. He went on, “Further, given that it may now be so easy to penetrate into the minds of people almost anywhere in the world so as to be able to lay claim to some reputation within virtually every jurisdiction, it seems to me that the imbalance between protection and competition which [the plaintiffs’] case already involves . . . would be exacerbated. The same point can be made in relation to increased travel: it renders it much more likely that consumers of

353. Id. ¶ 52.
a plaintiff’s product or service abroad will happen to be within this jurisdiction and thus to recognize a mark as the plaintiff’s. If [the plaintiff’s] case were correct, it would mean that a plaintiff could shut off the use of a mark in this jurisdiction even though it had no customers or business here, and had not spent any time or money in developing a market here*—and did not even intend to do so.”354

The United Kingdom Supreme Court felt, moreover, that the possibility of a “harsh” result for a foreign plaintiff in a passing off case, decided on the basis of the principles being discussed, were mitigated by the possibility of the plaintiff claiming protection under Article 6bis of the Paris Convention. This provision, expressed in UK law in Section 56 of the Trademarks Act 1994, allows reputation-based claims for marks well-known to the UK public even though they may have been used exclusively outside the jurisdiction and may not have resulted in the existence of a goodwill in the United Kingdom.

Finally, the United Kingdom Supreme Court addressed the question of whether or not (and, if so, on what basis) a passing-off claim may be available to a plaintiff “... who has not yet attracted goodwill in the United Kingdom but has launched a substantial advertising campaign within the United Kingdom, making it clear that it will imminently be marketing its goods or services in the United Kingdom under the mark in question.”355 The Supreme Court noted that the possibility of such a claim had some limited support in the UK case law, and clear support in Singapore, but preferred to leave the issue open.

2. Denmark—Danish Maritime and Commercial Court—Infringement—When can local EU marketing practices laws help fill a gap in the protection available under trademark law?

On January 19, 2015, the Danish Maritime and Commercial High Court ruled in Case No. SH2015.V.-0079-13, Samsonite IP Holdings S.a.r.l. v. HELM I/S.356

The defendant was an online re-seller of SAMSONITE products. The case concerned the question of whether Samsonite could enjoin the re-seller from using the name “SamShop.dk,” the domain name “samshop.dk,” the tagline “dedicated to SAMSONITE,” and a URL marker that displayed the Samsonite logo, as shown below.

354. Id. ¶ 63.
355. Id. ¶ 66.
Samsonite claimed that the defendant, Helm, had infringed its trademark rights and its rights pursuant to the Danish Marketing Practices Act (“good marketing practices and illegal use of third party business identifiers in a manner likely to cause confusion”). Samsonite holds a number of registered trademarks in Denmark and the EU, including the word mark SAMSONITE and SAMMIES BY SAMSONITE for suitcases, luggage etc. as well as the following device mark:

Samsonite

The Danish Maritime and Commercial High Court looked first at Samsonite’s claim of trademark infringement. The court held that the word “Sam” in the name “SamShop.dk” was a dominant feature of the name, but that the word “Sam” was not similar to the trademarks SAMSONITE or SAMMIES BY SAMSONITE. Further, the court did not consider that the use of the name “SamShop.dk” for suitcases and luggage created a likelihood of confusion with the Samsonite trademarks or that there was a risk of association between Samsonite and “SamShop.dk.” The Court therefore dismissed the infringement action.

The court then turned to possible application of the Danish Marketing Practices Act. The court concluded that the use of the name “SamShop.dk” and the domain name “samshop.dk” in relation to the marketing and sale of Samsonite’s suitcases and
luggage was an infringement of Samsonite’s rights pursuant to Section 1 (“good marketing practices”) and Section 18 (“use of business identifiers in a manner likely to cause confusion”) of the Danish Marketing Practices Act. The court’s conclusion was in particular based on the following considerations:

- During the hearing the defendant, Helm, confirmed that the decision to adopt the “SamShop” name and domain name using the first part of the well-known trademark SAMSONITE, had been taken in order to make consumers aware that Helm sold suitcases and luggage from Samsonite.

- A number of features on Helm’s website made a reference to Samsonite’s own branding. For example, the font used for the name “SamShop.dk” was very similar to the one used in the Samsonite’s device mark; the use of the tagline “Dedicated to Samsonite” was similar to the one used on SAMSONITE’S own website at www.samsonite.dk; and finally, and perhaps most interesting, Helm used Samsonite’s device mark in the URL as well as the browser tab, in a manner similar to the use on www.samsonite.dk.

The court heard that such use caused a significant risk of confusion for the reasonably well-informed and observant Internet user, who could assume that www.samshop.dk was operated by Samsonite or an economically-linked company. Therefore, the court held that Helm by using the name “SamShop.dk” had unlawfully exploited the goodwill associated with the SAMSONITE trademarks and consequently violated Samsonite’s rights pursuant to the Danish Marketing Practices Act. (As for the domain name “samshop.dk” itself, since this had been held not to be confusingly similar to Samsonite’s trademarks, Helm was entitled to maintain the domain name registration).

The case demonstrates the flexibility of the Danish Marketing Practices Act as a tool to use in certain kinds of situation where trademark laws will not quite reach.

XII. LICENSING

A. Introductory Comments

Important cases of general application to trademark licensing are rare, but the single case noted here deals with a significant practical point that had certainly required clarification.
B. Legal Texts

Article 8 of the TM Directive and Article 22 of the CTM Regulation deal, respectively, with the licensing of national registered trademarks and the licensing of Community trademarks. The case noted below deals only with CTM licensing, and all the relevant parts of Article 22 of the CTM Regulation (as well as the provision of Article 23, which caused the issue) are cited in the case note itself.

C. Cases

1. EU—CJEU (Advocate General)—Licensing—Is the recordal of the license necessary before the licensee of a CTM can bring an infringement claim against a third party?

In Youssef Hassan v. Breiding Vertriebsgesellschaft mbH Case C-163/15,357 the Advocate General of the CJEU issued an Opinion on December 17, 2015,358 advising that it is not necessary for the licensee of a Community trademark to register its license with OHIM in order to be able to bring infringement proceedings.

Licenses in respect of Community trademarks are covered by Article 22 of the CTM Regulation. The right of a licensee to bring infringement proceedings under a licensed Community trademark is set out in Article 22(3), which provides:

3. Without prejudice to the provisions of the licensing contract, the licensee may bring proceedings for infringement of a Community trademark only if its proprietor consents thereto. However, the holder of an exclusive license may bring such proceedings if the proprietor of the trademark, after formal notice, does not himself bring infringement proceedings within an appropriate period.

Article 22 goes on to provide:

5. On request of one of the parties the grant or transfer of a license in respect of a Community trademark shall be entered in the Register and published.

The case in question involved a license of the Community trademark ARKTIS for goods including bedding and blankets. The license agreement provided that the licensee, Breiding, should bring any necessary infringement claims in its own name. The license was not registered with OHIM.

Breiding commenced infringement proceedings in Germany in the competent Landgericht (Regional Court), and was granted relief. However, when the case was appealed to the Oberlandesgericht Düsseldorf (Higher Regional Court), the appeal court found itself uncertain as to whether or not it was necessary for the licensee, Breiding, to have registered the license on which it relied. The doubt arose because of the wording of Article 23(1) of the CTM Regulation, which provides:

1. Legal acts referred to in Articles 17, 19 and 22 concerning a Community trademark shall have effects vis-à-vis third parties in all the Member States only after entry in the Register. Nevertheless, such an act, before it is so entered, shall have effect vis-à-vis third parties who have acquired rights in the trademark after the date of that act but who knew of the act at the date on which the rights were acquired.

It may be noted that Articles 17 and 19 of the CTM Regulation, referred to in the part of Article 23 cited above, relate respectively to the transfer of Community trademarks and to the grant of security interests and rights in rem in respect of Community trademarks. Article 22 is, as already mentioned, the provision which deals with licensing.

The Düsseldorf appeal court therefore put the following question to the CJEU:

1. Does the first sentence of Article 23(1) of [the CTM Regulation] preclude a licensee who is not entered in the Register . . . from bringing proceedings alleging infringement of a Community trademark?

For various reasons, some more convincing than others, the Advocate General was clear that registration of the license is not required to enable the licensee of a CTM to bring enforcement action. Among other things, the Advocate General pointed out that the provisions of the CTM Regulation which deal with the transfer of a CTM provide expressly, in Article 17(6) that, “As long as the transfer has not been entered in the Register, the successor in title may not invoke the rights arising from the registration of the Community trademark.” There is no comparable provision in the Article dealing with licensing. He felt that, had it been intended that registration of a license should be a condition to the licensee’s enforcement powers, this would have been mentioned in Article 22(3), noted above.

Moving on to consider the provision in a purposive manner, the Advocate General saw Article 22(3) as a means to protect those who acquire rights in a CTM in good faith without notice of an
earlier transaction. It would, he considered, be paradoxical if it could also serve to benefit “an infringer acting in bad faith.”\textsuperscript{359}

The Advocate General’s position is in line with the submissions made to the CJEU in the case by the European Commission, as well as submissions of the two EU Member States which chose to file observations on the case—Germany and Poland.

It may be added that, as expected, in its judgment in the same case handed down on February 4, 2016 (Case C-163/15), the CJEU subsequently confirmed the opinion of the Advocate General.

It should be noted that the rules affecting CTM licenses are not necessarily reflected by national trademark laws. This means that it may in some cases be necessary for a license to be registered, where the licensee seeking to bring the infringement claim is relying on a national registered trademark rather than a CTM. For example, in the United Kingdom, under Section 25(3)(b) of the Trademarks Act 1994, it is expressly provided that the licensee must register a license of a UK national trademark before it is entitled to bringing proceedings under it.

Interestingly, the new TM Directive (EU) 2015/2436, which entered into force in January 2016, introduces new provisions relating to licenses into the legal framework for EU national trademark laws. In particular, the Directive requires that Member States have procedures in place to allow for the recordal of licenses on their trademark registers. However, it is silent as to whether a license must be recorded before a licensee may bring infringement proceedings. It would therefore appear that individual EU Member States would retain their freedom to decide how to handle this.

\textsuperscript{359.} Id. ¶ 35.
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>CJEU:</td>
<td>The Court of Justice of the European Union, which refers to itself simply as “the Court of Justice” and is also often referred to as the “ECJ” or “European Court of Justice.”</td>
</tr>
<tr>
<td>Community:</td>
<td>In EU trademark legislation, the European Community; this term is taken now to refer to the European Union.</td>
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<tr>
<td>Community trademark (CTM):</td>
<td>A registered trademark obtained by means of the EU’s centralized procedure (i.e., by application to OHIM), which provides rights throughout the entire area of the European Union. (Note that the name has been changed to “EU Trademark” effective March 23, 2016.)</td>
</tr>
<tr>
<td>CTM Regulation:</td>
<td>Council Regulation (EC) No. 207/2009 of February 26, 2009, which provides for the Community trademark; it codifies the earlier Council Regulation (EC) No. 40/94 of December 20, 1993. (Note that amendments have been made to the Regulation that took effect on March 23, 2016, which are not reflected in the legal texts cited in this Review.)</td>
</tr>
<tr>
<td>essential function of a trademark:</td>
<td>As recognized in EU case law, the role performed by a trademark in guaranteeing to the consumer the origin of the goods or services for which the trademark is used; one among several functions recognized by the case law</td>
</tr>
<tr>
<td>General Court:</td>
<td>The EU court with jurisdiction to hear appeals from the Boards of Appeal of OHIM; previously known as the “Court of First Instance” or “CFI.”</td>
</tr>
<tr>
<td>global assessment:</td>
<td>An holistic evaluation of the likelihood of confusion in relation to the visual, phonetic, or conceptual similarity of two conflicting signs or marks, taking into account all relevant circumstances; an EU law standard that has been established and refined in the case law.</td>
</tr>
</tbody>
</table>
Member State: A country that forms part of the European Union from time to time.

OHIM: The Office for Harmonization in the Internal Market, the office that handles Community trademark applications, oppositions, and cancellation actions: also known by its Spanish acronym “OAMI,” among others, depending on the language used by the speaker. (Note that the name has been changed to “EUIPO” effective March 23, 2016.)

sign: As used (but not defined) in the CTM Regulation and the TM Directive, the subject matter of which a trademark may consist and also used (in the context of trademark infringement) to refer to the offending word, device, or other symbol that the defendant is using; often used in practice when the word “mark” could be used.


undertaking: As used in EU legislation, an entity engaged in an economic activity.

Note: EU trademark laws and EU lawyers use the term “trademark” rather than “trademark.” However, all references in this issue (including in the text of the legal provisions) have been changed to “trademark” to conform to the norms of The Trademark Reporter.
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