Annual Review of EU Trademark Law

2013 in Review

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I. INTRODUCTION

A. Welcome

Welcome to the first *Annual Review of EU Trademark Law*, covering key decisions handed down during 2013 in the European
Union. Highlights of the year include cases on questions such as the assessment of the likelihood of confusion in relation to composite marks; genuine use in situations where the registered mark is used in combination with other features; and the significance of color in the case of marks used, but not registered, in color. This new EU law review is designed to provide a structured account of how European trademark law develops from year to year—organized by topic, rather than by jurisdiction. The aim is to provide a good sense of the direction of travel in the EU as a whole in key subject areas, but with national disparities also being explained where the cases make them apparent.

The intention is that this case law review should be accessible both to European lawyers and to a wider international audience. For those new to the intricacies of EU law and EU legal structures, or looking for a simple overview to help put things in context, the following introductory comments are offered. A glossary of selected EU trademark terminology is provided at the end of the publication.

For twenty years or so, it has been possible to talk of there being a “European” trademark law—a body of law with essentially uniform application across the growing number of European countries in what we now call the European Union. The notion of a harmonized trademark law, shared among all members of the European single market, was developed as a means to eliminate legal disparities that could impede trade in goods and services among the countries concerned.

In the years since harmonization measures were first adopted, three main things have changed. First, the number of European countries within the European Union has increased from twelve in 1988 to twenty-eight today, as the European Union has expanded to the east and the north. Second, in addition to the harmonization of the national trademark laws, there was introduced, in 1996, a new single trademark right offering unitary protection across the EU—the “Community trademark,” or “CTM.” Third, a great deal of work has been done—often by way of dialogue between the national courts of the EU Member States and the EU’s own central court—in flushing out uncertainties in the meaning of the harmonized laws and providing answers to the numerous questions that have arisen. The answers have not always been immediately clear, and have not always been what national legislators and national courts would have expected.

B. What (Exactly) Is the EU?

The EU (European Union), previously known as the European Community or EC (hence the name “Community trademark”), is an economic and political union of twenty-eight European “Member States.” The EU is the world’s richest single market; a
trading region within which national identities remain but internal boundaries have been deconstructed.

The European Union is continuing to grow. Current EU member states (ranked by GDP\(^1\)) are: Germany, France, the United Kingdom, Italy, Spain, the Netherlands, Sweden, Poland, Belgium, Austria, Denmark, Greece, Finland, Portugal, Ireland, the Czech Republic, Romania, Hungary, Slovakia, Luxembourg, Croatia, Bulgaria, Slovenia, Lithuania, Latvia, Cyprus, Estonia, and Malta. There are also a number of “candidate” countries seeking to join the EU in future. The most recent accession to the EU was Croatia, on July 1, 2013. Currently, Iceland and Turkey are among the candidates looking to join.

The EU Member States combine with three other countries—Iceland, Liechtenstein, and Norway—to form the European Economic Area (EEA). These three countries have, despite being outside the EU as such, nevertheless adopted almost all EU “single market” legislation, including legislation relating to trademarks. Countries that are within Europe but are not part of either the EU or the EEA include Switzerland, Monaco, and Austria.

The EU has seven institutions, including the European Parliament, the European Council, and the European Commission. The EU’s most important institution, for present purposes, is the Court of Justice of the European Union (CJEU), formerly known as the European Court of Justice (ECJ).

The CJEU ensures the uniform interpretation of EU law, in cooperation with the courts and tribunals of the Member States. The CJEU sits in Luxembourg and performs two different kinds of roles in trademark cases. The first role is to provide definitive answers to questions presented (or “referred”) by the tribunals of EU Member States as to the interpretation of EU trademark law. The second is to rule on appeals from the EU’s General Court. The General Court (formerly known as the Court of First Instance) is the EU court with jurisdiction to hear appeals from the Appeal Boards of the EU’s central trademark office, the Office for Harmonization in the Internal Market (OHIM).

### C. European Union Law

European Union law consists of treaties and legislation, adopted by the EU’s institutions, which have either direct or indirect effect on the laws of the EU Member States. A key concept of EU law is harmonization—a means by which the laws of individual member states are brought substantially into line with each other, based on norms established by EU legislative acts called “Directives.” Harmonization works indirectly. It is

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dependent on the Member States accepting and applying the provisions of the EU Directives by means of national legislation.

Other categories of EU law instrument—Decisions and Regulations—work differently. Decisions may be applicable to a Member State, an organization, or an individual, and are binding only on those to which they are addressed. Regulations, on the other hand, are binding on all EU Member States.

Directives have been used to ensure that the national intellectual property laws of EU Member States do not differ so materially, one from another, as to impede trade among EU Member States. Regulations have been used in the field of intellectual property to introduce cost-effective new unitary rights applying to the entire EU.

D. Trademark Law in Europe

Until about twenty years ago, the trademark laws of the EU Member States were relatively unaffected by laws developed at supra-national level. The United Kingdom, for example, operated under venerable legislation adopted in the 1930s. However, EU law intervention has transformed things—throwing the trademark laws of the EU Member States back into a kind of second childhood, which has been followed by a most difficult period of adolescence.

The three key EU law measures currently in force in the trademark field are:


2. Council Regulation (EC) No. 207/2009 of February 26, 2009. This provides for and regulates the Community trademark. It is referred to in this publication as the “CTM Regulation”;


One further EU law instrument to which occasional reference will be made is Commission Regulation 2868/95. This provides rules implementing the CTM Regulation and is referred to in this publication as the “Implementing Regulation.”
E. TM Directive

The first of these measures, the TM Directive, effectively provides a model law of registered trademarks, to which all Member States must adhere. The model law is expressed in an economical and rather enigmatic fashion, to which subsequent case law has added greater substance, but not always greater clarity. The TM Directive does not require conformity in relation to procedural matters and has little to say on the subject of unregistered trademarks. Thus, common law jurisdictions in the United Kingdom and Ireland are able to operate their own particular laws alongside the harmonized trademark law, while civil law jurisdictions such as France and Germany are similarly left free to apply their own unfair competition rules in relation to cases of trademark misuse.

The TM Directive is a codified version of the original, Directive 89/104/EEC. It incorporates various changes that had been made to the original. References in this publication to the “TM Directive” are to the new version.

The TM Directive does not have direct effect in the EU Member States; the Member States are obliged to legislate individually to give it effect. However, to the extent that there is any substantial divergence between what the national law says and what the TM Directive says on any point regulated by the TM Directive, it is the TM Directive that prevails. In other words, the national law provision is read as if it were rewritten (or even omitted) so as to reflect, properly, what the TM Directive requires. Some courts have therefore developed the habit of referring to the provisions of the TM Directive rather than to the national law provisions that are supposed to reflect them. Where this issue refers to decisions given by courts under national trademark law provisions, an effort has been made to indicate the TM Directive provisions to which they correspond.

F. CTM Regulation

The CTM Regulation does something completely different. Like the TM Directive, the current CTM Regulation is a revised, codified version of an earlier instrument—in this case, Council Regulation No. 40/94. These two regulations have, since April 1996, offered trademark owners the possibility of a single trademark right applying to the whole of the EU.

The CTM Regulation has direct effect in the EU Member States. The Community trademark (CTM) system has been a runaway success in terms of user numbers. It has been keenly priced and relatively simple to use. The system has been embraced with enthusiasm in large part by brand owners from outside the
EU. The system is administered by OHIM, which is based in Alicante, Spain.

The codification of the TM Directive and the CTM Regulation resulted in changes to the numbering of certain of their articles. For simplicity, all references in this publication are to the article numbers of the codified version.

**G. Enforcement Directive**

The third of the instruments mentioned above, the Enforcement Directive, requires Member States to make available the measures, procedures, and remedies necessary to ensure the enforcement of intellectual property, including trademarks. According to the terms of the Enforcement Directive, the requisite measures, procedures, and remedies are to be fair, equitable, and not unnecessarily complicated or costly. They should be effective, proportionate, and dissuasive.

**H. Decisions and Appeals in the EU System**

Matters relating to national trademarks in the EU remain the responsibility of national administrative bodies and court systems. There is, however, an interface between these systems and the CJEU. Any of the national courts or appellate bodies may refer questions relating to the interpretation of the TM Directive, the CTM Regulation, or any other EU legislation to the CJEU for a so-called preliminary ruling. A preliminary ruling by the CJEU is binding on the referring court. The CJEU’s role when giving a preliminary ruling is to provide an interpretation of the law, rather than to apply it to the facts, although the CJEU often gives guidance to the referring court as to its application.

It is for the court, not the parties, to decide whether or not to make a reference to the CJEU—although the parties will likely express a view as to its necessity. The court will do so only if it considers that a preliminary ruling is necessary to enable it to give judgment. It is possible to refer a matter to the CJEU on which it has ruled previously, but this must involve raising a new factor or argument. If not, the CJEU is likely simply to restate its earlier ruling. Most EU courts accept that the preliminary rulings of the CJEU have a general binding force that is not limited to the court that made the reference.

CJEU rulings may be preceded by a formal, published “Opinion” of the Court’s Advocate General. The Opinion paves the way for, and is typically followed (in terms of outcome) by, the Court’s ruling. However, the Opinion is not binding, and is not always followed. It is often instructive to read the CJEU ruling in conjunction with the Opinion.
Regarding the Community trademark (CTM) system, the relationship with the EU courts is more direct. Appeals against refusals by OHIM’s examiners, and the decisions of its Opposition and Cancellation Divisions, are available to OHIM’s Boards of Appeal (quasi-judicial bodies established within OHIM). Further appeals may then be brought in the first instance to the General Court and, from there, on points of law, to the CJEU.

Regarding infringement claims involving CTMs, these are brought in the appropriate national court of an EU Member State (albeit the national court is referred to for these purposes as a “Community trademark court”). Each Member State has designated the court(s) in its territory that has (have) competence to hear CTM disputes. The proceedings and appeals procedures will be governed by the laws of that Member State.

I. Interpretation of EU Law

When interpreting EU legislation, the CJEU will take into account not only the wording of a provision but also its context and its aims. This contextual and purposive approach has contributed to the development of important principles through the case law that have a significant effect on the day-to-day application of the law—and that tend to be repeated verbatim in successive decisions.

Theories of this kind include, in particular, the concept of the “essential function” of a trademark (which is also held to have advertising and investment functions). This theory has resulted in the formation of a hidden substate to the rules governing trademark infringement, enabling the Court to respond flexibly to different situations not specifically envisaged in the articles of the TM Directive or CTM Regulation.

J. Future of Trademark Law in Europe

In March 2013, the European Commission, the executive body of the EU, proposed reforms to EU trademark law, involving amendments to (among other things) the TM Directive and the CTM Regulation. Broadly, the proposed changes are aimed at streamlining and facilitating registration procedures and cooperation between national registries and OHIM. There are also areas of proposed substantive change to reflect case law developments and to clarify matters of outstanding uncertainty. According to the proposals, there will, in addition, be significant changes to the terminology used in EU trademark law.

The proposed changes require the approval of the European Parliament and the Council of the European Union. Once the proposals are adopted, the Member States will have a period of two years to transpose the new rules of the revised TM Directive into
national law. On February 25, 2014, the European Parliament approved a number of amendments to the TM Directive and CTM Regulation. Many of the changes were minor harmonization updates but included was a measure to empower owners of European trademarks to prevent third parties from supplying products to the EU Customs territory if they are not approved for free circulation there. It was hoped originally that the package of new legislation could be adopted by spring 2014, but with elections to the European Parliament now looming and changes likely at the European Commission, it has now been accepted that the package will not be adopted until sometime between fall 2014 and spring 2015.

**K. Organization of, and Selection of Material for, 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 each introductory section, the most relevant part of the underlying EU law has been set out in full. It should be noted that, where 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. But something would be lost if both texts were not included.

The cases selected naturally include the most important CJEU cases. Also selected were those General Court cases that deal with important points or that neatly encapsulate the position reached on issues that frequently arise in EU trademark practice; thus there are a large number of these General Court cases as well. Cases reported from the EU Member States are frequently, but not necessarily, from appellate courts. These cases from the EU Member States have been chosen to reflect important developments, to show how national courts have tackled the implementation of CJEU case law, or to show that significant differences still arise in the trademark law and practice among EU Member States. 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.

In this, our first endeavor to provide a unified guide to EU case law developments, we may not have covered everything. Readers who note cases of vital importance in EU Member States
Concerning the registrability of a mark under EU trademark law, before any questions as to distinctiveness or descriptiveness are considered, a more fundamental issue must be addressed: is the item that is being presented for registration something “of which a trademark may consist” within EU law norms? If not, valid registration is impossible. The provisions that govern the position are Articles 4 and 7 of the CTM Regulation and Articles 2 and 3(1)(a) of the TM Directive.

**B. Legal Texts**

**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.

**Article 7(1)(a) of the CTM Regulation**

1. The following shall not be registered:
   (a) signs which do not conform to the requirements of Article 4;
   ( . . .)

**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(1)(a) 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;
   ( . . .)
[No definition of the term “sign” is provided in the CTM Regulation or the TM Directive.]

C. Cases

1. United Kingdom – Court of Appeal of England and Wales – Nontraditional marks – Can a verbal description given of the trademark in the application form prevent its registration?

Yes, a verbal description given of the trademark in the application form can prevent its registration. The Court of Appeal considered this question in Société des Produits Nestlé S.A. v. Cadbury UK Limited. The case concerned an application made by Cadbury, a famous English chocolate maker, to register the color purple. The decision of the Court of Appeal is interesting not because of anything it had to say about the registrability of color marks as such—since it is an established principle that color marks may in appropriate circumstances be registered—but because of what it says about the particular way in which Cadbury had identified the color mark it wished to protect. It was not the color element but the additional verbal description that introduced the uncertainty that resulted in its rejection.

On October 15, 2004, Cadbury applied for a trademark shown as a block of purple color:

![Purple Block](image)

The image was supported with the following verbal description: “the color purple (Pantone 2685C), as shown on the form of application, applied to the whole visible surface, or being the predominant color applied to the whole visible surface, of the packaging of the goods.”

The application was made with respect to, among other things, milk chocolate in bar and tablet form.

Nestlé, a major competitor, opposed the application, achieving only partial success. The application was considered acceptable for

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at least some of the goods, including “milk chocolate in bar and tablet form,” on the basis of acquired distinctiveness. Nestlé appealed, and the case was heard in the High Court, where Nestlé argued that the color mark described in the application was not registrable because it was not “a sign” and was not capable of being represented graphically.

In the High Court, citing the CJEU case Libertel Groep BV v. Benelux-Merkenbereau,3 His Honour Judge Birss QC held that “since single colors per se are, as a matter of European law, capable of being signs within Article 2 (i.e., they are capable of being a sign, capable of being represented graphically and capable of distinguishing) then, to paraphrase a little the words Cadbury ha[s] used in the description of the mark, in my judgment the color purple (Pantone 2685C) applied to the whole visible surface, or being the predominant color applied to the whole visible surface of the packaging of chocolate, is capable of being a sign within Article 2.”4

There was debate, in the High Court, as to the implications of the inclusion, in the verbal description, of a reference to purple being potentially the predominant rather than the only color. In reaching this conclusion, the judge said that the use of the word “predominant” in the description “does not introduce any more vagueness and uncertainty than is already present and acceptable in a trademark registration of this kind.”5

Nestlé appealed again, to the Court of Appeal, where it succeeded. Nestlé argued that the mark applied for was not a color mark per se that was unchanging, as in Libertel, because the inclusion of the verbal description indicated a number of visual forms that were liable to alteration. This resulted in a mark that would not remain the same and would therefore be incapable of being “a sign.” In addition, the word “predominant” in the verbal description introduced vagueness and subjectivity, as it had more than one meaning. It could refer to the relative proportion of the surface area covered, or the relative distinctiveness of the color, among other factors. This did not satisfy the requirements of precision, clarity, and objectivity.6

The Court of Appeal agreed, and distinguished the case from Libertel. According to Sir John Mummery, who gave the leading judgment:

5. Id. ¶ 58.
The description refers not only to the color purple as applied to the whole visible surface of the packaging of the goods, but also to an alternative i.e. “or being the predominant color applied to the whole visible surface.” The use of the word “predominant” opens the door to a multitude of different visual forms as a result of its implied reference to other colors and other visual material not displayed or described in the application and over which the color purple may predominate. It is an application for the registration of a shade of color “plus” other material, not of just an unchanging application of a single color, as in Libertel.7

The Court of Appeal therefore concluded that the “description, properly interpreted, does not constitute ‘a sign’ that is ‘graphically represented’ within Article 2”8 because there is wrapped up in the verbal description of the mark an unknown number of signs. That does not satisfy the requirement of “a sign” within the meaning of Article 2, as interpreted in the rulings of the CJEU, nor does it satisfy the requirement of the graphic representation of “a sign”, because the unknown number of signs means that the representation is not of “a sign.” The mark applied for thus lacks the required clarity, precision, self-containment, durability and objectivity to qualify for registration.9

Interestingly, Sir Timothy Lloyd commenting obiter dicta in his supporting judgment said “[Cadbury’s] primary contention was that a color was predominant, in this context, if it covered more than 50% of the surface area in question. If this is right, and if that is what was intended, then it might be possible to achieve certainty by spelling that out in the registration application. It could have read: ‘applied to the whole visible surface, or to more than 50% of the area of the visible surface, of the packaging of the goods.’”10 This seems to suggest that the court would have looked more favorably on Cadbury if it had included a more certain verbal description that would at least have dealt with the ambiguity interest in “predominantly.” But it would still have permitted a multiplicity of differing forms.

The verbal description that proved self-defeating in Cadbury was in line with established U.K. practice for color marks, which, ironically, was thought to make the claim to the color more limited and comprehensible.

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8. Id. ¶ 51.
9. Id. ¶ 55.
10. Id. ¶ 63.
2. United Kingdom – Court of Appeal of England and Wales – Nontraditional marks – Is it necessary to consider the distinctiveness of the claimed trademark when assessing whether or not it constitutes a sign capable of graphic representation within the meaning of Article 2 of the TM Directive?

On the same day, October 4, 2013, as its judgment in Cadbury, the Court of Appeal of England and Wales also handed down its judgment in another case involving a claim to a nontraditional trademark in which a verbal description was used in combination with an illustration. The case was J.W. Spear & Son Limited, Mattel Inc. and Mattel U.K. Limited v. Zynga Inc.\(^\text{11}\)

The claimants (and appellants) in Zynga were the owners of the rights in the SCRABBLE board game. Zynga, the defendant/respondent, offered a digital game called SCRAMBLE WITH FRIENDS. As part of a larger battle between the two sides, a claim of infringement was made on the basis of the Mattel trademark shown below, to which the Court referred as the “Tile Mark.” (In case it is unclear, the wording appearing immediately beneath the pictures of the tile reads: “The mark consists of a three-dimensional ivory-colored tile, on the top surface of which is shown a letter of the Roman alphabet and a numeral in the range 1 to 10.”)

Those who know the SCRABBLE game will recognize the Tile Mark as a representation of one of the ivory-colored tiles used as tokens in the game, each of which bears a letter of the alphabet

and a smaller numeral that represents its value in the game’s scoring system. Zynga counterclaimed for a declaration of invalidity with respect to the Tile Mark registration, and obtained summary judgment from the High Court on the counterclaim.

According to the High Court, the Tile Mark did not qualify as a sign because, “the Tile Mark covers an infinite number of permutations of different sizes, positions and combinations of letter and number on a tile. Furthermore, it does not specify the size of the tile. Nor is the color precisely specified.” The Court saw the registration as an impermissible attempt to obtain competitive advantage by claiming a perpetual monopoly on tiles with a multitude of different appearances.

Similarly, the High Court had found that, even if the Tile Mark did qualify as “a sign,” it failed the requirement for graphic representability since the representation offered in the trademark registration was not clear, precise, intelligible, or objective. It covered a multitude of different letter/figure combinations presented in an infinite number of ways.

This was the subject of the appeal to the Court of Appeal. The question was whether or not the High Court had been correct to rule that the Tile Mark fell foul of the requirements in Article 2 of the TM Directive for “a sign” capable of graphic representation. In particular, the appellants argued that the High Court had been wrong to kill the mark summarily on grounds that it was neither a sign nor capable of graphic representation without also considering the question of the mark’s distinctiveness—this being a further consideration under Article 2. Essentially, the appellant argued that the High Court should have dealt with the matter as part of a wider, overall assessment, for which a trial would have been necessary.

At the heart of the appellant’s submission was the proposition that, effectively, if the subject matter of the application has acquired a sufficient distinctiveness among the relevant public to serve a trademark function, then this is a factor that must be taken into account as part of an overall assessment. According to the court, “he [counsel for Mattel] explained that it is necessary to understand what the public perceives before the assessment of the first two requirements of Article 2 [i.e., whether or not the claimed mark is ‘a sign,’ and whether a sign is ‘capable of being represented graphically’] can be made. In this case all three requirements had to be looked at together, not sequentially. It was impossible to judge the precision of the graphic representations or the nature of the sign without first determining . . . what the public had come to recognize in what is depicted.”

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12. *Id.* ¶ 47.
13. *Id.* ¶ 22.
Underlying this was the argument that there is a latitude as to the precision required for the registration of any trademark—such as word marks, for example, that could be presented in an infinite variety of ways—and that the degree of latitude permitted in any given case depended on the nature of the mark and its distinctive character.

However, the Court of Appeal rejected the suggestion that the application of Article 2 of the TM Directive requires the court to build a distinctiveness analysis into its consideration of the fundamental requirements that the mark should be (a) “a sign” and (b) capable of graphic representation.

Thus in the two cases, Cadbury and Zynga, the English Court of Appeal has robustly reinforced the principle that, at least in England and Wales, registrations of nontraditional marks that appear capable of covering a multiplicity of possibilities are highly vulnerable to an invalidity attack, and may therefore end up covering none.

3. Germany – German Federal Patent Court – Presentation of trade premises – Is it possible to register the design and layout of a retail store as a trademark?

In APPLE, Germany’s Federal Patent Court dealt with an appeal by Apple relating to an application for German protection under an international registration for a trademark identified, along with the picture below, as “distinctive design and layout of a retail store.” The protection was sought in International Class 35 for “retail store services featuring computers, computer software . . . and demonstration of products relating thereto.”

The German Patent and Trademark Office (GPTO) rejected the request for protection in early 2013 on grounds of lack of distinctive character (see Part IV below), pointing out that the trademark was limited to the reproduction of a retail store and,

thus, the reproduction of a core aspect of the services. According to
the GPTO, the retail store pictured was not significantly different
from those generally used by others.

Apple filed an appeal with the German Federal Patent Court
claiming that a trademark could not be refused protection because
it lacked “intellectual independence” vis-à-vis the service. In
addition to the description already contained in the application
(i.e., that “the mark consists of distinctive design and layout of a
retail store”) Apple submitted the following description:

The colors steel-grey and light-brown are claimed. The
trademark reflects the design and room layout of a retail store. The
store has a transparent glass front which is surrounded
by a steel-grey façade consisting of panels, with large,
rectangular, elongated panels being affixed above the glass
front and two smaller panels on each side. Inside the store
rectangular light bodies are let into the ceiling over the entire
length of the store. At the side walls of the store light-brown,
unsupported boards are affixed underneath the exhibition
areas that are let into the walls. The side walls also feature
multi-span shelves. The central part of the store features
light-brown, rectangular tables that are arranged in rows,
runtime parallel to the walls and from the front to the end of
the sales area. In the rear part of the sales area there is a
light-brown, rectangular table with barstools underneath
screens that are affixed at the rear wall at equal level. The
objects which are indicated in dotted lines and are shown on
the exhibition areas at the side walls are not claimed as
independent characteristics of the trademark; however, their
placement there is part of the overall mark.

The German Federal Patent Court considered the matter not
only from the perspective of distinctiveness, but also by reference
to the more fundamental question posed by Article 2 of the TM
Directive: can a store layout be regarded as a “sign” capable of
trademark protection? The court decided that the question of
whether or not a two-dimensional reproduction of the layout of a
retail store may be protected as a trademark for retail services
would need to be referred to the CJEU. Accordingly, the court
submitted a number of questions to the CJEU, including the
following:

1. Is Article 2 of the [TM Directive] to be interpreted as
meaning that the possibility of protection for the packaging of
goods also extends to the layout in which a service is
incorporated?
2. Are Articles 2 and 3 (1) of the [TM Directive] to be
interpreted as meaning that a sign representing the layout in
which the service is incorporated is capable of being registered as a trademark?

3. Is Article 2 of the [TM Directive] to be interpreted as meaning that the requirement of graphic representability is satisfied by a drawn representation alone or with such additions as a description of the layout or indications of absolute dimensions in terms of exact measurements or of relative dimensions with indications as to proportions?

The drafting of the first question suggests a potential analogy between the presentation of the packaging of goods and the presentation of a retail environment. As the question indicates, Article 2 of the TM Directive and Article 4 of the CTM Regulation refer specifically to the shape of packaging. The German Federal Patent Court indicated that it would tend to answer this question in the affirmative—i.e., it favored an interpretation that would, in principle, allow for the protection of a store layout as a trademark.

The court noted that the law did not contain a definition of the term “sign” or make mention of the trade dress of a service, but nevertheless felt that the list of trademark forms referred to in Article 2 of the TM Directive was not exhaustive and therefore would permit additional trademark forms (Freixenet SA v. OHIM15). The court also considered that the exclusion of the trade dress of a service from the possibility of trademark protection would contradict the purpose of the TM Directive to provide uniform opportunities for competition. In addition, the court believed that the layout of a retail store constituted an important aspect of the retail service and would therefore be regarded by consumers as an embodiment of the service.

The German Federal Patent Court also considered—and addressed, in its third question to the CJEU—the issue of graphical representability under Article 2 of the TM Directive. That is, to be capable of registration, a figurative reproduction of the layout of premises must not only be “a sign” but must also be capable of being represented graphically. According to the German Federal Patent Court, it is the purpose of such representation to define the trademark in order to determine the exact object of protection for its owner (Heidelberger Bauchemie GmbH16).

Because the CJEU had so far not decided how detailed the figurative representation of the trade dress of the service must be in order to satisfy the requirements of the TM Directive, this question, too, had to be put before the CJEU. However, in the


opinion of the German Federal Patent Court, a perspective drawing should generally be sufficient as long as the scope of protection of the trademark became clear and the relative dimensions between the retail space and its furnishings would be recognizable in the application. With reference to Apple’s application, the court felt that one single drawing would probably not be sufficient. However, it considered that an additional description referring to absolute parameters or proportions would serve this requirement.

Finally, returning to the second of the three questions noted above, the Federal Patent Court explored whether or not, if the trademark met the Article 2 requirements, it could nevertheless fall foul of other “absolute” grounds for refusal of protection under Article 3(1) of the TM Directive. This aspect of the case is covered in Part IV below.

4. Germany – German Federal Supreme Court – Graphic representability – How precise does the visual definition of the trademark have to be?

In Case No. I ZB 56/11, Schokoladenstäbchen II (chocolate sticks II),¹⁷ Germany’s Federal Supreme Court had to consider whether or not the three-dimensional shape mark shown here met the requirements for graphical representability under the German law equivalent of Article 2 of the TM Directive.

The mark was protected under an international registration with effect in Germany in International Class 30 for cocoa, chocolate, and chocolate products. It was challenged in a cancellation action, alleging that the shape needed to be kept freely available for others’ use and that it also lacked distinctiveness. The cancellation applicant claimed, additionally (and more fundamentally), that the registration of the mark infringed the principle of legal certainty. (Legal certainty is a fundamental concept of the harmonized EU trademark law.)

While the GPTO rejected the cancellation action, the German Federal Patent Court considered that the definition of the mark protected by the international registration was not sufficiently precise to meet the requirements of Section 8(1) of the German Trademark Act. This provision corresponds to Articles 2 and

3(1)(a) of the TM Directive, to the extent of declaring signs that are incapable of graphical representation to be barred from registration. According to the Federal Patent Court, the mark as depicted (a picture of a chocolate stick) would not fulfil this requirement because it could not be determined clearly what aspect the object had on a three-dimensional level. However, the trademark owner was granted leave to appeal on a point of law to the German Federal Supreme Court.

On appeal, the German Federal Supreme Court reaffirmed that an application for a trademark’s registration that would extend protection to different forms of appearance of the object to be registered did not meet the requirements of legal certainty in relation to a “sign” (that is to say, legal certainty as to the subject matter of a trademark registration) for the purposes of Article 2 of the TM Directive. However, the Federal Supreme Court held that, in the present case, the sign did fulfill the requirements of legal certainty. In contrast to the Federal Patent Court, it believed that the graphical representation provided in the registration precisely illustrated the exact form and structure of the trademark. In the opinion of the Federal Supreme Court, it was clear from the depiction that the wave form of the chocolate stick had only one level (up and down) and that the stick (which was to represent a grapevine) was not twisted around its axis like a corkscrew (as had been considered by the Federal Patent Court).

Further, the Supreme Court did not follow the Federal Patent Court’s view that an application for a complex three-dimensional sign needed to be accompanied by several depictions showing the object from different angles. It held that no such general requirement existed under the Paris Convention, the TM Directive, or the German Trademark Act. Nor did the Supreme Court believe that the principle of legal certainty required an applicant to submit pictures of a three-dimensional sign from all sides. A single graphic representation could be sufficiently precise. According to the Supreme Court, this is why other three-dimensional marks that had not been depicted from all sides had not been rejected by the courts of the European Union on the ground of lack of certainty. (On this, the Supreme Court referred to Lego\textsuperscript{18} and Rado Watch II\textsuperscript{19}). At most, such a single depiction could limit the scope of protection of the trademark. In conclusion, the Federal Supreme Court did not uphold the Patent Court’s decision, and referred the matter back.


5. The Netherlands – Amsterdam Court of Appeal – Does a trademark corresponding to the design of a football shirt have the necessary precision to be validly registered as a trademark?

In a case before the Amsterdam Court of Appeal, Case No. 200.094.573/01 (AFC Ajax/X), the court had to consider the validity of a trademark corresponding to the design of a football shirt. The facts were as follows. The home shirt of the football (soccer) club Ajax (one of the major clubs in the Netherlands) consisted of a white shirt with a broad red banner on the front and back. The club invoked two Benelux white/red trademarks plus a third trademark (featuring a depiction of the Greek hero Ajax, included in the club’s logo, and two of the three crosses included in the city of Amsterdam’s coat of arms), shown below, in infringement proceedings against the vendors of a white sweater with, among other things, a broad red banner on the front but also some other characteristics (such as three crosses) featured in the third of Ajax’s marks. (The defendant’s products are shown in Part IX below.)

The alleged infringer filed a counterclaim that requested, among other things, the invalidation of the red/white trademarks and the third trademark.

In the first decision, the district court held the red/white trademarks to be invalid on the grounds that they did not meet the Benelux law requirements corresponding to Article 2 of the TM Directive, as explained in the CJEU Libertel and Heidelberger Bauchemie judgments. The district court ruled that, although there was a systematic arrangement of the colors, the trademarks did not meet the requirements of precision and durability; the indications “white” and “red” were too general, and the colors shown in the filing could change. No color code had been provided to add precision. On appeal, however, the Court of Appeal of Amsterdam overturned the decision at first instance and held that, in fact, the red/white trademarks of Ajax were valid because they were a concrete graphical representation of a color combination. However, the court put some strict limits on the scope of protection.

afforded by the trademarks, which severely impacted their utility. The court’s decision on infringement is covered in Part IX below.

III. DESCRIPTION OF MARK, SPECIFICATION OF GOODS AND SERVICES, AND SENIORITY

A. Introductory Comments

Part III covers three issues confronting an applicant for EU trademark rights when preparing to file the application. The first two are common to all applications: how to describe the trademark; and how to write the specification of goods and services. The third relates to a certain special option, called seniority, which applies only to Community trademarks, and only where the prospective applicant already owns EU rights in the same trademark.

Certain issues that can arise in relation to the description of a mark have already been mentioned in Part II above. The verbal description of a mark may, at least according to the Court of Appeal of England and Wales in Cadbury, contribute to a finding that what is being claimed cannot, at the most fundamental level, be a trademark under EU law norms. The additional case covered in Part III relates to a different point—the impact that the description of the mark may have on its scope of protection and the assessment of its descriptiveness.

The cases covered below in relation to the specification of goods and services arise because of divergent trademark office practices in different EU Member States. They demonstrate the fundamental need for certainty as to the goods and services for which the applicant seeks to protect its mark.

An applicant for a Community trademark may claim “seniority” regarding equivalent registered trademarks that it already holds on EU national trademark registers (or on the combined Benelux register, or by means of a corresponding International Registration). The possibility of claiming seniority is quite separate from the possibility of a priority claim, and its purpose is different. As a result of a seniority claim, the trademark owner can allow the relevant earlier trademark registrations to lapse, without losing the earlier rights that it had enjoyed under them, as long as it keeps the CTM alive. The rules on seniority are set out in Article 34 of the CTM Regulation.

B. Legal Texts

It does not seem necessary to cite here any specific provisions of the CTM Regulation or the TM Directive in relation to the issues concerning the description of the mark or the classification of goods and services. Article 4 of the CTM Regulation and
Article 2 of the TM Directive, cited at the beginning of Part II above, establish the legal concept of “services” for the purposes of trademark protection in the EU. The requirements for clarity and precision in the specification of goods and services stem from CJEU case law developed by reference to the overall aims of the CTM Regulation and the TM Directive. Seniority is the subject of Article 34 of the CTM Regulation, cited below.

**Article 34 of the CTM Regulation**

1. The proprietor of an earlier trademark registered in a Member State, including a trademark registered in the Benelux countries, or registered under international arrangements having effect in a Member State, who applies for an identical trademark for registration as a Community trademark for goods or services which are identical with or contained within those for which the earlier trademark has been registered, may claim for the Community trademark the seniority of the earlier trademark in respect of the Member State in or for which it is registered.

2. Seniority shall have the sole effect under this Regulation that, where the proprietor of the Community trademark surrenders the earlier trademark or allows it to lapse, he shall be deemed to continue to have the same rights as he would have had if the earlier trademark had continued to be registered.

3. The seniority claimed for the Community trademark shall lapse if the earlier trademark the seniority of which is claimed is declared to have been revoked or to be invalid or if it is surrendered prior to the registration of the Community trademark.

**C. Cases**

1. **EU – General Court – Description of marks – Is it open to OHIM to substitute its own description of the trademark for the one provided by the applicant?**

   The description given of a trademark in a CTM application may be important in determining its scope of protection and validity. In *Gamesa Eólica, SL v. OHIM, Enercon GmbH*, the description of the trademark shown here was put at issue:

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The mark was registered by the intervenor, Enercon, for wind energy converters in International Class 7. It was identified in the application as a color mark. A description of the colors applied for was provided by means of a color code.

The appellant subsequently applied to cancel the registration. The OHIM’s Cancellation Division determined the registration to be invalid, but this was overturned on appeal by the Board of Appeal. The battleground issues during the OHIM proceedings were Article 7(1)(b) of the CTM Regulation, concerning distinctiveness (see Part IV); Article 7(1)(e)(ii) of the CTM Regulation, containing a rule specific to marks that consist of the shape of goods; and Article 52(1)(b) of the CTM Regulation, relating to the cancellation of applications made in bad faith (see Part VI). Taken in the round, the arguments for the cancellation of the registration amounted to an allegation that the registration would interfere improperly with the commercial activities of other operators in the wind turbine sector.

At the heart of the Board of Appeal’s decision to uphold the registration lay an initial finding by the Board of Appeal that the contested mark was composed of a figurative sign consisting of a two-dimensional shape made up of colors, and was not a color mark (or, for that matter, a mark comprising the shape of a wind turbine tower).

On appeal to the General Court, the most fundamental claim was, therefore, that the Board of Appeal had been wrong to recategorize the mark as a two-dimensional figurative mark, given that the application form had called it a color mark, and wrong to assess its distinctive character in that light.

The Board of Appeal had approached the matter by considering what could be seen in the graphic representation of the trademark in the CTM application form. It had held that the description provided for the mark (i.e., here, that it was a “color
The mark") could only be complementary—not a substitute for the representation of the mark. It had, on this basis, concluded that the mark must not be a color mark as such, but a two-dimensional figurative mark made up of colors in a specific frame, order, and representation—in the form of a pin.

The General Court held this assessment to have been in error. Effectively Enercon should be taken to have registered what it had applied to register. It could have registered its mark as a figurative mark had it wanted to do so. Likewise, the court held, it could have explained in more detail the way in which the combination of colors would be applied on wind turbine towers, if that is what it had had in mind. However, according to the court, neither the case law nor any provision of the CTM Regulation required it to supply such an explanation.

The Board of Appeal decision was annulled. It was left for the Board of Appeal to consider afresh what to make of the challenges to Enercon’s registration, based on a different appreciation of what the mark protected by the registration actually consists of.

In addition, in the course of its ruling, the General Court noted, the following practice point: “there is no rule obliging Enercon to represent the contours of the sign by dotted lines in order to indicate, where appropriate, that the contours of the sign are not protected, even if that would be the most commonly used indicator, a matter which has not, it may be added, been established during the proceedings. In that regard, OHIM confirmed at the hearing that the use of dotted lines was not obligatory and that harmonization of practice in that regard was desirable.”

2. United Kingdom – Appointed Person – Specification of goods and services – Where the specification of a trademark registered with an EU trademark office uses the wording of the class heading taken from the International Classification, is that wording to be given its ordinary meaning or to be taken as an indication that all of the goods or services within the class (or the alphabetical list of goods or services within the class) are covered by the registration?

Followers of the infamous IP Translator case (Chartered Institute of Patent Attorneys v. Registrar of Trademarks23) will know that this hugely important and vexed question was addressed by the CJEU in a judgment delivered in June 2012. Following the CJEU ruling, the matter returned to the United

22. Id. ¶ 38.

Kingdom, for application to the specific facts of the case. The decision of the “Appointed Person,” Mr. Geoffrey Hobbs QC (performing an appellant function in relation to the original decision of the U.K. Intellectual Property Office) was given on May 2, 2013.24

In view of the importance of the issue, both the outcome of the appeal and the practice changes that have arisen from the *IP Translator* cases are covered in this Part III.

The background to the case was, in a nutshell, the divergent practice of EU trademark authorities, which tended to allow applicants to file applications using wording corresponding to class headings of the Nice Classification, but differed over how such specifications should be interpreted. In particular, the OHIM practice was to take the wording to cover all of the goods and services within the class concerned, whereas many of the national EU trademark offices had a policy of reading the wording literally to mean simply what it said. In other words, the same specification could be interpreted quite differently depending on which EU trademark authority was reading it, and the context in which it was doing so. The situation was clearly untenable.

*IP Translator* was a case designed specifically to test the position and, if possible, to change the position. It concerned an application by the United Kingdom’s Chartered Institute of Patent Attorneys (CIPA) to register the mark IP TRANSLATOR for a specification of services in Class 41 that used the Class heading: “education; providing of training; entertainment; sporting and cultural activities.” Interpreting this on the wider basis (i.e., that the application covers the whole of Class 41), would mean that it included coverage of translation services—a description of services for which it would be rejected on descriptiveness/lack of distinctiveness grounds. Interpreting it on the narrower “means what it says” basis would result in a different outcome, because, on a plain reading of the words used, the specification would not be taken to cover translation services.

The Appointed Person referred the case to the CJEU. One of the questions asked of the CJEU was whether or not it was permissible to use class heading language in EU trademark specifications and, if so, whether it was necessary or permissible to give them the wider interpretation.

The CJEU did not answer these questions as presented, but did rule (essentially) as follows:

(a) goods and services must be specified with sufficient clarity and precision to enable their scope of protection to be determined;

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(b) use of the class heading language is not precluded as a means of identifying the goods and services, provided that the language is sufficiently clear and precise (i.e., it may depend on which particular class heading language is being used); and

(c) an applicant for a national trademark in the EU who uses the language of an entire class heading must specify whether it intends to cover “all the goods or services included in the alphabetical list of that class or only some of those goods and services.” If the latter, the applicant is required to specify which goods or services it intends to cover.

Although addressing the matter from the perspective of national trademarks rather than CTMs, the CJEU ruling made plain that the previous OHIM practice of taking class heading language to cover all the goods or services in a given class could not stand. OHIM promptly changed its practice, and certain national EU authorities also issued their own updated guidance. However, the question arose whether or not, beyond pointing out obvious defects in existing procedures, the CJEU ruling had actually provided sufficient clarity to enable the authorities to know what they should be doing instead. When the matter came back to the United Kingdom, the applicant contended that the CJEU ruling was unclear and would not help to resolve differences in approach among different EU Member States. The argument was summarized by the Appointed Person:

It is said, with justification, that the practice statement published by OHIM and other competent authorities for the purpose of explaining their respective procedures for implementing the Judgment show that there is now a divergence of views among the competent authorities which is standing in the way of the correct implementation of the legal requirement for clarity and precision across the EU. The problem is said to have arisen as a result of misconceptions on the part of some competent authorities as to the true nature and extent of the obligation to give effect to that legal requirement. The solution to the problem is said to be another Order for Reference for the purpose of obtaining further guidance from the CJEU as to how the competent authorities ought to be proceeding in that connection.25

In other words, it was being suggested that a further reference of the case to the CJEU would be necessary to resolve the differences that continued to bedevil the situation in Europe following the ruling and to bring about EU harmony on the issue.

The Appointed Person disagreed, holding the CJEU ruling to be clear. He noted that there is a legal requirement that the goods

25. *Id.* ¶ 21.
and services covered by an application should be identified with clarity and precision. This requirement is not one that EU trademark offices may elect to waive. That part of the CJEU’s ruling that deals with the correct approach to the interpretation of an application using class heading language “postulate[s] that such applications should be regarded as ambiguous (hence, deficient . . .).”\textsuperscript{26} This ambiguity is inherent, said the Appointed Person, because such applications might or might not (in view of the divergent trademark office practices on this point) be intended to cover all of the goods or services within the relevant class.

Citing paragraphs 60–63 of the CJEU ruling, the Appointed Person went on to say that the ambiguity is not one that may be resolved by an approach based on the interpretation adopted by the competent authority. It must, instead, be resolved by reference to the actual intention of the applicant. The trademark office therefore needs to look to the applicant itself to supply the necessary explanation, rather than to some “off the record explanation” or practice statement by the relevant trademark authority.

In the present case, it was therefore for the applicant, CIPA, to resolve the ambiguity in the Class 41 specification for its IP TRANSLATOR mark by confirming that it did not intend its Class 41 class heading wording to “cover anything that did not fall within the natural and ordinary meaning of those words . . ..”

Following the Appointed Person’s decision, the U.K. Intellectual Property Office (IPO) issued a 2013 Practice Amendment Note, adjusting its practice so as to require applicants to confirm that the terms used in their lists of goods/services should be given their ordinary and natural meanings. This appears to meet the Appointed Person’s point that any ambiguity otherwise arising must be resolved by confirmation from the applicant rather than registry practice as such. The U.K. registry practice is now to give all trademark specifications their ordinary and natural meaning, whether the application was filed before or after the IP Translator decision, and whether the specification belongs to a U.K. domestic mark or a Community trademark.

Looking at the position in the EU more generally, there appears to be a greater, but not yet universal, alignment of registry practices. In particular, and in contrast to (for example) the new U.K. practice just cited, OHIM regards CTMs that were filed before the IP Translator case that use an entire class heading as including not the whole class but the goods or services listed in the alphabetical list of the relevant class. Work on full harmonization is continuing.

\textsuperscript{26} Id. ¶ 24.

\textsuperscript{27} Id. ¶ 32.
3. Germany – German Federal Patent Court – Retail services – Can a mark be registered with respect to “the bringing together of a variety of services . . .”?

It is only relatively recently, with the CJEU’s famous Praktiker decision,\(^28\) that the parameters for the registration of retail services marks in the EU have become clear. Essentially the retail service has to be defined by reference to the description(s) of goods or types of goods that the retailer is offering for sale. It is optional to identify the service in the form “the bringing together, for the benefit of others, of a variety of [e.g.] sports equipment and sports clothing, enabling customers to conveniently view and purchase those items . . .”

In the case of NETTO,\(^29\) Germany’s Federal Patent Court had to consider the registrability of a retailer’s trademark in respect of retail trading in services rather than in goods. The case concerned an application for a figurative rendition of the trademark NETTO—a well-known German retail brand name. The GPTO had rejected the application, holding that it lacked sufficient legal certainty with regard to the list of goods and services and that it was not possible to classify the services properly according to the Nice Classification. The Federal Patent Court had to deal with an appeal by the applicant.

The services applied for, and which gave rise to the refusal, were the following in International Class 35:

Retail and wholesale services, particularly the bringing together, for the benefit of others, of a variety of services, enabling customers to conveniently view and purchase those services, in particular in retail shops, wholesale shops, via mail-order catalogues or electronic media, for example websites or teleshopping broadcasts, with regard to the following services: in Class 35: advertising, management, business administration, office work; in Class 36: issuing coupons and value brands; in Class 39: organizing travel; in Class 41: entertainment; in Class 45: personal and social services for individual needs.

The GPTO considered that the services Netto was trying to protect could fall into two categories. One category would reflect the retailer’s activities in selecting the goods to be sold, and in offering a variety of services aimed at convincing the consumer to purchase the goods. These services would be provided in competition with other retailers. The second category of services—

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\(^{29}\) Case No. 29 W (pat) 573/12, GRUR 937 (2013) (German Federal Patent Court, May 8, 2013) (NETTO).
represented by the wording “in Class 35: advertising, management, business administration, office work; in Class 36: issuing coupons and value brands; in Class 39: organizing travel; in Class 41: entertainment; in Class 45: personal and social services for individual needs”—was different. The GPTO saw these as separate independent services, for which the various relevant services classes of the Nice Classification (as appropriate) should be used to provide for appropriate trademark protection. Regarding services in this second category, the retail trader would compete with other service providers, not with other retailers.

However, the applicant, Netto, made clear in its appeal that it intended to protect its mark in respect of a retail trade in services, in much the same way as it could protect the mark for the retail sale of goods. Netto claimed that times had changed, and that the consumers would nowadays ask for “the one” retail trader who would provide them simultaneously with goods and services. It noted that there were no technical or legal obstacles that would impede, say, a drugstore wishing to offer services such as, for example, photo development services.

The Federal Patent Court, which clearly understood Netto’s point, nevertheless considered EU law to be definitively unclear as to the possibility of achieving such a registration. Accordingly it referred the issue to the CJEU, requesting a preliminary ruling on the following questions on the interpretation of the TM Directive:

1. Is Article 2 of the [TM Directive] to be interpreted as meaning that a service within the meaning of this provision also encompasses retail trading in services?

2. If the answer to the first question is in the affirmative: Is Article 2 of the [TM Directive] to be interpreted as meaning that the content of the services offered by the retailer must be specified in exactly the same way as the goods that a retailer markets?

(a) Does it suffice for the purposes of specification of the services if:

   (aa) just the field of services in general or general indications,

   (bb) just the class(es), or

   (cc) each specific individual service,

   is stated?

(b) Do these details then take part in determining the date of filing or is it possible, where general indications or classes are stated, to make substitutions or additions?

3. If the answer to the first question is in the affirmative: Is Article 2 of the [TM Directive] to be interpreted as meaning that the scope of trademark protection afforded to retail
services extends even to services rendered by the retailer himself?

By the first of its three questions, the Federal Patent Court wanted to know whether retail trading in services would also fall under the meaning of “service” for the purposes of Article 2 of the TM Directive (see Part II above). The referral of this question was necessary because the CJEU had dealt in its decision in Praktiker only with retail trade in goods, not retail trade in services. While referring the question to the CJEU, the court made it clear that in its opinion the general term “services” also covered “retail trading in services.” Retail stores conducting a retail trade in goods were free to extend their offering also to services. The court based its opinion on, among other things, a recognition of changing retail practices, citing several examples, such as photo development services, the sale of prepaid phone cards, and the offering of travel services.

The second of the court’s questions, still framed in terms of Article 2 of the TM Directive, concerned the manner and detail in which one was required to define the services in relation to which the retail service was to be provided (assuming that, in principle, it would be possible to register marks for a retail trade in services). The Federal Patent Court recalled that, in this connection, when dealing with registrations in respect of retail services relating to goods, in the Praktiker case, the CJEU had held: “For the purposes of registration of a trademark for such services, it is not necessary to specify the actual service(s) in question. However, details must be provided with regard to the goods or types of goods to which those services relate.”

According to the Federal Patent Court, the trademark specification filed by Netto would fulfill the Praktiker condition of being sufficiently precise, if the same principle were to be applied by analogy. However, since the court considered that the CJEU’s subsequent decision in IP Translator (with its requirements of clarity and precision) would inhibit a direct application of the Praktiker decision to the Netto case, it felt it to be necessary to obtain specific guidance on this question from the CJEU.

The court’s third question, finally, concerned the case of a retail trader who would be rendering the various specified services himself, rather than offering a range of third-party services. The question of whether the protection of the trademark would extend only to retail trade in third-party goods/services or could also extend to the sale of the trademark owner’s own goods/services,


has not been decided yet by the CJEU. The point was not explicitly addressed in the Praktiker decision. The Federal Patent Court made plain its own opinion that trademark protection should extend only to retail trade conducted with third-party goods/services. The ruling of the CJEU on this point could have major ramifications for a number of retailers whose retail offering is confined to their own product lines.

In conclusion, while referring several fundamental questions to the CJEU, the Federal Patent Court made it very clear that it tends to consider Netto’s appeal as well-founded, and that the specification of the contested application is sufficiently precise. The case makes an interesting comparison with the case noted next, a 2013 decision of the EU General Court relating to a different kind of portmanteau Class 35 specification.

4. European Union – General Court – Specification of goods and services – What is the scope of protection to be given to Spanish “slogan marks” against later CTM applications?

Many General Court cases have explored the distinctiveness, and thus the registrability, of trademarks that appear to be marketing slogans. However, the General Court decision in El Corte Inglés, SA v. OHIM, Groupe Chez Gerard Restaurants Ltd intervening dealt with a very different kind of “slogan mark.”

The intervenor had applied to register CLUB GOURMET as a CTM in International Classes 16, 21, 29, 30, 32, and 33 for a range of food products, kitchen products, and stationery items. The application was opposed by the appellant, a major Spanish department store. By the time the matter came before the General Court, the appellant was relying on just one earlier right, a Spanish national registration of the mark shown here:

![ CLUB DEL GOURMET, EN... ElCorteInglés ]

The key issue in the case was the interpretation (and resulting scope) of the specification of the earlier mark, which claimed services in International Class 35 as follows: “An advertising sentence. It will be applied to the products covered by the trademarks Nos 1013156 (Class 29), 1013157 (Class 30) and

The opposition was based on Article 8(1)(b) of the CTM Regulation (see Part V). To apply Article 8(1)(b), one must be able to compare the respective trademarks (which was easy enough) and compare the respective goods and services, which was not at all easy.

A first question was whether or not the earlier trademark covered any goods and services beyond International Class 35—bearing in mind that the wording of the specification referred to various goods classes that would have been particularly relevant in the opposition.

The appellant contended that its earlier mark was a “slogan mark,” which has a particular meaning and effect under Spanish law. The appellant explained that, under a practice adopted by the Spanish trademark office that was operated until 1997, a slogan mark would be protected not only for services in International Class 35 but also for all goods and services designated by the other marks that were referred to in the description of services. It therefore claimed protection for goods and services in International Classes 29, 30, 31, 32, 33, and 42 as well as International Class 35.

The General Court observed, however, that none of this was clear from the trademark specification itself. The list of goods/services in the specification actually appeared to identify only a single service in International Class 35. The court went on:

Moreover it is not possible, from that list alone, to know which goods are designated by the marks which that list enumerates, since those goods are not identified specifically, but only by reference to the marks by which they are designated and their classes. However, since the classes of the Nice Agreement often cover a large number of very different goods, such information is not sufficient in order to identify the goods specifically covered (see, to that effect and by analogy, Case C307/10 The Chartered Institute of Patent Attorneys [2012] ECR I-000, paragraphs 49, 56, 61 and 62).33

The court also pointed out that the appellant had not, in any event, provided any evidence of the Spanish registry practice upon which it was relying until the matter had reached the General Court, and by then it was too late. According to the court, “the evidence which [the appellant] submitted during the administrative procedure, as a whole, did not provide any express indication that the protection conferred by the earlier mark was supposed, in its mind, to extend beyond the services in Class 35 alone.”34

33. Id. ¶ 24.
34. Id. ¶ 33.
The appellant argued that this was not material because, in its submission, OHIM was obliged to take account of its own motion of the fact that the Spanish national law gave this special extended protection to slogan marks. Not so, said the court, noting that:

Generally, for the institutions of the European Union, determining and interpreting rules of national law, in so far as so doing is essential to their activity, is a matter of establishing the facts not applying the law, indeed, the only law which is applied is European Union law (EU law). Therefore, while it is true that Article 65(2) of [the CTM Regulation] relied on by the applicant, must be construed as meaning that rules of law whose infringement may give rise to an action before the General Court may be the province of national or EU law, it is, however, only EU law which falls within the area of law, in which the maxim iura novit curia applies, whereas national law is an issue of fact, where facts must be adduced and the requirements of the burden of proof apply, and the content of national law must be demonstrated where necessary by the production of evidence.

This is a point of vital importance, often overlooked by parties in OHIM proceedings. They must prove both the content and the application of the national laws on which they rely. The General Court added that the only situation in which the OHIM could be required to obtain information on national law provisions of its own motion was: “where OHIM already has information relating to national law, either in the form of claims as to its meaning, or in the form of evidence submitted and whose probative value has been adduced.” It might be necessary to do so, for example, in order to check the accuracy or applicability of the evidence before it.

Having decided that the earlier mark covered (for present purposes) nothing outside International Class 35, the court had to consider the interpretation of the specification within Class 35. The wording of the specification was “An advertising sentence.” Consideration was given to the possibility that this might be taken to mean “advertising services.” However, the Board of Appeal had held that the wording could not be read in that way without

35. Article 65(2) CTM Regulation: “The action may be brought on grounds of lack of competence, infringement of an essential procedural requirement, infringement of the Treaty, of this Regulation or of any rule of law relating to their application or misuse of power.”
36. “[T]he Court knows the law.”
38. Id. ¶ 40.
improperly extending the scope of services. The Board of Appeal had concluded that the term “an advertising sentence” simply could not be considered to be a product or service within the meaning of Article 8(1)(b).

The General Court left that finding intact. The result was that the description of services in the earlier mark “does not allow them to be compared with the goods denoted by the mark applied for.” Consequently, the appeal failed.

5. EU – General Court – Seniority – Can seniority be claimed from an earlier mark registered in color, if the mark covered by the CTM application is not in color?

If a mark covered by a CTM application is not in color, seniority cannot be claimed from an earlier mark registered in color. So held the General Court in Franz Wilhelm Langguth Erbem GmbH & Co. KG v. OHIM. The applicant applied to register the figurative sign shown here as a Community trademark:

![MEDINET](image)

The application was made in International Class 33 for wines, sparkling wines, and beverages containing wines. At the same time, the applicant claimed seniority from an earlier German national registration and from an international registration that designated the Benelux countries plus eight other EU Member States. The earlier registrations all showed a figurative mark that was the same as the one depicted above, except that it was golden in color. Seniority was refused on the basis that the earlier marks for which seniority was claimed were not identical to the mark covered by the CTM application, which was not itself in color. In due course, the matter found its way to the General Court.

The General Court noted that three cumulative conditions must be satisfied for a valid seniority claim: the earlier mark must be identical to the CTM applied for; the goods and services covered by the CTM application must be either identical to or contained within those claimed in the earlier mark; and the proprietor must be the same. Here, the only issue was whether or not the marks

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39. Id. ¶ 54.

should be considered to be identical, notwithstanding that the earlier marks were in color. There was considerable debate as to the concept and meaning of “identical.”

The applicant argued, among other things, that the difference between the mark in color and the mark unlimited as to color was of a negligible character, and the marks were in other respects the same; that the Community trademark, unlimited as to color (being the greater) could accommodate the earlier marks, limited to the gold color (as the lesser); and that the problem could be resolved by giving it a “partial seniority” from its earlier marks.

None of this was persuasive. The CJEU held that the interpretation that it had previously given of the concept of “identity of marks” in *LTJ Diffusion SA v. Sadas Vertbaudet SA*\(^{41}\) in the context of “relative” grounds for refusal to be relevant, equally, to questions arising in the context of a seniority claim under Article 34. The case law, it noted, required the issue of the identity (i.e., identicality) of marks to be interpreted strictly. Accordingly to the Court:

> a sign is identical with a trademark only where it reproduces, without any modification or addition, all the elements constituting the trademark or where, viewed as a whole, it contains differences which are so insignificant that they may go unnoticed by an average consumer ([Case T-103/11 Shang v. OHIM (justing) [2012] ECR II-0000, paragraph 16](#)).\(^{42}\)

The General Court was clear that the absence of a specific color definition in the CTM was by no means a negligible difference between the mark covered by the CTM and the earlier marks registered in color. It was equally clear that there could be no question of a “partial” seniority of the kind that the applicant had suggested. That would defeat the object of the fundamental requirement that the marks should be identical. The General Court therefore confirmed the rejection of the seniority claim.

A practical point of significance arose in the case relating to pleadings. In its application to the General Court, the applicant had sought to incorporate, by general reference, various arguments that it had previously made in the OHIM proceedings. The General Court ruled such general submissions to be inadmissible, holding:

> It is necessary, if an action is to be admissible, for the essential matters of law and fact relied on to be stated, at least in summary form, coherently and intelligibly in the application itself. In that regard, although the body of the

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42. *Id.* ¶ 27.
application may be supported and supplemented on specific points by references to extracts from documents annexed thereto, a general reference to other documents, even those annexed to the application, cannot make up for the absence of the essential arguments in law which, in accordance with the relevant provisions, must appear in the application. Accordingly, to the extent that the applicant makes no specific reference to particular paragraphs of its written submissions in which the arguments put forward in the proceedings before OHIM are set out, the general references to those written submissions must be declared inadmissible.”

IV. ABSOLUTE GROUNDS FOR REFUSAL OF REGISTRATION

A. Introductory Comments

Part IV 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 are among those known to EU law as “absolute grounds.”

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

However, the overwhelming majority of the case law arises in connection with the first four absolute grounds for refusal of registration stated in each of the articles. These are (putting it loosely): that the mark is not a sign capable of protection (see Part II above); that the mark is not distinctive; that the mark is descriptive; and that the mark is generic. Even among these four grounds for refusal, the cases naturally concentrate on the provisions relating to descriptiveness and nondistinctiveness, between which there is a significant extent of overlap.

43. Id. ¶ 13.
The majority of the 2013 cases selected for comment fall within this core area of descriptiveness and nondistinctiveness, but a small handful of cases concerning the more specific provisions of the relevant articles relating to shape marks have also been included. The texts provided below include only the most relevant of the absolute grounds for refusal.

B. Legal Texts

Article 7 of the CTM Regulation

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 practices 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 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 practices 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.
( . . .)

C. Cases

1. EU/CJEU – Descriptiveness/nondistinctiveness – When a Community trademark application is refused by OHIM on the grounds of the mark’s alleged descriptiveness and/or nondistinctiveness, can the objection realistically be overcome by showing that the same mark has already been registered by OHIM for the same or very similar goods or services?

When a Community trademark application is refused by OHIM on the grounds of the mark’s alleged descriptiveness and/or nondistinctiveness, the objection cannot realistically be overcome by showing that the same mark has already been registered by OHIM for the same or very similar goods or services. This appears (rather emphatically) to be the lesson to be derived from the
CJEU’s ruling in *Getty Images (US) Inc. v. OHIM*. Regular users of the system will know that attempts by CTM applicants to push applications through against “absolute grounds” objections by referring to the success they have had in registering the same mark in other registries are routinely rejected. (This is so even where the other registries are within the EU and/or use the language in which the mark is alleged to be descriptive.) OHIM insists on the principle that each individual case is to be examined on its own merits. The *Getty Images* case demonstrates that it is also of little use arguing such cases on the basis of previous registrability decisions by OHIM itself.

In 2009, Getty Images filed a CTM application to register PHOTOS.COM in International Classes 9 (including for software and downloadable images), 42 (for installation and maintenance of computer software and related services) and 45 (licensing of images and footage). The application was rejected on the basis of Articles 7(1)(b) and (c)—that is, that PHOTOS.COM was descriptive and devoid of distinctive character. No evidence was filed as to any acquired distinctive character, such as might support a case for registration under Article 7(3).

In due course, the case found its way to the CJEU. The background to Getty Images’s contentions was that Getty Images had already registered PHOTOS.COM as a Community trademark. (In fact, it had done so twice). The third of Getty Images’s three appeal grounds (and the only one covered here) was that the General Court had “[attached] excessive importance to the need for an individual assessment of Community trademark applications, [and] did not correctly balance the principles of equal treatment and sound administration, on the one hand, and the need to ensure that the law is observed, on the other.”

Getty sought to contrast its situation with that obtaining in the earlier case *Agencja Wydawnicza Technopol v. OHIM*. Not only was the mark it wanted to register identical to that already registered (twice) by OHIM, but also the goods and services for which it sought registration were either identical or very similar to those for which it already held a registration. According to Getty’s argument, in such circumstances “there is a lesser need for OHIM to treat each trademark application on an individual basis and greater weight should therefore be attached to the principles of non-discrimination and equal treatment. Furthermore, in a State


45. *Id.* ¶ 34.

based on the rule of law, predictability in the treatment of trademark applications is fundamental and OHIM should not enjoy excessive discretion which enables it to treat two identical marks differently.”

The CJEU, however, showed little sympathy with Getty’s argument that when the facts are the same, the decision should be the same. This ground of appeal was held to be in part manifestly inadmissible and in part manifestly unfounded, and the appeal as a whole was unsuccessful.

The Court did not reject the principles of equal treatment and sound administration. It recognized them to be principles of EU law that are binding on OHIM and held, that, in light of these principles, “OHIM must, when examining an application for registration of a Community trademark, take into account the decisions already taken in respect of similar applications and consider with special care whether it should decide in the same way or not.”

On the other hand, it went on to hold:
(a) “The way in which the principles of equal treatment and sound administration are applied must be consistent with observance of the law. Consequently, a person who files an application for registration of a sign as a trademark cannot rely, to his advantage and in order to secure an identical decision, on a possibly unlawful act committed for the benefit of someone else;” and
(b) “For reasons of legal certainty and, indeed, of sound administration, the examination of any trademark application must be stringent and comprehensive, in order to prevent trademarks from being improperly registered. That examination must be undertaken in each individual case. The registration of a sign as a mark depends on special criteria, which are applicable in the factual circumstances of the particular case and the purpose of which is to ascertain whether the sign at issue is caught by a ground for refusal.”

The Court held, citing the Agencja Wydawnicza Technopol case in support of the above proposition, and refusing to distinguish it, that this analysis must apply even where, as here, the application under consideration is in all respects identical or very similar to registrations that OHIM had already granted.

48. Id. ¶ 42.
49. Id. ¶ 43.
50. Id. ¶ 44.
The CJEU concluded by holding that, in view of an analysis that led to the conclusion that the PHOTOS.COM mark fell foul of Article 7(1)(b) and Article 7(1)(c), the General Court had been right to conclude that Getty Images “could not usefully rely” on the earlier OHIM decisions in support of the alleged breach of the principles of equal treatment and the protection of legitimate expectations.

Thus, OHIM does have to consider with “special care” whether or not it should follow previous decisions that it has taken with respect to similar facts, but the decision makes equally clear how difficult it is effectively to hold OHIM to account under this principle. The problem for trademark owners looking to update their CTM trademark coverage with new applications (whatever their rationale for doing so might be) is that unexpected adverse outcomes of the kind experienced by Getty Images in this case are not only frustrating in themselves, but also inevitably cast aspersions on the validity of the previous registrations.

2. EU – General Court – Descriptiveness/nondistinctiveness – In which EU languages/countries must distinctiveness be assessed?

Where Community trademark applications are examined under Article 7(1)(c) of the CTM Regulation (descriptiveness) and under Article 7(1)(b) (descriptive character), and they consist of or contain a verbal element, a first question is the languages that should be applied to their examination. In the EU there are no less than 24 official languages, with a number of others spoken too.

In Maharishi Foundation Ltd v. OHIM, the General Court had to deal with the registrability of the mark MÉDITATION TRANSCENDANTALE. The General Court concurred with the Board of Appeal, and OHIM, that the mark was (at least in the French language) descriptive and, accordingly, devoid of distinctive character for a wide range of services in International Classes 41, 44, and 45, and for instructional and teaching apparatus in International Class 16. The question arose whether the mark’s qualities should also be assessed by reference to other EU languages.

The mark MÉDITATION TRANSCENDANTALE is composed of French language words. Within the EU, French is spoken in France, Belgium, and Luxembourg. Thus, the starting point is that the distinctive character of the words in question would have to be considered from the perspective of members of the relevant public in these countries. But the General Court agreed with the Board of Appeal that, in the present case, the consideration should extend

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beyond the French-speaking countries. This is because “the words ‘méditation’ and ‘transcendantale’ have a Latin origin present in almost all languages of the European Union, in identical or very close terms which would allow the public to recognize them.” In fact, the only European Union countries in which the meaning of the words would not be apparent would be Bulgaria and Greece.

The General Court went further in its linguistic analysis:

65. First, while it is apparent . . . that, contrary to the practice in French, the translation of the word ‘méditation’ is placed after the translation of the adjective ‘transcendantale’ in Czech, Danish, German, Estonian, English, Latvia, Lithuanian, Hungarian, Dutch, Slovak, Slovenian, Finnish and Swedish, the public in the Member States in which those languages are spoken, and particularly the public in Romance language countries, is accustomed to inversion of the normal syntax of words, for rhetorical, poetic, or other purposes. In the present case, the inversion observed in certain languages, compared with the normal position of the words ‘méditation’ and ‘transcendantale’ in French, is therefore not such as to hinder comprehension of the expression in question by the relevant public of the Member States concerned.52

66. Secondly, while there are certain differences, both visually and with regard to pronunciation, between the words translated into the various languages referred to, . . . those differences do not outweigh the fact that they have a common Latin stem. That is even more so where, as in the present case, an expression is made up of two long words, of at least four syllables each, in almost all the languages concerned. Furthermore, the question is whether the expression ‘méditation transcendantale,’ rather than each of its two words considered separately, can be understood as being equivalent to the other expressions cited in paragraph 17 of the contested decision.53 However, taking those expressions into account in their entirety, the visual and phonetic differences that can

52. Id. ¶ 65.

affect either of their two words recede in favour of an overall resemblance that is strong or very strong.\textsuperscript{54}

The General Court concluded, as a result, that consumers in most other Member States who do not speak French would, nevertheless, understand the information contained in the mark. It was therefore appropriate to assess the mark’s descriptive and distinctive qualities not only from the perspective of the average consumer in Belgium, France, and Luxembourg, but also that of the consumer in almost the whole European Union, with the exception of Bulgaria and Greece.

This kind of issue has considerable practical importance. Although the CTM application can be refused even if the mark would be considered to be descriptive in only a small part of the EU, it is important to know the full extent of the objection. If the mark is considered to be free from objection in certain parts of the EU, it may be possible to convert the CTM application to national applications in the unaffected countries. Or the CTM applicant may decide to try to push the mark through to registration on grounds that the mark has acquired distinctiveness through use in the countries affected by the objection. The cost and complexity of that exercise may depend to a large extent on the geographic scope of the requirement for evidence of acquired distinctiveness. (This might be a rational and cost-effective exercise for, say, two major EU countries, but a very different proposition if it has to be done for twenty-eight countries, including some very small markets.)

3. \textbf{EU – General Court – Descriptiveness/ nondistinctiveness – What are the realistic prospects of registering an “Eco-”mark?}

In \textit{BSH Bosch und Siemens Hausgeräte GmbH v. OHIM},\textsuperscript{55} the General Court upheld the refusal of the word mark ecoDoor in International Classes 7, 9, and 11. The goods in question were a range of (among other things) household appliances, such as dishwashers, refrigerators, and beverage-making devices. OHIM had refused the mark on the grounds of Article 7(1)(c) (descriptiveness) and 7(1)(b) (lack of distinctive character) of the CTM Regulation.

The applicant did not contest certain findings of fact made by the Board of Appeal, namely, that the public would distinguish the terms “eco” and “door” in the mark; that the term “door” would

\textsuperscript{54} Maharishi Foundation Ltd v. Office for Harmonization in the Internal Market (Trademarks and Designs) (OHIM), Case T-426/11, [2013] ECR II-____, ¶ 66 (GC, Feb. 6, 2013).

have its usual meaning in English; and that all the goods in question might include doors and consume energy. What the applicant did contend was that the term “eco” would not be taken immediately to mean “environmentally friendly” or “cost effective in terms of energy.” The applicant also contended that the meaning of the mark overall was vague. The General Court disagreed, holding: “the Board of Appeal rightly held that the term ‘ecodoor’ would be understood immediately by the relevant public to mean ‘a door the construction and mode of operation of which are ecological.’”

The General Court was equally uninfluenced by two further arguments advanced by the applicant. The first was that the mark could not be considered descriptive of the apparatus for which it sought registration, because it could be taken at most to describe a component part of the apparatus. The second was that the mark’s use of “eco” “does not make it possible to identify which characteristic or specific purpose relating to the environment is covered. There are several possibilities in that regard, such as environmentally friendly production, the use of natural materials, the possibility of environmentally-friendly waste disposal, or environmentally-friendly functioning.”

On the first point, the General Court held:

a sign that is descriptive of a characteristic of a component incorporated in a product can also be descriptive of the product itself. That is the case where, from the perception of the relevant public, the characteristic of the component described by the sign could have a significant impact on the essential characteristics of the product itself. In this case, the relevant public will, immediately and without further thought, take the characteristic of the component described by the sign to mean the essential characteristics of the product in question.

On the second point, the General Court held:

it suffices to state that all the possibilities relied upon by the applicant refer to the fact that the product covered by the mark applied for has an ecological character because of the qualities of the door it is fitted with. In those circumstances, irrespective of the relevant public’s exact interpretation of the mark applied for, it will be perceived as describing directly an essential quality of the goods concerned.

In other words, it is immaterial that four different consumers might take away four different meanings from the mark, because

56. Id. ¶ 24.
57. Id. ¶ 32.
58. Id. ¶ 26.
59. Id. ¶ 33.
Automobile company BMW fared no better in the General Court with its mark ECO PRO in *Bayerische Motoren Werke AG v. OHIM.*

In this case, BMW’s international registration designating the EU for the ECO PRO mark was refused protection in the EU by the OHIM examiner for motor vehicles and parts in International Class 12 and for certain goods in International Class 9. The basis for the refusal was Article 7(1)(b) of the CTM Regulation—that the mark is devoid of distinctive character.

Both “eco” and “pro,” individually, are terms that have a history with OHIM and the EU Courts. As in ecoDoor (above), the General Court noted, “It is apparent from the case law that the element ‘eco’ is a common abbreviation for the word ‘ecological’, and that it is perceived as such by the English-speaking public.” As for “pro,” the General Court noted, “The European Union judicature has already held that that word element would be perceived by the English-speaking public as meaning ‘professional’ or ‘favourable’, positive or supportive.”

But what sense is conveyed by ECO PRO as a whole? The General Court summarized the Board of Appeal’s findings (without any evident sense of the irony) as follows: “The sign ECO PRO . . . does not admit any other interpretation than that the goods concerned are environmentally friendly, support ecology and cause minimal damage to the environment, that they can be used by professionals or that their quality reaches a professional level.”

To the potential multiplicity of meanings suggested by the Board of Appeal, the applicant proposed some alternative interpretations of the mark that it felt were more apt in the context and would not be descriptive. It also argued that, with all the different possibilities at play, “[t]he relevant public is incapable of immediately determining the precise meaning of [ECO PRO] in relation to the goods in question. It therefore has a distinctive character.”

The General Court noted that, in a case of this kind, where the issue is whether or not an apparent association between the semantic content of the mark and the goods or services for which registration is sought means that the public will see it as providing

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61. Id. ¶ 25.

62. Id. ¶ 2.

63. Id. ¶ 6.

64. Id. ¶ 12.
information about the goods rather than as indicating their trade origin, the question is whether or not the association in question is “sufficiently concrete and direct” to identify certain characteristics of the goods. However, the applicant’s argument about the impossibility of attributing a meaning to ECO PRO was unsuccessful; the General Court holding that ECO PRO was no more than the sum of its parts and that “the word element ‘pro’ tends only to reinforce the characteristic evoked by the word element ‘eco’ that the applicant intends to attribute to the designated goods.”

It is by no means clear that the General Court really came to grips with what the ECO PRO might be taken to mean, or even what it saw as being within the range of possible meanings that might be attributed to it, but the General Court held that it did not matter anyway and that whatever the meaning, the public would perceive the words as having to do with the characteristics of the goods concerned and not as indicating their origin. Moreover, in line with previous case law, it would not make a difference that certain possible meanings of the words might not be descriptive since “a word sign must be refused registration [under Article 7(1)(b)] if at least one of its possible meanings designates a characteristic of the goods or services concerned.”

Finishing a trio of failed appeals to the General Court in relation to eco-marks is CARBON GREEN—CBp Carbon Industries, Inc v. OHIM. The applicant held an international registration for the mark CARBON GREEN, designating the EU, for which the OHIM examiner refused protection in International Class 17 for reclaimed rubber products, being recycled carbonaceous materials and certain rubber-filled materials.

The mark was refused on grounds of descriptiveness (Article 7(1)(c) of the CTM Regulation) and lack of distinctiveness (Article 7(1)(b)). The Board of Appeal held the mark to be descriptive of goods manufactured from carbon obtained in an environmentally friendly manner. It did not matter that the mark presented the words CARBON and GREEN in, grammatically, the wrong order (i.e., with the adjective following the noun rather than preceding it, contrary to the normal rules of English grammar).

The applicant argued, on appeal to the General Court, that carbon, as an element, is so widespread that it should not be considered descriptive, especially in the minds of the specialized public to whom the relevant goods would be sold. It argued also

65. Id. ¶ 29.
66. Id. ¶ 34.
that the combination of “green” with “carbon” was contradictory—because the former was associated with ecology whereas the latter was associated with pollution—and had no clear meaning.

The General Court dismissed the arguments, noting that the description of the products disclosed that their carbon content was one of their essential characteristics. As for the alleged contradiction, there was, in fact, no contradiction when one again considered the specific nature of the product—“it [CARBON GREEN] corresponds precisely to the description of the characteristics of the goods which, although composed of a chemical element associated with detrimental effects on the environment, are developed from reclaimed and recycled materials.”68

An appeal ground based (essentially) on the fact that the words GREEN and CARBON were the wrong way around also failed. The applicant had argued that there was “an unusual grammatical structure” and an “elliptical nature” to the mark. The General Court indicated that the applicant’s point might not have been pleaded with particularity but held that, in any event, “[s]ince, as is apparent . . ., each of the words which comprise the sign is, from the point of view of the relevant public, descriptive of the goods concerned, it must be concluded that the order of those words has no bearing on the intuitive understanding of the relationship between the sign and those goods.”69

It is not quite clear how this conclusion follows from the premise, but this does make clear the practical difficulties inherent in succeeding with the argument that “an unusual syntactical juxtaposition” of words in a trademark lends it the necessary distinctiveness when the words individually are alleged to be descriptive.

4. EU – General Court – Can marks claimed as “syntactically unusual” expressions be registered?

Many cases involving issues of registrability by reference to Article 7(1)(c) of the CTM Regulation (descriptiveness) and/or related issues of lack of distinctiveness under Article 7(1)(b) involve a combination of two or more descriptive words to form a mark that the applicant contends to be “more than the sum of its parts.” As already foreshadowed by the eco-marks cases noted in paragraph 3 above, that argument can be hard to sustain. The

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68. Id. ¶ 27.
69. Id. ¶ 31.
General Court’s decision in *Spectrum Brands (UK) Limited v. OHIM*\(^{70}\) encapsulates the problem.

The case concerned the Community trademark STEAM GLIDE, registered in 2008 in relation to electric irons in International Class 9. Eight months after its registration, Philips Electronics applied to invalidate the mark on the basis that it had been registered in breach of Article 7(1)(b) and Article 7(1)(c).

The OHIM Cancellation Division rejected the invalidity claim, but the Board of Appeal upheld an appeal by Philips. According to the Board of Appeal, the expression “steam glide” constituted nothing more than an immediate, direct, and easily understandable indication that the irons for which the mark was registered would emit steam and move smoothly across clothes.

On further appeal by the trademark owner, the General Court made a series of observations about the principles governing the consideration of a mark’s descriptiveness, including the following principle relating to marks of the kind in question: “With regard to signs consisting of a neologism or a word composed of elements each of which is descriptive of characteristics of the goods or services in respect of which registration is sought, it is apparent from *Procter & Gamble v. OHIM*, (paragraph 43), that an expression, although it alludes to the function which the goods or services are supposed to fulfil, none the less does not contravene the provisions of Article 7(1)(c) . . ., if the—syntactically unusual—juxtaposition of the words that form the expression is not a familiar expression in the language in issue, in this case English, either for designating the goods or for describing their essential characteristics.”\(^{71}\)

Citing case law under the equivalent provision in Article 3(1)(c) of the TM Directive, the General Court went on to note, however: “that a trademark consisting of a word or neologism composed of elements each of which is descriptive of characteristics of the goods or services in respect of which registration is sought is itself descriptive of the characteristics of those goods or services for the purposes of that provision, unless there is a perceptible difference between the word or neologism and the mere sum of its parts.”\(^{72}\)

The General Court went on (citing additional case law) to note that the word combination or neologism becomes “more than the sum of its parts” for one of two reasons: either (a) the word combination is of an unusual nature, creating (as a whole) an

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\(^{71}\) *Id.* ¶ 22.

\(^{72}\) *Id.* ¶ 23.
impression which is sufficiently far removed from that produced simply by its constituent elements; or (b) the word combination has itself become a part of everyday language and has acquired a meaning of its own which is not itself descriptive for the goods or services in question.

The General Court finally noted that:

for OHIM to refuse to register a trademark on the basis of Article 7(1)(c) . . ., it is not necessary that the signs and indications composing the mark that are referred to in that article actually be in use at the time of the application for registration in a way that is descriptive . . . It is sufficient, . . . that such signs and indications could be used for such purposes. A word sign must thus be refused registration under that provision if at least one of its possible meanings designates a characteristic of the goods or services concerned.”73

In the present case, the applicant took up the fight for its mark on the grounds that (among other things) STEAM GLIDE was syntactically unusual because the word “steam” would normally be combined with a noun, in an adjective-noun combination such as “steam bath” or “steam laundry” rather than with a verb, such as “glide.” It also claimed there to be an “extreme ellipsis” in the term STEAM GLIDE—that is, that the phrase omits certain words that would be necessary to make sense of it.

The General Court gave the grammar-based argument short shrift, noting (quoting OHIM’s own findings) that: (a) the word “glide” can be a noun as well as a verb; and (b) even if “glide” could not readily be interpreted as a noun in the context, there were other instances of “steam” being used in combination with a verb (such as “steam clean”), so there was not necessarily anything grammatically unusual about “steam glide” as a combination.

Having decided that there was nothing syntactically unusual about the term STEAM GLIDE, the General Court was not disposed to find that the resulting phrase was, nonetheless, something special:

The Court also takes the view that there is no perceptible difference between the expression “steam glide” and the mere sum of the words of which it is composed. “Steam glide” does not produce an impression which is sufficiently far removed from that produced by the mere combination of meanings lent by those words, with the result that the expression does not amount to any more than the sum of its parts.74

73. Id. ¶ 24.
74. Id. ¶ 35.
The General Court considered the expression “steam glide” apt to describe directly and specifically the capacity of the product to glide smoothly over ironed clothes by virtue of the steam generated.

It rejected the notion of there being an “extreme ellipsis” in the expression “steam glide” because “the English lexicon includ[es] an almost infinite number of compounds (such as, for example, ‘shopping bag’, ‘sleeping bag’, ‘doggy bag’, etc.). Nothing thus prevents the expression from being interpreted clearly and directly by the relevant public when it is associated with the goods in issue.”

It is not clear why the Court considered that the examples of compounds it gave were apposite comparables here. However, overall, the case indicates the extent to which the law and practice has moved on since the CJEU held the mark BABY DRY to be registrable for babies’ nappies (diapers) in Procter & Gamble Company v. OHIM, as well as the difficulties that may be experienced in arguing in favor of registrability, in cases of this kind, on the basis of shades of meaning and/or oddities in grammatical construction.

5. EU – General Court – Distinctiveness/shape marks – Can a shape mark be registered on the basis of the cumulative effect of its various features?

The question of whether or not a mark comprises “more than the sum of its parts” can also arise when considering the distinctiveness of a three-dimensional shape mark. In Voss of Norway ASA v. OHIM, Nordic Spirit AB (publ) intervening, the General Court was required to assess the position in relation to a trademark consisting of the Voss bottle shape depicted here:

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75. Id. ¶ 37.


The mark was registered as a CTM in International Classes 32 and 33, including for water. The General Court noted that the trademark consisted of a three-dimensional bottle (i.e., the bottle as such; not a picture of the bottle). It noted that the bottle was a cylindrical transparent container, with a nontransparent cap having the same diameter as the cylinder.

The bottle shape registration was attacked by the intervenor on various invalidity grounds, including that the mark was devoid of distinctive character for the purposes of Article 7(1)(b) of the CTM Regulation. The General Court upheld the Board of Appeal’s decision, holding the shape mark registration to be invalid.

The General Court noted the established principles that:

(a) the criteria for assessing the distinctive character of three-dimensional marks consisting of the appearance of a product are no different from those applicable to other categories of trademark; but that

(b) when those criteria are applied, “account must be taken of the fact that the perception of the average consumer is not necessarily the same in relation to a three-dimensional mark consisting of the appearance of the product itself as it is in relation to a verbal or figurative mark consisting of a sign which is independent of the appearance of the products it denotes. Average consumers are not in the habit of making assumptions about the origin of products on the basis of their shape or the shape of their packaging in the absence of any verbal or graphic element, and it could therefore prove more difficult to establish distinctive character in relation to such a three-dimensional mark than in relation to a verbal or figurative mark.”

The General Court went on to say:

78. Id. ¶ 42.
More specifically, as a liquid product must be in a container in a bottle in order to be marketed, the average consumer will perceive the bottle above all simply as a form of container...

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...

The question being, therefore, whether or not the bottle shape departed significantly from the relevant norms, the trademark owner was unfortunate to fall on the wrong side of the application of the test, which contrasts a “significant departure” from normal bottle shapes with a “mere variation” to them.

The General Court held that, in view of the fact that the vast majority of bottles on the market were cylindrical, the “perfect cylinder” shape of the Voss bottle, “although somewhat original” could not be regarded as departing significantly from the norms and customs of the sector. The same was true of the nontransparent cap having the same diameter as the bottle itself, since “it is well known that many bottles are closed with a cap made of a different material and color from the body of the bottle.”

Nor did the combination of shape factors avail the trademark owner because the fact that a composite trademark is made up only of components which are devoid of distinctive character... generally leads to the conclusion that the trademark, taken as a whole, is devoid of distinctive character. That would not be the case only if 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.” There being no such “concrete evidence” in this case, the Voss appeal failed.

As may be seen, the threshold for securing (reliable) trademark protection for product shape marks in the EU is high, even by reference solely to the distinctiveness requirement under Article 7(1)(b) of the CTM Regulation. The case noted immediately below (relating to the JACK DANIEL’S bottle) indicates the difficulty of achieving shape mark registration even with substantial evidence of use of the mark concerned. Cases relating to the other registrability provisions relating specifically to shape marks (i.e., Article 3(1)(e) of the TM Directive and the corresponding provisions of Article 7(1)(e) of the CTM Regulation) may be found in the case notes in Part IV.C.14 and IV.C.15 below.

79. Id. ¶ 43-44.
80. Id. ¶ 52.
81. Id. ¶ 57.
6. Sweden – Swedish Court of Patent Appeals – Distinctive character of a three-dimensional mark – What level of distinctiveness must a bottle have to be deemed distinctive?

In Patentbesvärsrättens dom i Mål nr 12-003,82 Jack Daniel’s Properties, Inc. applied to the Swedish Patent Office for the registration as a trademark of the shape of its bottle, in three dimensions, also featuring the label bearing the JACK DANIEL’S trademark, as shown here:

![Bottle Image]

The Swedish PTO rejected the application on the basis that the shape lacked the sufficient degree of distinctive character to properly differentiate it from other bottles on the market. The applicant appealed the decision to the Swedish Court of Patent Appeals, arguing that the bottle had a sufficient degree of inherent distinctive character or that the shape had, at the very least, acquired distinctive character through its extensive use, which would provide a gateway to registration under the Swedish equivalent of Article 3(3) of the TM Directive, cited above.

The Court of Patent Appeals rejected the argument as to inherent distinctiveness. It held that, in order for a shape to be considered to have an inherent distinctive character, and thus be able to fulfil a trademark’s purpose as a designation of origin, there is a requirement that the shape is significantly different from other shapes used in the trade. The court found that the overall impression of the shape of the bottle was not sufficiently different from other bottles.

The next question was whether the shape of the bottle could be considered to have acquired sufficient distinctive character through its use. The evidence submitted in support of this argument by the applicant primarily showed the volume of alcohol

sold in Sweden in the bottle in question and knowledge of the trademark JACK DANIEL'S. The court, however, found that the evidence did not support the notion that the relevant consumer would interpret the bottle shape (or aspects of the bottle shape), as such, as a trademark. The evidence showing the awareness of the trademark JACK DANIEL'S did not alter this. The court also considered that the registration of the mark as presented in the application—i.e., shape of bottle bearing logo—would present an obvious risk of confusion as to the scope of protection of the mark concerned.

The trademark was therefore approved for registration only after a disclaimer was added concerning the entirety of the bottle. The case shows that it is still very hard to acquire the registration of a three-dimensional mark in Sweden, even by arguing for distinctiveness acquired through extensive use.

7. EU – General Court – Slogan marks – What is the threshold for distinctiveness?

Slogan marks have been a major source of CJEU and General Court case law in recent years. The General Court appeal case noted here does not break new ground, but illustrates the point reached, and the nature of the debate that brand owners continue to have with the EU trademark authorities and courts to the “originality and resonance” of their slogans and straplines. Delphi Technologies, Inc v. OHIM\(^{83}\) concerns Delphi’s mark INNOVATION FOR THE REAL WORLD, for which it sought registration as a CTM in International Classes 7, 9, 10, and 12 for a range of automotive products and medical equipment.

The mark was rejected under Article 7(1)(b) of the CTM Regulation on the grounds that it was devoid of distinctive character. The General Court upheld the Board of Appeal’s decision, holding:

The sign INNOVATION FOR THE REAL WORLD does not constitute a play on words and contains no imaginative, surprising or unexpected element so as to confer on it, in the minds of the relevant public, a distinctive character. Accordingly, the sign applied for is in the form of a Classic slogan, devoid of elements which could, apart from its promotional function, enable the average consumer concerned easily and immediately to memorise it as a trademark for the goods referred to . . . .\(^{84}\)


\(^{84}\) Id. ¶ 38.
The extensive case law in this area dictates that it is not proper to apply a stricter set of criteria to marks perceived as slogans than to other categories of mark. Nor is it permissible to hold such a mark to be unregistrable merely because the relevant public will understand it to be a “promotional formula.” On the other hand, if it is liable to be perceived only as a promotional formula, it is to be regarded as devoid of distinctive character.

The question is, therefore, whether or not there is, in addition to its promotional message, something about the mark that lifts it above the merely promotional and allows it to be perceived as an indication of commercial origin. It needs something “sufficiently original or resonant to require at least some interpretation, thought or analysis on the part of the public.”85 The General Court believed there to be insufficient of this quality in the Delphi mark, considering that INNOVATION FOR THE REAL WORLD would convey to the relevant public (whether consumers or professional/trade buyers) no meaning beyond that which could be associated with the products of any undertaking offering innovative products.

As is common in appeal cases of this kind, the appellant’s arguments pursued a twin-pronged attack: on the one hand, deploying arguments to demonstrate the multiplicity and obscurities of meaning and composition that it claimed to render its mark sufficiently “original and resonant”; on the other hand, attempting to identify flaws in the methodology that had been applied to reject its mark. Here, the appellant argued that the Board of Appeal had effectively imposed a standard higher than that authorized by the case law—namely, the imposition of a requirement that the “promotional function” of a slogan must be manifestly secondary to its origin-indicating capacity. This, the General Court rejected, confirming that the origin-indicating capacity of a mark need not necessarily be more important than its function as a promotional formula but denying that the Board of Appeal had misunderstood the test.

How to judge which slogan marks will prove to be registrable, and which will not? The line is difficult to draw. In the case of VORSPRUNG DURCH TECHNIK (Audi’s slogan, which translates as “advance, or advantage, through technology”), the CJEU had considered the mark to have a distinctive character on the basis of the General Court’s finding that it could have “a number of meanings, or constitute a play on words, or be perceived as imaginative, surprising and unexpected and, in that way, be easily remembered.”86 The Court simply could not see the same thing in

85. Id. ¶ 37.
INNOVATION FOR THE REAL WORLD. For slogan marks in the EU, the bar continues to be set high, and the cases fraught with subjectivity.

8. EU – General Court – Descriptiveness/new breeds – Was the Board of Appeal correct to dismiss as descriptive an application for registration as a trademark of a term that was under development as the designation of a breed of dog?

In Continental Bulldog Club Deutschland eV v. OHIM,87 the applicant sought to register CONTINENTAL as a CTM for dogs and for the services of dog breeding and keeping. The Board of Appeal dismissed the application under Article 7(1)(c) CTM Regulation and the applicant appealed to the General Court arguing that the Board of Appeal mistakenly compared the trademark applied for with the term “continental bulldog,” which was in the process of being designated as the name for a breed of dog but was not yet officially recognized by the FCI (World Canine Organization) although it had been recognized in Switzerland by the Schweizerische Kynologische Gesellschaft (SKG). It argued that the legislation expressly provided for trademarks as indications of origin for live animals and that the Board of Appeal had applied a new ground of refusal by taking account of pre-application use of the sign to prevent registration on the basis that it risked being held to be descriptive in the future.

The General Court first noted that the general public comprised animal lovers and animal professionals, whose level of attention would be relatively high given that this public pays particular attention to pedigree. It was not disputed that there was a link between “continental bulldog” and a breed of dog “in the making.” The General Court held that the evidence showed that the term “continental bulldog” had been recognized in Switzerland since 2004 and that the relevant public would have had access to certain Swiss and German websites carrying that information. It was therefore irrelevant that the recognition of the new breed was not a “fait accompli,” particularly given that, under Article 7(1)(c) of the CTM Regulation, it is sufficient for a finding of descriptiveness that the term could be used in a descriptive way.

The fact that the trademark did not include the term “bulldog” was held not to be relevant because the relevant public, who are used to the system of recognition of dog breeds, would understand “continental” as reference to the bulldog breed in the same way as the terms “Jack Russell” (rather than “Jack Russell” terrier) and

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“cocker” (rather than “cocker spaniel”) make it manifestly easier “for that public to establish a sufficiently direct link between those terms and the canine breeds at issue.” Nor did the General Court agree that difficult procedure for a name to be recognized as a breed by the FCI or the uncertain effect of such recognition on the relevant public’s perception were relevant. It was for the court to assess the perception of the relevant public, and that requires “an evaluation of all the relevant items in that regard, which may include taking into account situations where that perception is influenced by the fact that the relevant public takes account of circumstances or information even if unofficial, without taking into consideration their legal effects.”

The General Court therefore concluded that “it must be accepted that, once the recognition process of a breed of dog by one or more of the above federations is completed, the name of that breed designates, in a generic manner, the dogs belonging to it, at least in the eyes of part of the relevant public.” The fact that the breed had already been recognized by the SKG was therefore sufficient.

The applicant’s other arguments were similarly dismissed. The fact that the applicant intended to keep a “closed” breeding kennel so that all dogs of the relevant kind would emanate from the applicant, meaning that the term “continental” would indicate a single origin, was held to be a commercial intention that was subjective and could change, and thus could not be taken into account. Similarly, the Board of Appeal had not applied a new ground of refusal, but merely “taken into consideration all relevant items in order to evaluate what the perception of the sign at issue was by the relevant public at the date of the application for registration.”

9. **EU – General Court – Geographic terms – Does the fact that a trademark differs (by a single letter) from a geographical indication suffice to exclude a finding of descriptiveness?**

In *Fürstlich Castell’sches Domänenamt Albrecht Fürst zu Castell-Castell v. OHIM, Castel Frères SAS intervening*, the applicant applied for a declaration of invalidity against the intervener’s Community trademark CASTEL in International
Class 33 based on an earlier geographical indication consisting of “Castell,” a term protected in Germany, France, Greece, Italy, and Spain for certain German wines. The application was based on Article 7(1)(c) (descriptiveness) as well as Articles 7(1)(g) and 7(1)(j) of the TM Directive.

Articles 7(1)(g) and 7(1)(j), which are not cited at the beginning of this Part IV, provide, respectively, that registration is to be referred to:

(g) trademarks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographic origin of the goods or service;

(. . .)

(j) trademarks for wines which contain or consist of a geographical indication identifying wines or for spirits which contain or consist of a geographical indication identifying spirits with respect to such wines or spirits not having that origin.

The Second Board of Appeal had held that “inasmuch as the disputed mark did not contain or consist of a geographical indication, there was no need to examine it in the light of Article 7(1)(g) and (j) of that regulation.” In other words, because the disputed mark CASTEL contained one fewer letter than the geographical indication, it did not “contain or consist” of it. The Board of Appeal had therefore looked only at the descriptiveness issue under Article 7(1)(c) of the TM Directive.

According to Article 7(1)(c) of the CTM Regulation, and the corresponding provisions of Article 3(1)(c) of the TM Directive (both cited above), trademarks that consist exclusively of indications that may serve to designate the geographical origin of the relevant goods or services are to be refused registration on descriptiveness grounds unless they have acquired a secondary meaning.

The Board of Appeal had held that the mark was not descriptive because “the difference in spelling was likely to create, first, some distance and, secondly, a conceptual difference between the earlier geographical indication and the disputed mark” and also that the disputed mark, being commonly used in the wine sector and meaning “castle,” is “perceived by the relevant public as having that meaning, whereas the earlier geographical indication is perceived by that public as a geographical name, namely that of the German wine-producing municipality of Castell.”

When the General Court came to examine the matter under Article 7(1)(c), it noted that there is no general prohibition on registration of geographical names that are “unknown to the

93. Id. ¶ 8.
relevant class of persons—or at least unknown as the designation of a geographical location—or of names in respect of which, because of the type of place they designate, such persons are unlikely to believe that the category of goods or services concerned originates there or was conceived of there.”

The question was, therefore, whether the geographical name in question designates a place that is currently associated in the minds of the relevant class of persons with the category of goods concerned, taking into account the degree of familiarity among such persons with that name, with the characteristics of the place designated by the name, and with the category of goods concerned.

The test, said the General Court, was whether the relevant public, faced with the mark, would perceive it as the geographical name referred to by the earlier geographical indication and therefore as an indication of the origin of the goods concerned. It went on to hold that there was sufficient evidence that the term “Castell” did indeed designate “a place which is sufficiently known to the relevant public for the production of wines and is thus currently associated, for that public, with the category of goods concerned,” such that a trademark application that consisted exclusively of this term would be descriptive of origin under Article 7(1)(c).

Did the applicant’s mark, however, consist exclusively of this term? For the reasons set out above, the Board of Appeal had held that it did not. However, the General Court held that the difference of one letter was not sufficient to outweigh the resemblance that existed between them. The fact that there was a difference in meaning between them did not affect the court’s finding because, although the term “castel” or its translation into other languages is common in the wine sector,

on the shelves of a specialist wine shop or on the wine lists in restaurants, that term does not, in general, appear on its own but along with other terms, in particular a patronymic or a place name indicating the owner of the castle or the geographical location of the castle. Likewise, the relevant public is unaccustomed to being confronted with the term “castel” or its translation into other languages used on its own in marks designating wines. Accordingly, the fact that the term “castel”, in conjunction with other terms, appears frequently in the wine sector plays only a limited role in the relevant public’s perception of the disputed mark. Consequently, and contrary to what the Board of Appeal, OHIM and the intervener have stated, the relevant public in the present case will not perceive the disputed mark affixed to

94. Id. ¶ 45.

95. Id. ¶ 63.
a bottle of wine as meaning only “castle”, but will understand it also as an evocation of the geographical name referred to by the earlier geographical indication.96

That it could be understood in either way did not alter the decision because it is sufficient for a finding of descriptiveness that at least one possible meaning of a sign designates a characteristic of the goods concerned.

Consequently, contrary to what the Board of Appeal found, the General Court ruled that there was a sufficiently direct and specific link between the mark and the goods concerned, and that the mark would be perceived by the relevant public as designating a characteristic of those goods, namely their geographical origin, thus resulting in the infringement of Article 7(1)(c). This finding meant that the court did not need to go on to consider the intervener’s other pleas in relation to Articles 7(1)(g) and (j). This case has been appealed to the CJEU.

10. Sweden – Swedish Court of Patent Appeals – Distinctive character of geographic terms – When is the use of a geographical term not regarded as descriptive?

The general principles relating to the application of descriptiveness objections to geographical terms under Article 7(1)(c) of the CTM Regulation, and the parallel provisions of Article 3(1)(c) of the TM Directive, are introduced in the immediately preceding case notes.

The scope for an objection on this basis is wide, in the sense that the objection is liable to be taken not only against a mark corresponding to the name of a place with an existing reputation for the goods or services in question, but also where it is perceived that there is the need to keep the mark/name free for competitors to use in future (what OHIM calls “reasonable future association”). As the most recent edition of OHIM’s Examination Guidelines explains, by reference to CJEU case law,

With regard to the reasonable future association, the degree of familiarity amongst the relevant public with the geographical term, the characteristics of the place designated by the term and the category of goods or services must be assessed (judgment of 04/05/1999, joined cases C-108/97 and C-109/97 “Chiemsee”, paras 32 and 37). Note that it is insufficient to support an Article 7(1)(c) CTMR refusal solely on the basis that the goods or services can theoretically be produced or rendered in the place designated by the applied-for geographical term (judgment of 08/07/2009, case T-226/2008).

96. Id. ¶ 73.
The objection should not be taken if it would be fanciful to suggest that the place evoked by the trademark could be a source of the goods or services in question.

Two cases from Sweden during the year, both from the Court of Patent Appeals, show an unexpectedly lenient approach to the application of this test.

First, in Bohler Welding Group Nordic AB v. Patent- och Registreringsverket,97 the applicant Böhler Welding Group Nordic AB applied for the trademark AVESTA WELDING for different types of processed metals, welding machines, and welding equipment. Because Avesta is the name of a municipality and “welding” in turn was, in the view of the Swedish Patent and Trademark Office, descriptive for the goods in question, the Swedish PTO found that the trademark lacked distinctive character.

The applicant appealed to the Court of Patent Appeals, arguing that AVESTA could not primarily be considered to have any connection with the quality or characteristics of the goods covered by the application.

The court agreed, holding that the use of a geographic indication in a trademark does not necessarily mean that the trademark lacks distinctive character. There is a requirement that the relevant public associates that geographic indication with a certain quality, or that such a connection might be anticipated in the future. Noting that while AVESTA could be considered to be closely associated with the iron and steel industry, the relevant public would not strongly associate it with metalworking in such a way that goods related to welding would appear as indicative of a certain quality or characteristic.

The application was found to not be descriptive for the goods and services for which registration was sought and, as such, was deemed to have a sufficient degree of distinctive character.

Second, in KM v. Patent- och Registreringsverket,98 the applicant applied for the trademark MARSTRANDSJULLEN for boats. The Swedish PTO held that the mark lacked distinctive character, as Marstrand is the name of a populated area on the west coast of Sweden, known for its marine business, and “julle” is a type of boat originating from the west coast of Sweden.

The applicant filed an appeal against the decision to the Court of Patent Appeals. The applicant argued that the trademark was not lacking in distinctive character.


The Court of Patent Appeals agreed that Marstrand is a town that is closely associated with maritime businesses. The town, or the area, could not, however, be seen as known for their boat construction in such a way that the general public would associate the goods in question with a specific quality and an origin from Marstrand. That such a connection could appear in the future was also deemed unlikely.

The application was found not to be descriptive for the goods and services for which registration was sought and, as such, was deemed to have a sufficient degree of distinctive character.

As noted above, both of these Swedish cases appear to show a remarkable leniency in the court’s approach to assessing whether or not the use of a geographic indication in a trademark would be considered descriptive in relation to the goods and services. Both applicants were able to cite instances in which similar marks had been registered by the Swedish PTO previously. In both cases, the Swedish Appeal Court appeared to consider that only a very specific association between the place name and certain particular qualities of the goods concerned could justify a refusal of the application.

11. Benelux – Germany – Spain/National Supreme Courts – Color marks – What are the minimum requirements for the registration of a color mark?

As well as the Cadbury decision noted in Part II above, which raises special issues, there were a number of important decisions in the EU during 2013 about marks consisting of color per se. In the selection that follows, the first decision stands out as being an extraordinary case of a single color mark being held registrable on grounds of inherent distinctiveness. The other cases debate the level of acquired distinctiveness that may be required to achieve valid registration for a single color mark—and how to establish this.

(a) Benelux – Brussels Court of Appeal – Can a color per se be inherently distinctive for everyday consumer goods such as beer?

Yes, a color can, per se, be inherently distinctive for everyday consumer goods such as beer, according to the Brussels Court of Appeal, which ruled accordingly in its landmark judgment of October 21, 2013, in Case 2012/AR/1999, ICIP Ing.-Cons., 2013.

The case concerns Alken-Maes’ color mark for beer, below. The central question in this case was whether or not it was possible

that the mark had been validly registered on the basis of its inherent distinctiveness—rather than on the basis of distinctiveness built up through use of the color.

The registrability of a trademark consisting of a single color was the subject of a well-known CJEU decision, Libertel. In that decision, the CJEU noted, among other things:

64. Account should be taken of the fact that the average consumer only rarely has the chance to make a direct comparison between the different marks but must place his trust in the imperfect picture of them that he has kept in his mind (...).

65. The perception of the relevant public is not necessarily the same in the case of a sign consisting of a color per se as it is in the case of a word or figurative mark consisting of a sign that bears no relation to the appearance of the goods it denotes. While the public is accustomed to perceiving word or figurative marks instantly as signs identifying the commercial origin of the goods, the same is not necessarily true where the sign forms part of the look of the goods in respect of which registration of the sign as a trademark is sought. Consumers are not in the habit of making assumptions about the origin of goods based on their color or the color of their packaging, in the absence of any graphic or word element, because as a rule a color per se is not, in current commercial practice, used as a means of identification. A color per se is not normally inherently capable of distinguishing the goods of a particular undertaking.

66. In the case of a color per se, distinctiveness without any prior use is inconceivable save in exceptional circumstances, and particularly where the number of goods or services for which the mark is claimed is very restricted and the relevant market very specific.


101. Id. ¶ 64-66.
In the present case, the Brussels Court of Appeal noted that, at the time of filing (2006), the shade of color blue (identified with international code PMS 2748C) was accepted by the Benelux Office for Intellectual Property without any proof of acquired distinctiveness through prior use. It furthermore ruled that Alken-Maes’ color mark for beer was at that time “very unusual” and was therefore inherently distinctive. This is in line with paragraph 66 of the CJEU’s Libertel judgment, which, as mentioned above, accepts that there can be distinctiveness without prior use “in exceptional circumstances.” An invalidity claim by competitor InBev was rejected.

This decision shows that it is, in fact, possible to have a color mark with inherent distinctive character and that the “exceptional circumstances” that must apply are thus not merely theoretical.

(b) Germany – German Federal Patent Court – What degree of brand awareness is necessary to register the “basic” color blue?

In NIVEA Blau, the trademark owner, Beiersdorf AG, had filed an action for injunctive relief against an alleged infringer, basing its claim on a color mark registration. In response to this, the defendant filed a cancellation action with the GPTO against the trademark concerned—which consisted of the color blue (Pantone 280 C), registered in International Class 3 for “means of body and beauty care, namely skin and body care products” in 2007.

The GPTO cancelled the trademark as requested, and the German Federal Patent Court confirmed the decision upon appeal.

The Federal Patent Court held not only that the color blue belonged to the public domain, and that the mark lacked intrinsic distinctive character, but also that the trademark owner had not established that the mark had acquired distinctive character through the use that had been made of it—either at its application date or at the time of the cancellation action.

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Concerning intrinsic distinctive character, the court held that a single color trademark may possess such distinctive character: (i) if the relevant market is very specific and concerns a limited range of products; (ii) if use of colors in general in this market is uncommon or if this specific color is very exceptional; and (iii) if consumers are familiar with the use of colors as indications of origin for the range of products (see Libertel,\textsuperscript{103} Heidelberger Bauchemie,\textsuperscript{104} and Color Yellow.\textsuperscript{105}) The court held that the market could be considered specific because it was confined to skin and body care products. However, the use of the color blue in this market was by no means unusual, nor was this color in any way exceptional. Since this color could also serve as factual information as to grooming products for men, the court further held that it was descriptive and that there was a need to preserve the availability of that color for others’ use (Linde AG, Winward Industries Inc., Rado Uhren AG).\textsuperscript{106}

As for the claim to acquired distinctive character, under the German law equivalent of Article 3(3) of the TM Directive, the Federal Patent Court denied that the color trademark had acquired distinctive character for two reasons:

In the first place, the court noted various factors that mitigated against the color blue being recognized, in the relevant context, as a trademark. The trademark owner in fact used many different shades of blue for different products. This particular color blue, as registered, had at the time of registration only been used with three products of the current product range, whereas most of the products were light blue. This had not allowed consumers to become accustomed to a certain distinct color as an indication of their origin (Farbmarkenverletzung I).\textsuperscript{107} Further, the court did not consider the color blue to possess any true independent trademark character because it served only as a decorative background for the well-known trademark NIVEA. The court noted also that the color blue was used only in conjunction with white. It held 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 the single abstract color blue.


\textsuperscript{104} Heidelberger Bauchemie GmbH, Case C-49/02, [2004] ECR I-6152 (CJEU, June 24, 2004).

\textsuperscript{105} Case No. I ZB 76/08, GRUR 637 (2010) (German Federal Supreme Court, Nov. 19, 2009) (COLOR YELLOW).


\textsuperscript{107} Case No. I ZR 23/01 GRUR 151, 154 (2004) (German Federal Supreme Court, Sept. 4, 2003) (Farbmarkenverletzung I).
(Société des produits Nestlé SA v. Mars UK Ltd).

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

Second, the court considered the results of a survey purporting to show the level of awareness actually attained among the relevant public for the trademark owner's blue product get-up. The court held that a survey indicating that 55% of the relevant public considered this color to have acquired distinctive character was not enough. It held that a degree of brand awareness of at least 75% would be necessary in the circumstances, noting that blue is a simple basic color; that the color is often used in this market for decorative purposes; that the color has a descriptive character; and that the color blue was never used by the trademark owner alone, but always in connection with white, and was not always used in an identical shade which would dominate the packaging of all products (POST II).

The Federal Patent Court therefore confirmed the decision of the GPTO. A further appeal on a point of law is currently pending before the German Federal Supreme Court, the Bundesgerichtshof (German Federal Supreme Court, Oct. 23, 2008) (POST II).

(c) Germany – German Federal Patent Court – What degree of brand awareness is necessary to register yellow as a trademark in a narrow product market?

In Bundespatentgericht (Federal Patent Court), August 8 2013/file no. 29 W (pat) 90/12 – Langenscheidt Gelb (Yellow–HKS 5), a well-known producer of dictionaries and owner of a registration of the abstract color trademark yellow (below) filed an infringement action against a producer of electronic language learning aids.

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110. Case No. I ZB 65/13 (German Federal Supreme Court, pending).

111. Case No. 29 W (pat) 90/12, GRUR-Prax 481 (2013) (German Federal Patent Court, Aug. 8, 2013) (Yellow–HKS 5).
The infringement action proved to be successful in the first and second instances and the matter is now pending with Germany’s Federal Supreme Court (Bundesgerichtshof).

As one of its defenses, the defendant unsuccessfully filed a cancellation action with the GPTO. Upon appeal, the German Federal Patent Court rejected the cancellation request, thereby confirming the acquired distinctiveness of the trademark. During the registration process for the mark concerned, in 2009, the same court had already held that the mark had achieved the requisite acquired distinctiveness through use.

The mark was in use for bilingual dictionaries in print form at the time of registration. With respect to the relevant public, the German Federal Patent Court confirmed the GPTO’s decision that, for the purposes of assessing acquired distinctiveness, the relevant public consisted of users of bilingual dictionaries; it would not be appropriate to take into account a larger public since such dictionaries were not everyday consumer products.

The German Federal Patent Court noted that, in the case of abstract color marks, case law has determined that acquired distinctiveness can be established only with regard to a very specific market of a limited range of goods and services (see Libertel). In the present case, the court considered that this requirement was fulfilled since bilingual dictionaries would belong to a specific product segment and were part of an independent and limited market for language learning aids.

The court also considered that the trademark owner had already established the acquired distinctiveness of its color yellow mark by virtue of a market survey that it had submitted in 2009, which showed that over 66% of the relevant public recognized this color for the trademark owner’s bilingual dictionaries, whereas the next competitor held only 20% brand awareness. Since 66% would exceed the minimum limit of 50% + 1% (a level of awareness frequently considered, in leading German cases, to be the standard

by which to establish acquired distinctiveness), a considerable part of the relevant public, as defined above, was represented.

Further, the court argued that the trademark owner’s use of a blue-colored letter “L” in conjunction with the color yellow did not, contrary to the applicant’s claim, have any negative influence on the distinctiveness of the color yellow as such. It is true, the court noted, that acquired distinctiveness requires, for abstract color marks, that the single color is presented to the relevant public alone in an isolated manner. However, there could be exceptions to this principle in view of the overall context and the specific characteristics of the market segment concerned.

This is why the court believed that the particular labelling customs in the publications sector in general, and with regard to dictionaries in particular, needed to be considered. The court held that, in this specific market, the relevant public is familiar with the simultaneous use of various colors and of verbal or figurative signs. Consumers would, therefore, notice these different signs at the same time and be able to recognize a color as a distinct trademark. Moreover, it would not be realistic to assume that a single color (here, yellow) could be used in isolation (Robert Enke; Beck-Rot; Sonnengelb).113

However, the Federal Patent Court has given leave for an appeal on a point of law to Germany’s Federal Supreme Court (BGH) with regard to the question: what degree of brand awareness is necessary in order to prove that an abstract color mark has acquired distinctiveness through use? The CJEU has held in its decisions with regard to three-dimensional marks that the requirements for non-traditional trademarks must not be higher than for conventional marks.114 However, the German Federal Supreme Court and German Federal Patent Court have developed case law that establish a complex interdependency between the degree of brand awareness necessary and the need to preserve availability of the color: the greater the need to keep a color free for others’ use, the higher the brand awareness needs to be. The use by the courts of terms such as “basic color” or “fully descriptive,” which are not legally defined, would make it very difficult for the applicant to assess the risk when applying for such a nontraditional mark. Leave to appeal has been granted because the Patent Court wondered whether the further development of judge-made law that it is proposing would comply with German constitutional principles.


(d) Germany—German Federal Patent Court—Can EU national laws impose a particular high threshold for public awareness as a condition to registration of an abstract color mark?

In Sparkassen-Rot (Savings Bank—“red”),¹¹⁵ Germany’s Federal Patent Court had to deal with an appeal by a party requesting that the registration of the abstract color trademark red of the German Savings Bank Association (below) be cancelled in view of provisions of Section 8 of the German Trademark Act, corresponding to Articles 3(1)(b) and 3(3) of the TM Directive.

After the Savings Bank Association initially failed in its attempt to register the abstract color red in 2002, it provided the GPTO with a survey indicating that 67.9% of the affected trade circles regarded the color red as having acquired secondary meaning for the banking services of the German savings banks. Accordingly, in 2007 the GPTO set the original decision aside and ordered registration of the trademark for financial services, namely retail banking in International Class 36.

In 2009, a third party filed a cancellation request, arguing that the color red was not distinguishable in the area of financial services since it was used by numerous banking establishments. There was considerable need to keep the color red available for use by all competitors. The cancellation request also claimed that, even if the survey indicated that for 67.9% of the relevant sector the color red had acquired secondary meaning, and assuming further that the surveys had been properly conducted, such percentage would still not be sufficient given the fact that the need to keep the color red free for the trade is very strong. The Savings Bank Association responded that it had, for many years, used red as a color in promotion and advertising materials. The GPTO rejected the request for cancellation, holding that the survey was reliable and the percentage was sufficient.

¹¹⁵. Case No. 33 W (pat) 33/12, GRUR 844 (2013) (German Federal Patent Court, Mar. 8, 2013) (Savings Bank—“red”).
An appeal was filed with the German Federal Patent Court. Both parties exchanged additional surveys to support their respective positions. The Federal Patent Court evaluated the conflicting positions and concluded that a final decision would only be possible after the CJEU had assisted the court in interpreting the relevant provisions of the TM Directive. Accordingly, the court submitted the following question, among others, to the CJEU: 116 “Does Article 3(1) and (3) of the [TM Directive] preclude an interpretation of national law according to which, in case of an abstract color mark (in this case: Red HKS13) that is claimed for services in the financial affairs sector, a consumer survey must indicate an adjusted degree of association of at least 70% in order to form a basis for the assumption that the trademark has acquired a distinctive character following the use which has been made of it?”117

While the German Federal Patent Court accepted that abstract color trademarks were eligible to enjoy trademark protection (see Libertel—color orange118), it also concluded that an abstract color trademark could be regarded as inherently distinctive only in extraordinary circumstances, in particular if the scope of goods and services were very limited and the relevant market were very limited. In the case at hand (i.e., financial services), the Federal Patent Court held that numerous banks were active in the market and, therefore, the above requirements were not met. Accordingly, trademark protection was available only where the mark had obtained secondary meaning.

Whether or not the trademark has obtained secondary meaning depends on an overall view of all relevant factors, including market share, the duration of use, promotional expenditure, etc. (Windsurfing Chiemsee Produktions- und Vertriebs GmbH (WSC) v. Boots- und Segelzubehör Walter Huber, Franz Attenberger).119 German case law would, in addition, also generally require a consumer survey except for very limited exceptions.

The court went on to point out that the less the designation were suitable (in terms of its inherent characteristics) to serve as an indication of origin, the higher the requirements for proving

117. Id., first question submitted to the CJEU.
secondary meaning would be \textit{(ROCHER Ball)}.\textsuperscript{120} The court considered that it was hard to believe that an abstract color trademark would be understood as a designation of origin (and therefore as a trademark) for financial services. In addition, it had to be taken into account that the color red (as submitted) was neither extraordinary nor rarely used and, as such, was not particularly well adapted to drawing public attention. The Federal Patent Court pointed out that even the fact that the Savings Bank Association had run promotions for many years using the color red would not necessarily help, as such promotion and marketing campaigns primarily referred to “Sparkasse” (Savings Bank) even if used with red as the background color.

Given these special circumstances the German Federal Patent Court held that name recognition under 70\% within the affected trade circles was not sufficient to establish secondary meaning. The court also held that all the surveys submitted in the case would provide only a certain broad indication of the position, and would not remove general doubts triggered in view of the other circumstances. In addition, it would remain questionable whether the majority of consumers would regard the color red as an origin of specific services or simply as a general reference to a particular company (which would not be sufficient to qualify as a trademark). New consumer surveys would not assist in making the position more clear.

Accordingly, the Federal Patent Court concluded that it would accept registration of the abstract color red as a trademark only if it were to enjoy an outstanding degree of secondary meaning. That, in the court’s opinion, would require at least 70\% name recognition. However, in order to align its views with EU legal norms, the Federal Patent Court submitted the above question to the CJEU. It will be interesting, at an EU-wide level, to see how the CJEU responds to the question. The German approach of setting a specific threshold of name recognition to apply in specific circumstances is not an approach mandated by the CTM Regulation or the TM Directive, and is not an approach followed by all EU Member States.

In addition to its question relating to the 70\% test, the court also sought an answer to the following two questions:

1. Is the first sentence of Article 3(3) of the [TM Directive] to be interpreted to the effect that the time at which the application for the trademark was filed—and not the time at which it was registered—is also relevant in a case where the trademark proprietor claims, in his defense against an application for a declaration invalidating the trademark, that

\textsuperscript{120} Case No. I ZB 88/07, GRUR 138 (2012) (German Federal Supreme Court, July 9, 2009) (ROCHER Ball).
the trademark acquired a distinctive character, following the use made of it, in any event more than three years after the application, but prior to registration?

2. In the event that, under the abovementioned [sic] conditions, the time at which the application was filed is also relevant: Is the trademark to be declared invalid if it is not clarified, and can no longer be clarified, whether it had acquired a distinctive character, following the use made of it, at the time when the application was filed? Or does the declaration of invalidity require the applicant seeking that declaration to prove that the trademark had not acquired a distinctive character, following the use made of it, at the time when the application was filed? 121

With regard to the first of these questions, the Federal Patent Court wanted to obtain a decision regarding the time when secondary meaning had to be acquired. More specifically, it wanted to know whether the application date was still the relevant date for assessing whether a trademark had acquired distinctive character, if the trademark owner claimed that the trademark acquired distinctive character more than three years after the application.

According to German trademark law, distinctive character has to be acquired on the application date. If secondary meaning were acquired after that date, and before the registration date, the applicant has the possibility of preserving the application provided that it agrees to accept a deferral of the deemed application date to the date when, according to the evidence, secondary meaning has been acquired.

According to Article 3(3) of the TM Directive, cited above, a trademark application is not to be refused registration on the ground that it lacks inherent distinctiveness if it has acquired a distinctive character, through the use made of it, before the date of the application. Article 3(3) then goes on to say that Member States may provide, if they choose, that the application for a registration of the mark should also be upheld if the distinctive character were to be acquired at a later date—after the application date or even after the registration date.

In the present case, the German Federal Patent Court wanted to know whether the position as of the application date would still be relevant although the survey showing a name recognition of 67.9% had been carried out three and a half years after the date of application. The court had found that, as of the registration date (July 2007), the percentage of 70% awareness (which the Court

regarded as a threshold for acquiring secondary meaning in the context) had not been achieved. However, the Court considered that it was conceivable that the trademark had already acquired a sufficient secondary meaning at the date of application (February 2002) but then lost some of its recognition afterwards because of changes in the perception of the public of the color red as a result of the market entry of several financial institutions at that time. If this were to be the case, and if it were correct to look to the position as at the application date, then the trademark protection secured because of acquired secondary meaning enjoyed at that time could, if successfully proven, be maintained despite the subsequent change in circumstances.

By the second of the two additional questions that it raised with the CJEU (set out above), the court wanted to determine—if the application date were indeed the date to be taken into account—on whom the burden of proof would lie as to the circumstances existing as of the date of the application. The answer to this question was necessary because, in this case, relevant facts as to the secondary meaning of the trademark as of the date of the application could no longer be ascertained.

According to the Recitals of the TM Directive, the ways in which likelihood of confusion may be established, and in particular the onus of proof, are a matter for the national procedural rules of the EU Member States—not the TM Directive. However, the German Federal Patent Court considered that the question arising as to the burden of proof in the current context might need to be handled differently. It considered the question to have a close connection to the substantive law because the scope of trademark protection was concerned. The court considered that the question of onus of proof in this context would have to be determined under the TM Directive (i.e., as a matter of EU law rather than national procedural rules) in order to achieve harmonization across the EU.

In this respect, the German Federal Patent Court referred to CJEU case law with regard to the CTM Regulation, which established that, in a cancellation action under Article 52 of the CTM Regulation, the onus of proof lay upon a trademark holder to show that the trademark had acquired distinctiveness through use. The Federal Patent Court considered that it would be logical to apply this case law also with respect to invalidity proceedings according to Article 3 of the TM Directive. Moreover, according to the court it would also be appropriate to impose on the trademark holder the same rules as would apply in the trademark application process. If the trademark owner had succeeded in proving the acquired distinctiveness of the trademark during the application procedure, then he could easily submit the same documents in the invalidity proceedings.
(e) Spain – Spanish Supreme Court – Does an application for a color depicted inside a square (rather than a color per se) have sufficient distinctiveness to be registrable?

In Orange Personal Services Communications Limited v. Jazz Telecom S.A.U., the telecommunications company Orange wished to extend its French trademark protection for an orange square (color reference Pantone 151) as reproduced below, to other countries, including Spain, by means of an international registration.

The company Jazz Telecom, a telecom provider known as Jazztel, filed an opposition against the Spanish designation based on absolute grounds. (In Spain any third party with a legitimate interest can file an opposition based, not only on earlier rights, but also on absolute grounds for refusal). This opposition was based on submissions that the application lacked distinctiveness.

The application was initially refused by the Spanish PTO, which upheld the opposition of Jazztel on the basis that the color orange was not capable of distinguishing the goods and services of Orange from those of its competitors.

Orange filed an appeal before the Board of Appeals of the Spanish PTO based on (i) the inherent distinctiveness of the trademark and (ii) the distinctive character that the trademark had acquired through use. The Board of Appeals upheld the appeal and granted the application, holding that the trademark owner intended to cover an orange square, and not the color orange in abstract. This, added to the broad use that the applicant had made of the trademark, provided it with sufficient distinctive character to be accepted for registration.

Jazztel appealed the decision of the Board of Appeals before the Spanish High Court of Justice. The appeal was based on the following arguments: (i) that the trademark basically consisted of the color orange and a company cannot be given the absolute monopoly on a specific color in detriment to its competitors;

(ii) that, even if Orange had made use of the color orange in trade, this use was not sufficient to have resulted in a situation in which, when Spanish consumers are presented with the color in connection with telecommunication goods and services, they immediately think of Orange Telecom; and (iii) that the moment to assess the acquired distinctiveness of a mark is the filing date, whereas most of the evidence filed by Orange to support the claim of acquired distinctiveness was more recent. The Spanish High Court ruled in favor of Jazztel, and Orange appealed, in turn, to the Supreme Court of Spain. The Supreme Court, in its December 2013 decision, confirmed the High Court’s ruling, rejecting Orange’s application, on the basis of the following findings:

(i) The fact that the orange color is depicted inside a square does not provide the trademark with added distinctiveness. A square is a simple geometric figure that delimits the color, so what is visually relevant is the color itself.

(ii) Colors per se cannot, in principle, be monopolized by a single undertaking. In the present case the applicant wished to register a color (orange) that is in common use in the marketplace and should be available for use by others.

(iii) It is exceptionally possible to register a color as a trademark when it has acquired distinctiveness through use. However, this acquired distinctiveness must take place in the country where registration is sought and at the time the application is filed.

(iv) In the present case, the applicant had not filed sufficient evidence to prove that the trademark had acquired distinctiveness through use in Spain prior to the application date (2006). In fact, the market survey filed by the applicant showed only that 49% of the interviewed Spanish public associated the color orange with a trademark and that more than 20% of these people associated the sign with other telecommunications companies.

(v) The fact that an identical orange square had been registered by Orange in other countries did not necessarily mean that it should also be registered in Spain; it was possible that the decisions of the relevant authorities of those countries were based on the distinctiveness that the mark had acquired as a result of its use in each respective country.

The case is interesting in the Court’s assimilation of the orange color block with marks that comprise color per se. In use, this presentation by Orange of the orange block of color, particularly against a black background, is a rather striking feature of its marketing. As this case and the other color mark cases noted here show, despite the best efforts at EU harmonization, the realm of color marks is one particular area
where the various EU courts struggle for consistency, and outcomes are extremely unpredictable.

12. Denmark – Danish Maritime and Commercial Court  
three-dimensional shape marks – Is a shape that includes both functional design elements and features in which design freedoms have been exercised capable of valid registration?

In *LEGO Juris A/S v. Plastic Factory COBI S.A.*, the Danish Maritime and Commercial Court in Copenhagen was concerned, in the context of infringement proceedings, with the validity of a CTM protecting the shape of the iconic mini-figures of the Danish toy company LEGO.

The LEGO mini-figure was developed in the 1970s. More than fifty prototypes were made before the final design was completed. Today, the LEGO mini-figure is still, in its basic shape and dimensions, unchanged from the original mini-figure launched in 1978, and LEGO has manufactured more than four billion mini-figures.

On April 1, 1996, LEGO applied to register the shape (illustrated below) of the LEGO mini-figure, in three dimensions, as a Community trademark. Registration was granted in 2000 in a number of classes, including International Class 28 (toys). The mark is shown here:

![LEGO mini-figure illustration](image)

In 1977, LEGO was also granted a Danish patent for its mini-figures.

In 2009, the Polish company Plastic Factory COBI S.A. began to market and sell very close imitations of the LEGO mini-figure through their Danish distributor's website, COBI-klodser.dk. LEGO claimed that certain of these mini-figures infringed LEGO’s
COBI’s mini-figures

In the course of the proceedings it was necessary for the Danish court to consider the validity of the Community trademark by reference to the provisions of Article 7 of the CTM Regulation and Section 2(2) of the Danish Trademarks Act (which is based on the parallel provisions of Article 3 of the TM Directive). The provisions in question stipulate that signs that consist exclusively of (i) the shape of goods that is necessary to obtain a technical result or (ii) the shape that gives substantial value to the goods are not eligible for trademark protection.

It was not disputed that the main characteristics of the LEGO mini-figure were the shape of the head, the trapezoid torso, and the design of the arms, legs, and feet. The two court-appointed experts—an industrial designer and a graduate engineer—stated that a number of these form elements were not merely functional, as they could be designed with a different appearance while remaining compatible with the LEGO bricks. Further, the Danish patent did not give directions as to the presentation of, for example, the head, torso, arms, and legs, and the experts confirmed that it was possible to design mini-figures compatible with LEGO bricks with an appearance different from that of the COBI mini-figures.

Against this background, the Danish Maritime and Commercial Court adopted the view that the LEGO mini-figure did not consist exclusively of a shape necessary to obtain a technical result and that its compatibility with LEGO bricks was not determined by the mini-figure’s shape or its most significant features. Further, the shape of the LEGO mini-figure was distinctive, well-known, and popular, and there was no basis on which to find that its shape was a unique design that in itself added substantial value to the goods.

The Danish court stated that the LEGO mini-figure enjoyed valid trademark protection under the CTM and under the Danish Trademarks Act and went on to rule in favor of LEGO in the infringement claim.
The court also held that that COBI’s mini-figures were an intrusive imitation of the LEGO mini-figures violating LEGO’s rights pursuant to the Danish Copyright Act (independent work) and the Danish Marketing Practices Act (unlawful imitation and use of business identifier). The judgment has been appealed to the Danish Supreme Court.

The present judgment stands in contrast to the judgment delivered by the CJEU in Case C-48/09 P LEGO Juris A/S v. OHIM–Mega Brands Inc, declaring LEGO’s CTM consisting of the three-dimensional shape of the basic LEGO brick invalid for “construction toys” in International Class 28, holding that its shape was necessary to obtain a technical result.

13. France – Paris Court of First Instance and Versailles Court of Appeal – To what extent will European Union courts consider the details of the design when determining whether or not a nontraditional trademark is inherently distinctive?

Two 2013 cases from the French courts indicate the level of detail with which they are prepared to scrutinize features of design and shape in nontraditional marks when considering their distinctive character, perhaps in contrast to the broader-brush approach adopted elsewhere in the EU.

In the decision of the Paris Court of First Instance of January 24, 2013, in Société Burberry Limited v. Société Guermassi Distribution Brother Bahouia, the court’s detailed analysis of the Burberry check design supported its decision to reject an attack on Burberry’s corresponding trademark registrations.

The facts of the case are as follows. In November 2010, the Regional Customs Directorate of Nice detained 174 items (jackets and sweatshirts) that were considered likely to infringe Burberry’s trademark rights in its check pattern. Burberry is the owner of the following Community trademarks for its check pattern (in color and monochrome):

The products in question originated from a German company called Guermassi. Burberry obtained the confiscation of the allegedly infringing items on Guermassi’s premises and brought an action before the Paris Court of First Instance against the company for infringement under Articles 9(1)(a) and (b) of the CTM Regulation.

Guermassi counterclaimed that Burberry’s Community trademarks, upon which Burberry relied for the infringement action, lacked distinctiveness. It argued that Burberry’s trademarks consisted simply of a square tartan pattern that had no originality and could not be used to distinguish Burberry’s products, therefore challenging their validity under Article 7(1)(b) and (c) of the CTM Regulation.

In response, Burberry argued that the trademarks in question were not standard, usual, or necessary, in their application to clothes and that “originality” was not relevant in this context. It also stressed that its trademark rights did not relate to the check style *per se*, but specifically to a precise and clearly identified square pattern.

The court analyzed the various aspects of Burberry’s check trademarks. It noted that the trademarks consisted of squares with three vertical and horizontal intersecting black lines, a single red vertical line intersecting a single red horizontal line and a white area where the lines meet, all of which are contrasted against a light brown background. It was these specific features, the court held, that made the Burberry trademarks distinctive and not merely purely decorative, as they differed from other types of check patterns. Further, the court also held that Burberry’s long use of the trademarks on a significant number of its products had enhanced the distinctive character of the trademarks. The court was satisfied that the consumer would associate the specific check design with Burberry. Finally, the court agreed with Burberry that the check pattern did not constitute a common or necessary sign to designate clothing and was not therefore purely decorative or functional, but was, on the contrary, a distinctive trademark.
By way of contrast, on September 19, 2012, the EU General Court had upheld a different conclusion regarding the distinctiveness of another company’s tartan pattern, for which registration had been sought in International Classes 18, 24, and 25 (*Fraas GmbH v. OHIM*\(^{125}\)):

![Tartan Pattern Image]

In its analysis of the pattern, the General Court had found that it did not include any substantial variation compared with conventional representations of such patterns, and held that the relevant public would perceive the sign to be only a standard, common, tartan pattern that lacked distinctiveness. The General Court concluded that such pattern could not effectively serve to identify the origin of the products concerned, as it was devoid of distinctive character.

It appears that the differing conclusions were, at least in part, a result of the level of detail in which the French court was prepared to analyze the trademark in Burberry, noting particular features that gave the Burberry trademark its distinctiveness, compared with the EU General Court’s more abstract approach. Although it is not possible to determine the extent to which the favorable decision in Burberry was driven by the Burberry check’s strong acquired distinctiveness, the divergence in the courts’ approach to the analysis of inherent distinctiveness is quite apparent.

Another example of the French courts’ approach to finding inherent distinctiveness can be seen in the decision of the Court of Appeal of Versailles of February 26, 2013, in *Ferrero SpA and Ferrero France v. Wiha GmbH Sarl and Wiha Sarl*\(^{126}\).

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\(^{125}\) *Fraas GmbH v. Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM), Case T-326/10, ECR II-____ [2010] (GC, Sept. 19, 2012).*

\(^{126}\) *Ferrero SpA and Ferrero France v. Wiha GmbH Sarl and Wiha Sarl, Case No. RG 2011/06632 (Court of Appeal of Versailles, Feb. 26, 2013).*
By way of background, the Ferrero companies own the following international registrations:

- International Registration No. 665564 (designating France)
- International Registration No. 719821 (designating France)
- International Registration No. 951408 (designating the EU)

The first of the marks shown above is supported by a description indicating that it represents a confectionary product consisting of a base section on which there are four semi-cylindrical portions, covered with lines running crosswise over the bar in an irregular pattern and run over the edges of the base.

In July 2008, the Ferrero companies discovered that certain chocolate products that it considered to infringe the marks shown above were being sold in France by the supermarket Aldi, having been imported by the defendant, Wiha. Ferrero brought an infringement action against Wiha, claiming that the shape of the products that were on sale in Aldi stores infringed its international registrations above, particularly the first, No. 665564. Ferrero’s claim succeeded and Wiha appealed.

Before the Court of Appeal of Versailles, Wiha challenged Ferrero’s International Registration No. 665564 for purported lack of distinctiveness. This cancellation action was based on the claim that the four semi-cylindrical portions of the chocolate bar were only aimed at facilitating the consumption of the product. Wiha also claimed that the transverse seams would be perceived by consumers as decorative elements and not as a distinctive sign acting to identify the origin of the products. Furthermore, the chocolate bars were, of course, sold in protective packaging, so that the consumer was not in direct contact with the product at the time of purchase, and Wiha submitted that the use of a picture of the product on the packaging was not sufficient to prove that consumers pay sufficient attention to its appearance as an indication of origin.

The Court of Appeal rejected these arguments, confirming the first instance decision that the trademark at issue diverged from the usual shape of similar products on the market, owing to the presence of four half-cylindrical parts. This feature could not be considered to be a purely functional shape that allows consumers to eat a chocolate bar more easily. This feature, combined with the
piping that runs across the surface of the four portions, was found by the court to comprise an arbitrary and immediately recognizable shape whose precise commercial origin was instantly identifiable by consumers. Wiha’s appeal therefore failed.

Wiha also sought the cancellation of the French designations of International Registration Nos. 719821 and No. 951408. Wiha argued that the two signs consisted exclusively of the design of two chocolate bars next to which were affixed certain elements to inform the consumer about the product composition (milk, hazelnut, etc.) Wiha further argued that these elements would be perceived by consumers as mere decorative elements on the product packaging and could not be regarded as an indication of the origin. The court disagreed. These two figurative marks were, in its view, perfectly distinctive for the goods in question. The Court of Appeal of Versailles found that the trademarks allowed the average consumer who is reasonably well-informed and reasonably observant and circumspect to attribute the commercial origin of the product to a specific company. It therefore determined that the trademarks were valid.

14. Benelux – Supreme Court – Reference to CJEU regarding when a shape gives substantial value to the products in question.

In the Hauck/Stokke case, the Dutch Supreme Court referred certain questions on the registrability of shape marks to the CJEU. The questions concern, in particular, the situations in which the shape in question may be considered to result from the nature of the goods, or may be considered to add substantial value to the goods, for the purposes of Article 3(1)(e) of the TM Directive.

The (very) attractive appearance of a certain chair, called the “Tripp Trapp,” was considered to give substantial value to the product, and its shape was considered to make it very suitable as a safe, comfortable and usable children’s chair. This had implications for the applicability of Article 3(1)(e)(i) and (iii) of the TM Directive.

127. FIRMA HAUCK GMBH & CO. KG v. Stokke A/S et al., Case No. 11/04114 TT/EE (Dutch Supreme Court, Apr. 12, 2013).
On appeal to the Dutch Supreme Court, questions arose as to the interpretation of Article 3(1)(e) of the TM Directive, and the Dutch Supreme Court formulated the questions as follows (unfortunately, not indicating what it thinks the answers should be) for the CJEU:

1.a. Does the ground for refusal or invalidity set out in Article 3(1)(e)(i) of [the TM Directive] i.e. that the sign consists exclusively of a shape which results from the nature of the goods themselves, apply only where the shape of a product is essential to its function or does that ground already apply where the product has one or more essential, use-related features which the consumer possibly looks for in the products of competitors?

1.b. If none of the above alternatives is correct, how should the rule be interpreted?

2.a. Does the ground for refusal or invalidity set out in Article 3(1)(e)(iii) of [the TM Directive], i.e. that the sign consists exclusively of a shape which gives substantial value to the goods, involve consideration of the motive(s) of the relevant public for the purchase decision?

2.b. In order for a shape to give “substantial value to the goods” within the meaning of the abovementioned [sic] rule is it necessary that the shape be regarded as the main or predominant value, in comparison to other kinds of value (such as safety, comfort and durability in the case of baby chairs)? Or can a shape also give “substantial value to the goods” if, besides that main or predominant value, the goods also have other kinds of value that can also be regarded as substantial?

2.c. Is the perception of the majority of the relevant public decisive for the answer to questions 2.a and 2.b, or can the Court hold that the perception of a part of the public is sufficient to justify viewing the value in question as
“substantial” within the meaning of the abovementioned provision?

2.d. If the answer to question 2.c is that the perception of a part of the public is sufficient, how large a part of the public is required?

3. Should Article 3(1) of [the TM Directive] be interpreted to mean that the ground for refusal or invalidity set out in (e) of that article also exists if the shape mark consists of a sign to which Article 3(1)(e)(i) applies and which otherwise meets the requirement set out in Article 3(1)(e)(iii)?

15. Germany – German Federal Patent Court – Presentation of trade premises – Do the rules in Article 3(1)(e) of the TM Directive relating to the shape of goods or their packaging also relate to a retail store layout?

In APPLE, the German Federal Patent Court had to deal with issues concerning the protectability in Germany of the trademark shown below in International Class 35 for “retail store services featuring computers, computer software ... and demonstration of products relating thereto.”

The mark was (by virtue of a supplemental description submitted by the applicant) described as follows:

The colors steel-grey and light-brown are claimed. The trademark reflects the design and room layout of a retail store. The store has a transparent glass front which is surrounded by a steel-grey façade consisting of panels, with large, rectangular, elongated panels being affixed above the glass front and two smaller panels on each side. Inside the store rectangular light bodies are let into the ceiling over the entire length of the store. At the side walls of the store light-brown, unsupported boards are affixed underneath the exhibition

areas that are let into the walls. The side walls also feature multi-span shelves. The central part of the store features light-brown, rectangular tables that are arranged in rows, running parallel to the walls and from the front to the end of the sales area. In the rear part of the sales area there is a light-brown, rectangular table with barstools underneath screens that are affixed at the rear wall at equal level. The objects which are indicated in dotted lines and are shown on the exhibition areas at the side walls are not claimed as independent characteristics of the trademark; however, their placement there is part of the overall mark.

This case is discussed in detail at Part II.C.3 above, in connection with issues raised under Article 2 of the TM Directive. However, the case also raised issues under Article 3(1) of the TM Directive. On initial examination the GPTO rejected the mark on grounds of lack of distinctive character.

On appeal, Germany’s Federal Patent Court decided to refer various questions to the CJEU—including the question of whether or not an application to register the layout in which a service is incorporated as a trademark is susceptible of rejection under Article 3(1) of the TM Directive.

Wrapped up in this question were concerns about the potential application of the provisions in Article 3(1) relating specifically to marks consisting of the shape of goods or their packaging—including, in particular, Article 3(1)(e) relating to shapes resulting from the nature of the goods themselves and shapes reflecting technical and aesthetic functionality. These provisions refer, as such, only to the shape of goods, and the court raised the question of whether or not Article 3(1)(e) of the TM Directive also applies to marks that are to be protected for services. The Federal Patent Court itself considered that an analogous application of this provision with regard to services is necessary in order to prevent any distortion of competition in the market. The same conditions, in its view, have to apply to both goods and services.

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

A. Introductory Comments

Part V 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 right. This includes, in particular, situations in which an earlier mark is in use, but not registered, in
one or more EU Member States, and would be given protection against the mark applied for under local laws.

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):

(1) 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 are contained in Article 8(1)(a) of the CTM Regulation and Art 4(1)(a) of the TM Directive;

(2) 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

(3) 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.

**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 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 – Similarity of marks – How are marks to be compared when they say a similar thing in different languages?

In *Golden Balls Ltd v. OHIM, Intra-Presse intervening*, the General Court was required to consider the application of the likelihood of confusion test under Article 8(1)(b) of the CTM Regulation between two marks that would each convey a similar meaning if one were translated. The context was an opposition brought by the intervener, owner of the Community trademark BALLON D'OR against the appellant's application to register GOLDEN BALLS as a CTM. The range of goods and services for which the GOLDEN BALLS application was made were in International Classes 9, 28, and 41. The opponent's goods and services were largely identical.

The similarity of the two marks was the key issue. As the court noted, two marks are to be considered similar "when, from the point of view of the relevant public, they are at least partially identical as regards one or more relevant aspects . . . As has been established by the case-law, the visual, phonetic and conceptual aspects are relevant."  

In the present case, the marks were considered to be different in both visual and phonetic terms. However, the question of conceptual similarity arose. The intervener's mark BALLON D'OR is in the French language, and would translate into English as "ball" or "balloon" "of gold." The Board of Appeal held that it was, therefore, conceptually identical, or at least extremely similar, to GOLDEN BALLS. On the basis of the finding of strong conceptual similarity alone, and irrespective of the visual and aural dissimilarities, the Board of Appeal had found a likelihood of confusion to be established.

The General Court disagreed as to the extent of conceptual similarity. The court had this to say on the subject of linguistic difference:

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130. *Id.* ¶ 32.
for the assessment of the conceptual similarity on the part of the relevant public, in particular the average anglophone and francophone public, due account has to be taken of the fact that the earlier mark is in the French language whereas the mark applied for is in the English language, and that the signs at issue accordingly differ as regards the language enabling access to the respective conceptual understanding of them.

In that regard, a linguistic difference between the signs cannot ... automatically suffice to exclude the existence of a conceptual similarity from the point of view of the relevant consumers. However, such a difference—in so far as it requires a translation on the part of the consumer—is capable, depending on, inter alia, the linguistic knowledge of the relevant public, the degree of relationship between the languages concerned and the actual words used by the signs at issue, of preventing at least to some degree an immediate conceptual comparison by the relevant public.131

The General Court held that, in the present case, it had not been established that the meaning of GOLDEN BALLS would immediately be understood by those members of the public, that is, French-speakers, who would understand BALLON D'OR. The court considered that even if the words “golden” and “ball” were sufficiently basic to form part of the English-language vocabulary likely to be possessed by French speakers, this did not mean that such consumers (who are liable to have a weak understanding of the English language) would immediately “get” that the words “golden balls,” in that specific combination, are an English language translation of BALLON D'OR.

The General Court felt that certain differences between the marks argued against such an “immediate conceptual comparison.” For the court, these material differences included the fact that one mark is in the plural whereas the other is singular; the fact that the term GOLDEN is at the beginning of one mark, whereas the corresponding element D'OR is at the end of the other; the fact that “ballon’ can mean “balloon” as well as “ball”; and the fact that the word “gold” has a different linguistic origin from the French word or.

The General Court concluded that the marks therefore had a weak, or even very weak, conceptual similarity. This downgrading of the similarity made all the difference in the “global assessment” of the resulting likelihood of confusion, since, “even if the goods at issue are identical, that weak, conceptual similarity which requires a prior translation, cannot suffice to make up for the visual and phonetic dissimilarities which exist.”132

131. Id. ¶¶ 42-43.
132. Id. ¶ 58.
2. United Kingdom – High Court of England and Wales – Similarity of marks – Does the exceptional case covered in the Medion ruling include situations where the mark used in the composite sign is similar rather than identical to the earlier mark?

One of the CJEU cases of recent years that has had an extraordinary (and possibly disproportionate) impact in EU trademark practice is Medion AG v. Thomson multimedia Sales Germany & Austria GmbH. The case involved the claim that the use of the sign THOMSON LIFE infringed rights in the earlier mark LIFE. The CJEU reaffirmed in that case that, when comparing marks to establish likelihood of confusion, marks should be considered as a whole rather than being broken down into constituent elements. This case is better known, however, for what the CJEU then went on to say, namely:

... beyond the usual case where the average consumer perceives a mark as a whole, and notwithstanding that the overall impression may be dominated by one or more components of a composite mark, it is quite possible that in a particular case an earlier mark used by a third party in a composite sign including the name of the company of the third party still has an independent distinctive role in the composite sign, without necessarily constituting the dominant element.

In such a case the overall impression produced by the composite sign may lead the public to believe that the goods or services at issue derive, at the very least, from companies which are linked economically, in which case the likelihood of confusion must be held to be established.

In relation to likelihood of confusion, the CJEU therefore concluded that “... there may be a likelihood of confusion 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.”

Numerous subsequent cases have purported to apply this ruling. Cumulatively they say a lot about the difficulties presented by it. The scope of the ruling has not been clear. Several cases in 2013 explored the application of this ruling, including Aveda Corporation v. Dabur India Limited.

134. Id. ¶¶ 30-31.
135. Id. ¶ 37.
The questions before the High Court of England and Wales in *Aveda Corporation* included the question noted above—that is, does the exceptional or “particular” case, noted by the *Medion* court to give rise to the potential for confusion, extend to situations in which the later composite mark includes a word very similar to the earlier mark, rather than an identical word? The court held that the ruling in *Medion* could extend to include similar marks provided the average consumer would perceive the similar element to have significance, independently of the composite mark, that would lead to a likelihood of confusion.

The position was as follows. In 2010, Dabur India filed a U.K. application to register DABUR UVEDA in International Class 3 (including soaps, perfumery, essential oils, cosmetics, and hair lotions) and International Class 5 (pharmaceutical preparations). Aveda, a subsidiary of Estée Lauder, a well-known beauty company, opposed the application, relying on two existing CTMs and a U.K. trademark for AVEDA. The Hearing Officer dismissed the opposition, finding no likelihood of confusion, and Aveda appealed in respect of certain goods covered in Classes 3 and 5.

It is well-established law, following the decision in *Matratzen Concord GmbH v. OHIM* (cited in *Medion*),137 that in the context of consideration of the likelihood of confusion, marks should be taken as a whole rather than being broken down into any constituent elements and directly comparing such elements alone: “assessment of the similarity between two marks means more than taking just one component of a composite trademark and comparing it with another mark. On the contrary, the comparison must be made by examining each of the marks in question as a whole, which does not mean that the overall impression conveyed to the relevant public by a composite trademark may not, in certain circumstances, be dominated by one or more of its components.”138 Applying this, the Hearing Officer had held that DABUR and UVEDA played an equally dominant role and when considered as a whole there would be no likelihood of confusion with the mark AVEDA.

On appeal, Aveda argued that the Hearing Officer had failed to ask himself whether UVEDA played an independent distinctive role within the composite sign and whether or not, if so, that would lead to a likelihood of confusion. The judge, Mr. Justice Arnold, agreed, noting that the Hearing Officer had failed to consider the detail of the ruling in *Medion*. The Hearing Officer had not asked himself “whether the average consumer would perceive UVEDA to

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have significance independently of DABUR UVEDA as a whole and whether that would lead to any likelihood of confusion.” The judge accepted that Medion dealt with a composite mark that incorporated an identical sign—different therefore from the present case where the composite mark incorporated a similar sign—UVEDA rather than AVEDA. However, he found that the CJEU’s reasoning would still apply to this case: the “underlying logic is equally applicable.”

(Support for this broader interpretation of Medion can be found in the more recent Opinion of Advocate General Mengozzi in Bimbo SA v. OHIM, where the Advocate General notes that, despite the wording of the CJEU in Medion, it should not be treated as creating a specific rule or exception to EU case law regarding likelihood of confusion. The judgment instead should be viewed more generally, as follows: “whenever the element of a composite sign, identical or similar to an earlier trademark, significantly contributes to—but does not dominate—the image of that mark which remains in the memory of the members of the relevant public, notwithstanding the fact that another element of the sign may be more prominent, the former element must be taken into consideration for the purposes of appraising the similarity between the composite sign and the earlier trademark and is therefore relevant for the purposes of assessing the likelihood of confusion” (emphasis added).

Having found that the Hearing Officer had misapplied the test in Medion, Mr. Justice Arnold considered the case afresh. It was noted that Counsel for Dabur India “admitted that DABUR was a house mark which Dabur [India] used in combination with other words,” that is, confirming that UVEDA has a separate significance, and “accepted that normal and fair use of DABUR UVEDA would include visual representations in which the word UVEDA was in a different typeface and larger font size to the word DABUR.” The judge agreed with the Hearing Officer that UVEDA was both visually and aurally very close to AVEDA, noting that “the human eye had a well-known tendency to see what it expects to see and the human ear to hear what it expects to hear.” He therefore found it likely that some consumers would

140. Id. ¶ 44.
144. Id. ¶ 48.
misread or mishear UVEDA as AVEDA. Mr. Justice Arnold concluded that the average consumer who was familiar with AVEDA beauty products would likely be confused if the mark in question had been DABUR AVEDA and, given the similarities between the words, it did not matter that the second word in the composite mark was, in fact, UVEDA rather than AVEDA. Accordingly, there was a likelihood of confusion in relation to goods covered by Dabur India’s application that were both identical and similar. The application was allowed to proceed to registration only in respect of those goods which were neither similar nor identical.

3. France – Paris Court of Appeal and U.K./Appointed Person – Does the same approach to applying Medion apply to situations where the earlier sign is not identically reproduced and the case concerns high value goods, so that the consumer takes particular care over their purchase?

In E.ON AG v. the General Commissioner of INPI and Hyundai Motor Company the Paris Court of Appeal again applied the CJEU ruling in Medion to a situation in which a composite junior trademark incorporated a severable element that is similar to a senior mark, but not identical. On this occasion, the context was the purchase of a vehicle rather than an everyday consumer item.

The facts of the case are as follows: E.ON AG owns the figurative Community trademark E.ON in Classes 9, 12, and 16 (see below). Hyundai Motor Company applied in France to register the word mark HYUNDAI EON, for identical goods, broadly covering “vehicles” in Class 12 (see below). E.ON AG opposed the application on grounds equivalent to those of Article 4(1)(b) of the TM Directive, relying on a registration of the mark shown here, for identical goods:

/ HYUNDAI EON

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In 2011, the French Patent and Trademark Office (INPI) rejected E.ON AG’s opposition. It found that EON was not the dominant element within the HYUNDAI EON sign and therefore concluded that the signs were not similar and there was no likelihood of confusion. E.ON AG subsequently filed an appeal to the Paris Court of Appeal.

The Paris Court of Appeal held that there can be a risk of confusion where the disputed sign comprises the name of a third-party company and a third party’s registered trademark (of normal distinctiveness), if the registered trademark retains an independent distinctive role (per Medion) in the contested composite sign. This is the case even where the registered trademark does not dominate the composite sign. The court went on to hold, considering itself to depart from Medion to this extent, that the risk of confusion may also arise in cases where the earlier trademark is reproduced in the later composite trademark in a similar rather than identical form.

On a comparison of the signs, the court found that, visually, the addition of the word HYUNDAI was not sufficient per se to deprive the EON element of the sign of an “independent distinctive role” in the contested trademark, even where the characters that are used in both the EON and HYUNDAI elements have the same size and typography. The court also considered that EON and the figurative E.ON mark were almost identical and that the average, sufficiently informed and reasonably attentive and discerning consumer would not necessarily remember the dot between the “E” and the “ON.”

On a phonetic comparison, the court held that, even though the presence of the term HYUNDAI in the contested mark created a difference in composition of the marks, the earlier trademark E.ON would not be pronounced differently by the public (whether French or English) to the EON element of the contested trademark.

Hyundai argued that, conceptually, the HYUNDAI EON trademark would instantly be associated in the consumer’s mind with the automobile sector, owing to the fame of the HYUNDAI brand in this market. It therefore followed that the consumer’s attention would solely focus on the HYUNDAI element, rather than on the EON element. It also argued, without success, that, for the French public, the EON sign would, by reference to its dictionary and colloquial meaning, be taken to refer to a very long time period, thus indicating that the Hyundai products were designed to have a very long life.

However, the court agreed with E.ON AG. The term HYUNDAI did not have any understood meaning that would, in combination with the EON element of the sign, form an expression that would be conceptually different from the earlier trademark
E.ON. In reaching this conclusion, the judges considered that the average consumer would perceive the HYUNDAI EON sign to be a combination of two signs, each having its own significance. Owing to the way in which vehicles are marketed and sold, consumers would see the first element of the contested trademark as signifying the Korean car manufacturer Hyundai, and the second element (EON) would be viewed as the vehicle model.

The court also found that the distinctiveness and dominance of the HYUNDAI element did not suffice to exclude the risk of association with the E.ON mark that would be induced by the composite mark HYUNDAI EON.

The court concluded that the association of the signs HYUNDAI and EON would lead the public to believe that the underlying products originate from a single company, or at least from companies that are economically connected. There was, therefore, a risk of confusion. Accordingly, E.ON AG’s opposition was successful.

The same result was reached in identical proceedings brought in the United Kingdom with respect to Hyundai’s U.K. application to register the same mark. Here, the decision of the U.K. Intellectual Property Office (which was upheld on appeal by the Appointed Person) mirrors the decision reached by the Paris Court of Appeal. The facts of the matter are the same. When applying the CJEU’s judgment in Medion, the U.K. Hearing Officer found—as did the Paris Court of Appeal—that “the word EON in [Hyundai’s] trademark is a distinctive element which retains an independent distinctive role within [Hyundai’s] composite trademark.”

Interestingly, the high value of the purchase did not prevent the finding of likelihood of confusion. The Hearing Officer noted that “the cost of the vast majority of the goods at issue . . . militates against an impulse purchase.” In light of this, he concluded that the “the average consumer will pay a high level of attention when selecting the goods at issue.” However, the Hearing Officer also gave particular consideration to the way in which trademarks were used in the vehicle’s market (mirroring again the analysis in the Paris Court of Appeal), and found that consumers would be familiar with the trend of seeing a brand mark, such as HYUNDAI, followed by a sub-brand, in this case EON. In this context, the Hearing Officer found that use of the composite trademark by Hyundai would support a claim for likelihood of confusion, concluding “[g]iven the manner in [which] sub-brands are used in this area of trade, the average consumer will, in my view, assume the identical and similar goods at issue in

148. Id. ¶ 18.
149. Id. ¶ 18.
these proceedings come from undertakings which are economically linked.” On appeal by Hyundai, the Appointed Person found that the Hearing Officer was entitled to have reached the conclusion he did and did not commit any error of principle in his application of Medion.

4. EU – General Court – Similarity of marks – What are the limits to the application of the ruling in Medion?

Certain limitations in the application of the Medion ruling were apparent in Rocket Dog Brands LLC v. OHIM, Julius–K9 bt intervening. The intervenor had filed a CTM application for the mark JULIUS K9 for (among other things) a range of clothing and footwear in International Class 25. The appellant opposed the application on the basis of two earlier figurative marks. The first, shown below, also covered (among other things) a wide range of clothing and footwear in International Class 25:

The Board of Appeal held there to be no conceptual similarity between JULIUS K9 and the marks depicted; it also held them to be visually dissimilar (particularly in view of their different structures and differences in their dominant and eye-catching features) and to have a certain aural similarity, but to a less than average degree. It concluded that there would be no likelihood of confusion, despite the fact that the goods were identical.

On appeal against the Board of Appeal’s decision in respect of Class 25, the appellant argued that the Board of Appeal had failed to take proper account of Medion, given that the alphanumeric combination “K9” occupies an independent and distinctive role in the mark applied for.

The General Court noted it to be apparent from Medion that “beyond the usual case where the average consumer perceives a

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150. Id. ¶ 43.
mark as a whole, and notwithstanding that the overall impression may be dominated by one or more components of a composite mark, it is quite possible that where a composite mark is composed by juxtaposing one element and another mark, that latter mark, even if it is not the dominant element in the composite mark, may still have an independent distinctive role in the composite mark and that, in such a case, the composite mark and that other mark may be considered to be similar.”

However, in the court’s view, this was not such a case, for “... the trademark applied for, JULIUS K9, is not composed by juxtaposing an element with one of the earlier marks. The mark applied for includes only one of the elements from the earlier marks, namely the alphanumeric combination ‘K9’ which, moreover, is not the element which is dominant in the overall impression of the earlier marks.” According to the court, the Board of Appeal had been quite right to take the (“stylised and striking”) figurative element of the earlier mark, and the word JULIUS in the mark applied for, into account when assessing likelihood of confusion; the principle set out in Medion was simply not applicable.

The appellant fared no better in a related argument challenging the Board of Appeal’s finding that the marks shared a phonetic similarity only to a below average degree. The appellant argued that the CTM applied for appropriated the distinctive element “K9” from the earlier marks and merely added to it the house mark JULIUS. Not so, said the General Court—the Board of Appeal had correctly observed that the word JULIUS in the application mark will be pronounced in three syllables in all relevant languages, and resulted in a mark with three syllables more than the earlier marks.

5. Italy – Italian Supreme Court – Similarity of marks – In the assessment of the likelihood of confusion of “composite marks,” should the evaluation of the degree of similarity between the conflicting signs be based solely on the overall impression created by such signs?

When assessing the likelihood of confusion between two “composite marks,” the evaluation of similarity between the conflicting signs should not be based solely on the overall impression created by such signs. This was recently held by the Italian Supreme Court in its decision in Mast-Jägermeister v. Budapesti Likoripari, which ruled that the assessment of the

152. Id. ¶ 30.
153. Id. ¶ 31.
likelihood of confusion between “composite marks” should be based on a detailed analysis of each distinctive element of the relevant marks taken individually.

This Supreme Court decision is the last stage of a dispute that dates back to 1994, when Mast-Jägermeister filed an invalidity/infringement action before the Court of Rome against Budapesti Likoripari, seeking the cancellation of the Italian portion of the defendant’s International Registration No. 580359, on the basis of some earlier international registrations.

In particular, the conflicting marks had a similar figurative element (a deer’s head) and different verbal elements. The conflicting marks are depicted below:

![Senior Marks](image1)
![Junior Mark](image2)

Both the Court of First Instance and the Court of Appeal of Rome dismissed Mast-Jägermeister’s action by ruling out the likelihood of confusion between the conflicting marks, on the basis that the overall impression created in the mind of the relevant public by the junior mark would be dominated by its verbal components, rather than by the image of the deer’s head.

The issue decided by the Supreme Court was whether or not the assessment of the likelihood of confusion between “composite marks” would be subject to the general principle whereby the evaluation of the visual, aural, or conceptual similarity of the conflicting signs should be based on the overall impression given
by them, rather than on a detailed analysis of each one of their components.

The Supreme Court held that the above principle does not apply to “composite marks.” On the contrary, the assessment of the likelihood of confusion of “composite marks” should be based on a detailed analysis of each distinctive element of the relevant marks taken individually.

The Supreme Court further held that, in “composite marks,” verbal elements are not, in principle, more distinctive than figurative elements.

In its analysis, the Supreme Court recalled the established trend—followed by both Italian case law and scholars—whereby marks consisting of various elements could be divided into two groups:

(a) “composite marks,” which are characterized by a combination of distinctive elements or of both distinctive and nondistinctive elements; and

(b) “combination marks,” which are characterized by a distinctive combination of various nondistinctive elements.

In light of the above, the Supreme Court set aside the decision of the Court of Appeal of Rome, on the basis that it had infringed the applicable rules on the assessment of the likelihood of confusion of “composite marks,” by failing to analyze separately each of their distinctive components.

In particular, the Supreme Court pointed out that the Court of Appeal of Rome erred in focusing its comparison of the conflicting marks only on their verbal elements, even though it had previously acknowledged the high degree of distinctiveness of the figurative element, common to both marks, that is, the deer’s head.

The issue decided by the Supreme Court has been the subject of a long-standing debate in Italy between:

(a) the supporters of the thesis—now upheld by the Supreme Court—according to which, when it comes to determining the likelihood of confusion of “composite marks,” judges are required to carry out an analytical assessment of the relevant signs, which takes into consideration each distinctive component of such signs taken individually; and

(b) the case law trend—followed by both the Court of First Instance and the Court of Appeal of Rome in the present dispute—whereby composite marks are subject to the general principle according to which the likelihood of confusion should be assessed on the basis of the overall impression created by the marks in the mind of the relevant public, without taking into consideration each of their components individually.
The Supreme Court did not refer to any CJEU case law on the point—including *Medion*\(^{155}\) or *Shaker di L. Laudato & C. Sas v. Limiñana y Botella, SL*\(^{156}\) in which the CJEU had stated that “it is only if all the other components of the mark are negligible that the assessment of the similarity can be carried out solely on the basis of the dominant element.”\(^{157}\)

6. **EU – General Court – Similarity of goods – What factors may contribute to a finding of slight similarity?**

The existence of a certain similarity between the goods or services of the trademark applicant and opponent is one of the three cumulative requirements laid down in Article 8(1)(b) of the CTM Regulation. Without that similarity, an opposition cannot succeed. However, as shown in *Electric Bike World Ltd v. OHIM, Brunswick Corp. intervening*,\(^{158}\) similarity of goods is a somewhat flexible concept. Even a slight similarity can suffice to get the case off the ground, and a slight similarity may result in success where the marks are identical or very similar.

The case involved an opposition relating to the appellant’s CTM application for the mark LIFECYCLE. The intervenor had opposed on the basis of its earlier rights in an identical mark. Although other goods were also involved, by the time the case came to the General Court the issue boiled down to whether or not the appellant’s “electric bicycles; motorized bicycles” in International Class 12 were similar to exercise bikes, which were covered by the intervenor’s “machines for physical exercise” in International Class 28.

Considering first the nature of the respective goods, the General Court noted that “those goods display similarities in as much as they have many identical or similar parts such as the saddle, the pedals, the chain and the handlebars. Thus, both electric or motorized bicycles and exercise bikes resemble regular bicycles, visually and structurally.”\(^{159}\) The court went on to say that these visual and structural similarities might lead the buyer to regard their design as based on the same know-how—which might in turn lead them to suppose that they would emanate from the same undertaking.

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\(^{157}\) Id. ¶ 42.

\(^{158}\) Electric Bike World Ltd v. Office for Harmonization in the Internal Market (Trademarks and Designs) (OHIM), Brunswick Corp. intervening, Case T-379/12, [2013] ECR II.-____ (GC, Oct. 15, 2013).

\(^{159}\) Id. ¶ 43.
Regarding their respective purposes, although motorized bicycles were intended primarily for the purpose of getting about the place, the General Court noted that, since they had pedals as well as motors, they were at least in part for physical exercise. There was therefore a similarity here, too, with exercise bikes. The General Court did not consider compelling the appellant’s argument, presumably submitted through gritted teeth, “that an electric or motorized bicycle is not substitutable for an exercise bike in as much as it would not be possible to install a flywheel on an electric bicycle or mount it on rollers indoors to improve physical fitness.”

The Board of Appeal had, additionally, taken into account that exercise bikes and motorized bicycles could both be found in the same sports stores. The appellant submitted that this was plain wrong and was unsupported by any evidence. The General Court held that this was a matter of common knowledge that required no substantiation but, in any event, even if it were not the case that the goods could be found in the same outlets, the similarities it had discerned in their nature and purpose were sufficient to result in a slight overall similarity. The decision in favor of the opponent was upheld.

7. EU – General Court – Similarity of goods and services – In assessing the similarity of goods with services, how should the complementarity principle be applied?

Sanco, SA v. OHIM, Marsalmon, SL intervening involved an opposition battle between two Spanish companies that use, respectively, the following marks:

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160. Id. ¶ 46.
The mark on the left above is the subject of a CTM application in International Classes 29, 35, and 39 for the following goods and services:

- Class 29: “Chickens”;
- Class 35: “Advertising, commercial agencies, franchising, export and import, wholesaling and retailing of all kinds of foodstuffs and selling via global computer networks of foodstuffs of all kinds”; and
- Class 39: “Transport, storage and distribution of chickens.”

The mark on the right above is the earlier Spanish mark relied upon in the opposition, which is registered in International Classes 29 and 31 for, respectively, “meat, poultry and game; meat extracts,” and “live animals.” The opposition was filed under Articles 8(1)(a) and (b) of the CTM Regulation.

By the time the matter came before the General Court, the CTM application had been rejected in part—that is, in relation to chickens. However, neither the OHIM Opposition Division nor the OHIM Board of Appeal had found there to be any similarity between the Class 35 and 39 services listed in the CTM application and the Class 29 and 31 goods of the earlier mark. On that basis, there was no foundation for the opposition.

On appeal by the opponent, the General Court was asked essentially whether or not the Board of Appeal had approached the test for similarity of goods and services in the correct way. The General Court held that the Board of Appeal had gone wrong in its assessment of the “complementarity” principle, and annulled the Board of Appeal’s decision.

Complementarity is part of the general assessment of similarity. The court noted, citing earlier case law:

In assessing the similarity of the goods and services at issue, it is settled case law that all the relevant factors relating to those goods and services should be taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary. Other factors may also be taken into account such as the distribution channels of the goods concerned . . .

As regards, more particularly, the complementarity of the goods and services, it must be recalled that goods or services which are complementary are those where there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that consumers may think that the responsibility for the
production of those goods or provision of those services lies with the same undertaking.\textsuperscript{162}

Application of the similarity test requires first that the relevant consumer of the goods or services be identified. Here, the General Court considered that the Board of Appeal had been correct to say that both the goods of the CTM application and the services of the earlier mark were marketed to both individuals and professional buyers; the perspectives of each should therefore be considered.

The court looked separately at the applicant’s Class 35 commercial services and its Class 39 logistics services, comparing them, in turn, with the opponent’s fresh meat and live animals. In each case it confirmed the Board of Appeal’s finding that there was no similarity between the services and the goods on the basis of their nature; their intended purpose; or their method of use. The goods differed from the services in each of those particulars. Additionally, the goods and services were neither interchangeable not competing with each other. However, the court considered that the Board of Appeal had approached the question of complementarity wrongly. It had been influenced by the differences in the nature and purpose of the goods and services, rather than focusing on complementarity as a separate issue that relates not to the inherent nature and purpose of the goods and services, but to the existence of a particular relationship between them.

Although the General Court’s point was taken with respect to all of the services, it came out most clearly in connection with the Class 39 services. The question boiled down to: what is the connection between chickens, on the one hand, and a service of transport, storage, and distribution of chickens, on the other? The General Court considered that anyone purchasing chickens wholesale and needing a transportation service for them would be likely to believe that the same undertaking has responsibility both for the production of the chickens and for the distribution service.

A significant point of principle arose. OHIM recognized that farmers would need to distribute the chickens they had reared and might choose to arrange this themselves. However, OHIM maintained that if a chicken producer were to organize transportation in respect of its own product, the transportation facility thus provided would be merely an internal or ancillary service relating to its chicken production. It would not be the kind of external service (provided for consideration) that is recognized by trademark law. OHIM argued the point by reference to case law relating to the genuine use of a trademark.

The General Court disagreed with the principle espoused by OHIM, holding (among other things) that “the complementarity of

\textsuperscript{162} Id. ¶¶ 21-22.
the goods and services for the requirements of the assessment of
the similarity between those goods and services is not assessed on
the basis of whether the goods or services have an ‘internal’
character in accordance with the arguments developed by OHIM
. . . but on the basis of the perception by the relevant public that
the responsibility for the production of those goods or provision of
those services lies with the same undertaking or with different
undertakings . . . The approach adopted by the Board of Appeal
and supported by OHIM in order to rule on whether the goods and
services at issue are complementary is therefore incorrect.’’163 The
court went on to say that it rejected the analogy with the rules
relating to genuine use of trademarks.

In a nutshell, OHIM’s approach recognized primarily that
transportation services for livestock and meat products were liable
to be offered by specialist independent contractors—a factor that
suggested they should not be regarded as complementarity—and
downplayed the significance of the possibility that producers might
choose to organize their own transportation because, although
OHIM recognized that this might well happen, it did not regard it
as a factor that should really “count” in terms of establishing a
complementarity. The court was saying, on the contrary, that for
these purposes it certainly should count.

The General Court decision did not establish the degree to
which the goods and services under consideration in the present
case should, as a result, be considered similar, or even the degree
to which they should be considered complementary. What it did
establish is that they had some degree of complementarity, and
that the Board of Appeal had reached its conclusion that the goods
and services lacked any similarity without considering the matter
fully, in the round.

8. EU – CJEU – Likelihood of confusion – To what extent
may the likelihood of confusion be effected at the level
of a product category, rather than by reference to
individual items?

A significant proportion of appeal cases brought before the EU
General Court from the Board of Appeal allege, along with
substantive grounds of appeal, one or more procedural points—
often including a failure to state reasons for the decision. By and
large, these procedural points fail. However, the case of Isdin SA v.
OHIM, Bial–Portela & Ca SA intervening164 is a rare instance of

163. Id. ¶ 56.
164. Isdin SA v. Office for Harmonization in the Internal Market (Trademarks and
the CJEU setting aside a General Court decision on grounds of failure to state reasons.

The case was a CTM opposition case in which the appellant’s application to register the mark ZEBEXIR was challenged by the intervenor on the basis of its earlier rights in the mark ZEBINIX. The scope of the challenge included International Class 5, in which the appellant sought to register its mark for: “Pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides.”

And the opponent relied on earlier rights, also in International Class 5, for “Pharmaceutical, veterinary and sanitary preparations; dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides.”

Both the OHIM Opposition Division and the OHIM Board of Appeal found in favor of the appellant, considering the visual and phonetic differences in the marks to be sufficient to exclude a likelihood of confusion. However, the General Court noted that a number of the goods covered by the appellant’s CTM application, including a large proportion of those in International Class 5, would be displayed for sale in supermarkets, where they would be selected by consumers after a visual inspection of their packaging. Because, for the General Court, the visual similarity between the marks outweighed the visual differences, it held there to be a likelihood of confusion. The General Court found in favor of the opponent with respect to all Class 5 goods under Article 8(1)(b) of the CTM Regulation.

The Appellant took the matter to the CJEU, arguing that, although the General Court had explained why the case against the application mark should succeed in relation to “a large proportion” of the Class 5 goods, namely those that would be sold in supermarkets, it had not explained why the same result should obtain in relation to any other Class 5 goods.

The CJEU agreed. Case law, it held, established that the examination of the grounds for refusal must be carried out in respect of each of the goods and services. Although, where the same ground for refusal is given for a category or group of goods of services, the reasoning may be of a general character, “such a power extends only to goods and services which are interlinked in a sufficiently direct and specific way, to the point where they form a sufficiently homogeneous category or group of goods or services. The mere fact that the goods or services concerned are within the
same Class of the Nice Agreement is not sufficient for a finding that such homogeneity exists . . . “165

The CJEU went on to note that, in the present case, “the General Court itself draws a distinction between goods within the same Class of the Nice Agreement on the basis of the conditions under which they are marketed. Consequently, it was incumbent on the General Court to set out reasons for its decision with regard to each group of goods which it had established within that Class.”166

The judgment of the General Court was, therefore, set aside.

9. EU – General Court – Likelihood of confusion – When an OHIM opposition decision is appealed, can the Board of Appeal uphold the original decision on the basis of different earlier rights?

An important procedural point relating to CTM oppositions was made apparent in Lidl Stiftung & Co. KG v. OHIM, Lactimilk, SA intervening.167

The case involved an opposition against the word mark BELLRAM (in relation to cheese in International Class 29) by the owner of various RAM marks. The RAM marks included two figurative marks incorporating the word RAM. The first of these is shown here:

![RAM](image)

The RAM marks also included a word mark. Both the word mark and the figurative marks covered a range of Class 29 goods, including cheese, milk, and milk products.

When the OHIM Opposition Division examined the opposition, it chose (as it often does, for reasons of what it calls procedural economy) to examine the position only by reference to the first figurative mark. It decided that the opposition should succeed under Article 8(1)(b) of the CTM Regulation on the basis of a likelihood of confusion arising from (a) the identicality of the

165. Id. ¶ 27.
166. Id.
goods—i.e., cheese—and (b) the similarity of the marks. The Opposition Division did not go on to rule as to the position by reference to the other RAM trademarks, or the other goods.

However, when the OHIM Board of Appeal heard the case it decided that the opponent had not proved use of either of the two figurative marks. Hence, neither of them could be taken into account in the opposition. On the other hand, the Board of Appeal decided that the opponent had proved use of its RAM word mark, but only for milk and cream products, and not for cheese. Despite the fact that, as a result, the Board of Appeal had to make a very different comparison of goods and services from the one this Opposition Division had made, the Board of Appeal still found for the opponent.

The appellant felt itself to have been wrong-footed. It had focused the arguments submitted to the Board of Appeal on the rationale that the Cancellation Division had adopted for upholding the opposition, rather than on any alternative basis that the Opposition Division might have relied on, but had not.

The General Court had no sympathy for the appellant’s argument that its “right to be heard” had been infringed. The problem experienced by the appellant is inherent in the system, and in the nature and scope of proceedings before the OHIM Board of Appeal. As noted by the court: “It is settled case law that it follows from Article 64(1) of the CTM Regulation that, following the examination as to the merits of the appeal, the Board of Appeal is to decide on the appeal and that, in doing so, it may, inter alia, ‘exercise any power within the competence of the department which was responsible for the contested decision’, that is to say, give judgment itself on the opposition by either rejecting it or declaring it to be founded, thereby either upholding or annulling the decision taken at first instance before OHIM. It thus follows from Article 64(1) of the CTM Regulation that the effect of the appeal brought before it is that the Board of Appeal is called upon to carry out a new, full examination of the merits of the opposition, in terms of both law and fact.”

According to the court, it was therefore perfectly open for the Board of Appeal to switch ground and decide the case on the basis of an earlier mark, and in respect of goods, to which the OHIM Opposition Division itself had not given consideration in its own decision. There was no duty on the Board of Appeal to warn the

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168. Article 64(1): “Following the examination as to the allowability of the appeal, the Board of Appeal shall decide on the appeal. The Board of Appeal may either exercise any power within the competence of the department which was responsible for the decision appealed or remit the case to that department for further prosecution.”

applicant that it might do so, or to invite the applicant to file new submissions in light of its proposals. It is, therefore, necessary for parties to an action before the Board of Appeal to preempt the situation, and cover off the alternative bases, when preparing their appeal submissions.

10. EU – General Court – Likelihood of confusion – How should the distinctive character of the earlier mark be assessed for the purposes of the global assessment, when it is descriptive of some, but not all, of a class of goods? To what extent can the General Court conduct its analysis on the basis of its own view that earlier national trademarks or international registrations lack distinctiveness?

In Colgate-Palmolive Company v. OHIM, dm-drogerie markt GmbH & Co. KG intervening,\(^{170}\) the General Court was required to compare two trademarks sharing a common element that was descriptive for some, but not all, of the goods in question. (The extent to which an element shared by the marks is considered to be descriptive is important as part of the global assessment of the likelihood of confusion, which includes a requirement that the distinctiveness of the marks be considered. All other things being equal, the lower the distinctiveness of the element shared between the marks, the less the likelihood of confusion.)

The case concerned the appellant’s application to register the Community trademark 360˚ SONIC ENERGY for toothbrushes. It was understood that this would cover both electric toothbrushes (including those generating ultrasounds) and ordinary manual toothbrushes. The intervenor opposed on the basis of its earlier rights in six EU Member States under an international registration of the mark SONIC POWER. The registration also covered (among other things) both electric and manual toothbrushes.

The OHIM Opposition Division upheld the opposition, under Article 8(1)(b) of the CTM Regulation. This decision was confirmed by the Board of Appeal. The Board of Appeal considered that the term “sonic,” common to both marks, would be understood by most consumers in the six EU Member States concerned to have a descriptive meaning (hence, a lower distinctiveness) for electric toothbrushes. However, this would not impair the distinctiveness of the SONIC element in relation to manual toothbrushes.

At the appeal hearing before the General Court, the appellant informed the court that it had applied to restrict the trademark

specification, so as to cover electric toothbrushes only. However, the General Court declined to take account of this, on the grounds that it would change the factual context in which the decision under appeal had been made. This appeal therefore proceeded on the basis that the goods at issue (which were identical in both cases, as between applicant and opponent) were toothbrushes of both the manual and electric varieties.

The question was the extent to which the weak distinctive character possessed by the term “sonic,” common to both the marks, with respect to electric toothbrushes should influence the overall outcome.

The General Court started by reciting a number of established EU law propositions concerning the required “global assessment” of the likelihood of confusion between two marks. This assessment is to be based on the overall impression made by the marks, respectively, “bearing in mind, in particular, their distinctive and dominant components.” Among the propositions cited was the following:

where some elements of a trademark are descriptive of the goods and services in respect of which that mark is registered or the goods and services covered by the application for registration, those elements are recognized as having only a weak, or even very weak, distinctive character. Owing to their weak, or even very weak, distinctive character, descriptive elements of a trademark are not generally regarded by the public as being dominant in the overall impression conveyed by that mark, unless particularly because of their position or their size, they appear likely to make an impression on consumers and to be remembered by them (see judgment of October 17, 2012 in Case T485/10 MIP Metro v. OHIM—J.C. Ribeiro (MISS B), not published in the ECR, paragraph 27 and the case law cited).171

Considering the facts of the present case, the General Court agreed with the Board of Appeal that the term “sonic”—particularly when associated with the words “energy” and “power,” respectively—could be taken to refer to the capacity of certain electric toothbrushes to use ultrasound for a more intense cleaning process. The General Court also agreed with the Board of Appeal that the term “sonic” was not descriptive in relation to ordinary bristle toothbrushes. However, the General Court differed from the Board of Appeal as to the overall impact of these findings. According to the court:

the term “sonic” ... is descriptive of one of the essential characteristics of certain electric toothbrushes, that

171. Id. ¶ 38.
characteristic allowing the relevant public to distinguish such toothbrushes, amongst toothbrushes in general, from “ordinary bristle” toothbrushes and electric toothbrushes which do not use the [relevant technology].

In those circumstances, it must . . . be held that the fact that the application for registration does not distinguish between the categories of toothbrushes in respect of which registration was sought cannot have the effect of altering the descriptive character of the term “sonic” in the conflicting signs.172

The General Court thus seemed to indicate that, for the purposes of the comparison, the categorization of “sonic” as a descriptive element, with little, if any, distinctiveness, should apply to all the goods under comparison—not just those for which it could actually be descriptive.

That conclusion mitigated in favor of the appellant. However, the court then moved on to a related point that sunk the appellant’s chances. The opponent’s mark consisted of nothing other than the two words—“sonic” and “power.” Taking the opponent’s mark as a whole, the court concluded there was a limit to how far it could lawfully go in declaring it to lack distinctiveness. This was because the SONIC POWER mark had been granted protection by EU national trademark authorities under legal norms that require that they protect only marks with a certain minimum degree of distinctiveness. And it was not open to the General Court to impugn a mark that had been so protected.

According to the court, citing earlier case law:

... it must be borne in mind, with regard to the earlier word mark SONIC POWER, that it follows from the coexistence of Community trademarks and national trademarks, and from the fact that the registration of the latter does not fall within the sphere of competence of OHIM, and that judicial review in respect of them does not fall within the jurisdiction of the General Court, that in proceedings opposing an application for registration of a Community trademark, the validity of national trademarks cannot be called in question . . . That reasoning applies to trademarks which have previously been registered under international arrangements.

It follows that, during the comparison of the conflicting signs within the context of opposition proceedings based on the existence of an earlier international trademark, OHIM and the Courts of the European Union may not reach a finding that a registered and protected earlier international trademark lacks distinctive character, since such a finding would not be compatible with the coexistence of Community trademarks.

172. Id. ¶¶ 50-51.
and international trademarks or with Article 8(1)(b) of [the CTM Regulation], interpreted in conjunction with Article 8(2)(a)(iii) and (iv) thereof. Such a finding would be detrimental to the protection granted to such an earlier international trademark since it would be capable of facilitating the registration of an identical or similar Community trademark.

Therefore, despite the findings made above, a certain degree of distinctiveness of the earlier word mark must generally be acknowledged. 173

The General Court proceeded, on that footing, to a fuller examination of the respective marks, and dismissed the appeal.

11. EU – General Court – Likelihood of confusion – How does the nature of the product market influence the assessment of likelihood of confusion where the marks are considered to have no similarity other than a certain aural similarity?

This question was addressed by the EU’s General Court in its decision of December 5, 2013, in Case T-394/10, Elena Grebenshikova v. OHIM, Volvo Trademark Holding AB intervening. 174 The case illustrates how the “global assessment” of likelihood of confusion may differ, depending on the nature of the similarities found to exist between the marks and the nature of the goods or services and the market they inhabit.

The case relates to an opposition brought by Volvo against the appellant’s application to register the “SOLVO” logo shown here.

The application was in respect of “computer programs for warehouse management systems and computer programs for container terminal systems.” The opposition was based on (among other things) the Community trademark VOLVO, registered for (among other things) computer software in International Class 9 and vehicles in International Class 12.

The decision of December 5, 2013, was the General Court’s second decision in the case, the first having been given four years earlier. The General Court’s second appeal decision, under


discussion here, annulled a decision of OHIM’s First Board of Appeal, in 2010, that the application should be refused on likelihood of confusion grounds under Article 8(1)(b) of the Regulation.

The contested decision of the Board of Appeal was based on findings that:
(a) the applicant’s goods were identical to those covered by the VOLVO CTM;
(b) the VOLVO mark had a high level of distinctiveness in relation to software;
(c) the marks were not visually similar, but were phonetically similar to a certain degree; and
(d) the visual dissimilarities did not outweigh the phonetic similarities—with the result that there was a global similarity, giving rise to a likelihood of confusion.

The General Court took a different approach and asked what specific relevance the phonetic similarity would actually be likely to have in the context in which the goods would be marketed. The court noted that although the high level of distinctiveness of the earlier mark is a factor to be taken into account, it is only one factor among others to be considered in the global assessment, and “it is also necessary to examine the applicant’s argument that the method of marketing the software in question means that the relevant professional public will inevitably be faced with the image of the sign applied for before making its choice.”

The General Court found this argument persuasive, noting “The degree of phonetic similarity between two marks is of less importance in the case of goods which are marketed in such a way that, when making a purchase, the relevant public usually also perceives visually the mark designating the goods.” In other words, if the public will see the trademark as well as hearing it, the degree of visual similarity (or lack of it) will be more important than the degree of aural similarity.

In the present case, the court noted that “purchase of the software in question constitutes a significant investment on the part of specialist undertakings.” Accordingly, even if initial information concerning the product were to be received aurally, “the fact none the less remains that the employees of the undertaking who are responsible for its acquisition will scrupulously examine the characteristics and content of the

176. Id. ¶ 30.
177. Id. ¶ 34.
software” and “will inevitably see the image of the sign applied for.”\textsuperscript{178}

The court went on to say, “in the course of that elaborate selection process, the users will be aware not only of the characteristics of the goods, but also of the identity of the producers and the marks on the market and will therefore be very attentive to even slight differences between those marks.”\textsuperscript{179} The court noted that the buyers of the software concerned would be particularly interested in ascertaining the identity of the producer of the product. There was, according to the court, no likelihood that they might think that the specialist software to be supplied under the SOLVO mark came from VOLVO or a related entity, notwithstanding the high level of distinctiveness of the VOLVO mark.

The court noted that the buyers of the software concerned would be particularly interested in ascertaining the identity of the producer of the product. There was, according to the court, no likelihood that they might think that the specialist software to be supplied under the SOLVO mark came from VOLVO or a related entity, notwithstanding the high level of distinctiveness of the VOLVO mark.

The case does not touch on the possibility of initial interest confusion or deal with the possibility of conflict between the marks on dilution or unfair advantage grounds.

12. EU – General Court – Likelihood of confusion – To what extent can evidence of the coexistence of the senior and junior marks in the EU market mitigate the likelihood of confusion?

In Höganäs AB v. OHIM, Haynes International, Inc. intervening,\textsuperscript{180} the General Court had to consider the appellant’s argument that evidence of several years’ peaceful coexistence of the senior and junior marks in the EU market disposed of any question of likelihood of confusion.

The appellant had filed a CTM application for the mark ASTALOY in International Class 6, for “iron-based metal powders for industrial use.” The intervenor opposed the application on the basis of its earlier CTM HASTELLOY in International Class 6, covering a range of (among other things) metal alloys in the form of bars and sheets.

According to the General Court’s assessment of the marks’ similarities, it was clear that, all other things being equal, the General Court would concur with both OHIM and the Appeal Board that the application should be rejected on likelihood of confusion grounds under Article 8(1)(b) of the CTM Regulation. However, the appellant put up a strong argument based on the prior coexistence of the marks.

\textsuperscript{178} Id. ¶ 35.

\textsuperscript{179} Id. ¶ 36.

\textsuperscript{180} Höganäs AB v. Office for Harmonization in the Internal Market (Trademarks and Designs) (OHIM), Haynes International, Inc. intervening, Case T-505/10, [2013] ECR II-_____ (GC, Apr. 10, 2013).
As to the principle of using coexistence arguments, the General Court noted as follows:

the Court of Justice has held that the possibility cannot be ruled out that the co-existence of two marks on a particular market might, together with other elements, contribute to diminishing the likelihood of confusion between those marks on the part of the relevant public. The absence of a likelihood of confusion may, in particular, be inferred from the peaceful nature of the co-existence of the marks at issue on the market concerned. The General Court has, furthermore, held that the co-existence of two marks must be sufficiently long for it to be able to influence the perception of relevant consumer.

Moreover, the General Court has already held that the possibility that the coexistence of earlier marks on the market could reduce the likelihood of confusion found to exist can be taken into consideration only if, at the very least, during the proceedings before OHIM concerning relative grounds of refusal, the applicant for the Community trademark has demonstrated to the requisite legal standard that such co-existence was based upon the absence of any likelihood of confusion on the part of the relevant public between the earlier marks upon which it relies and the intervener’s earlier mark on which the opposition is based, and provided that the earlier marks concerned and the marks at issue are identical.181

It followed from this that where (as here, since both marks concerned were CTMs) the prima facie conflict between the two marks exists throughout the EU, the evidence of coexistence would also have to cover the whole EU. According to the General Court, evidence of coexistence could not have an “indicative value” if it did not cover all EU Member States.

The severity of this principle seemed to be somewhat mitigated when the General Court turned to look at the facts, although ultimately to no avail.

The appellant had provided EU sales figures for metal powders under the ASTALOY mark. These covered several years leading up to the date of its CTM application. Unfortunately, they were not broken down by country. However, the court noted that “evidence of the presence and use of a mark in a particular geographic market can be adduced by other evidence besides sales information. Here,

besides evidence of the quantity of products sold under the ASTALOY mark prior to 2004 in Europe, the applicant has also submitted articles and a large number of extracts from

181. Id. ¶¶ 47-48.
technical and scientific articles in which the ASTALOY mark applied for is referred to along with references and extracts of presentations at conferences and exhibitions in which that mark is mentioned.

... those articles and those presentations are capable of demonstrating the presence of that mark on the market for the products at issue. Given that the products at issue are highly specialised and destined for professional purchasers from the metallurgy sector, those articles and presentations could assist in establishing that mark’s presence on the market at issue.

In that regard, it must be possible that each potential purchaser of metal powders present in the Member States prior to 2004 will have inquired about the properties of those powders for the purposes of establishing the use which that purchaser intended to make of them prior to purchasing those powders. Indeed, considering the technical nature of the products at issue and the fact that those products are reserved for industrial use, the consumer of those products will not have purchased them without prior information concerning their specific properties. Information concerning the specific features of metal powders will be made available in particular in scientific and technical articles published in the field of metal powders. ...\(^\text{182}\)

This evidence, in combination with specific sales evidence (invoices) relating to sales in Austria, Spain, Italy, and Sweden was enough for the General Court to conclude, given what it had found about the specialized nature of the products and the purchasing decision, that the appellant had established satisfactorily that the ASTALOY mark was present in all EU Member States.

Yet this was not enough for the appellant to succeed in the defense of its CTM application. The appellant had to show not only that the marks had coexisted, but also to adduce conclusive evidence that the consumers of the products covered by each of the marks at issue did not confuse them.

On this point, the appellant had adduced affidavit evidence—one affidavit from one of its own former marketing executives to the effect that there had been no known instances of confusion; the other from a metallurgy professor to the effect that the marks would not be confused by virtue of their different fields of application, spellings, and technical designations. The General Court found the affidavits insufficient; it would have wanted more evidence, and particularly from consumers of the products.

\(^{182}\) *Id.* ¶¶ 56-58.
The General Court also noted that, even with that evidence in place, it would regard the coexistence of the marks simply as a factor in its global appreciation of the likelihood of confusion between them. It would not have been considered determinative in and of itself.

A similar attempt was made, and with a similar result, in The Cartoon Network, Inc. v. OHIM, Boomerang TV, SA intervening.183 The appellant had applied to register the mark BOOMERANG as a CTM for, among other things, cable and television broadcasting services, and cable and television programs, in International Classes 38 and 41. The application was opposed on the basis of an earlier CTM incorporating the words BOOMERANG TV and an arc (or boomerang) device. The earlier mark was registered for, in particular, film production services.

The similarity of the two signs was not in doubt. As for the similarity of services, the General Court agreed with the Board of Appeal that the appellant’s services in relation to television broadcasting and cable programs should be considered similar to the opponent’s film production services. This was because, even though the two types of services were considered “somewhat different” in terms of their respective nature and purposes, the General Court considered that they did complement each other. (The EU law theory of complementarity (as to which, see also the Sanco184 case discussed above in Part II.C.7) is that goods or services may be considered similar in the sense that “one is indispensible or important for the use of the other in such a way that customers may think that responsibility for the goods or services lies with the same business undertaking.”)

Although, in terms of their market, there was only overlap between the two service categories in the case of specialist buyers (since the general public do not buy film production services), the General Court inclined to the view that there was a likelihood of confusion. However, into the mix the appellant threw the argument the marks were already in coexistence. According to the General Court, “the [appellant] claims that it was sufficient to demonstrate the coexistence of the conflicting trademarks in several countries of the European Union.”185

As in ASTALOY, however, the General Court found the evidence submitted by the appellant to be insufficient. It consisted of extracts from national trademark registers; an affidavit from one of the appellant’s directors showing first use details of the BOOMERANG mark in different EU Member States; viewing figures for the BOOMERANG television channel; and advertising materials and expenditure.

The General Court repeated criticism that had been levelled by the Board of Appeal at the evidence filed: it related solely to the mark applied for; and it gave “no indication of the way in which the relevant public encountered the conflicting marks on the market and the services for which they were used.” The General Court also repeated two other points that are frequently made in CTM-related proceedings—that evidence of the marks appearing on national trademark registers does not (in and of itself) assist; and that evidence provided by the officers or management of the party itself will likely be given less weight if it is not substantiated by evidence from independent sources.

The case reinforces the notion that a trademark owner or applicant hoping to use coexistence as a basis for avoiding a finding of likelihood of confusion has a mountain to climb.

13. EU – CJEU – To what extent does evidence of the coexistence of numerous similar marks in the EU establish that the earlier mark has weak distinctiveness?

Community trademark applicants also have difficulty, in opposition cases, in defending their position by using the argument that the existence of numerous other marks similar to that of the opponent is indicative of a weak distinctiveness in the opponent’s mark. In Seven for all Mankind LLC v. Seven SpA and OHIM, the appellant was defending its CTM application for the mark SEVEN FOR ALL MANKIND, in International Classes 14 (jewelry) and 18 (handbags and accessories) against opposition by the owner of several registrations of the trademark SEVEN, in various figurative forms.

On appeal to the CJEU, the appellant agreed (among other things) that the General Court had not taken proper account of its arguments concerning the weakness of the distinctive character of the opponent’s SEVEN marks. In particular, the appellant had pointed to the existence of numerous marks registered in the EU containing the word “seven” or the numeral “7.” An earlier Board

186. Id. ¶ 59.
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of Appeal decision referred to there being some 80 trademarks on the CTM database consisting or beginning with the word “seven.” Moreover, OHIM had noted the “common experience” that numbers are frequently used on clothing and fashion accessories.

The CJEU implicitly accepted the potential relevance of appropriate evidence on the point, but held:

48 . . . the mere existence, even in high numbers, of marks which have that characteristic is not sufficient to establish the weak distinctive character of those marks.

49 For that claim to be relevant to such a finding, it must be shown that there are significant similarities as regards not only the presence of the word “seven” or the numeral “7” in the earlier marks but also the position, type-face, ornamental presentation, any special font of a particular letter of that word, and the shape of the numeral “7”, as well as, if that be the case, the presence of verbal or figurative additional elements before or after that word or number. Furthermore, the marks at issue must refer to the same goods and services.188

In other words, applicants hoping to make a compelling point as to the weakness of the opponent’s mark by reference to its popularity have to work hard to find evidence that is directly and specifically relevant. They will also need to ensure that the evidence covers how the third marks are used, not just that they may exist on trademark registers.

14. Spain – Spanish Supreme Court – Can the trademark applicant’s possession of still-earlier rights be used to defend a trademark application that is opposed on the basis of earlier rights?

The Spanish law doctrine of “continuity of registration” performs a valuable role in this regard. Unfortunately, there is no similar doctrine, of wider application, built into the CTM Regulation or the TM Directive.

This effectiveness of prior rights vis-à-vis intermediate registrations is not expressly foreseen in the Spanish Trademark Act, but there is a line of case law of the Spanish Supreme Court according to which the owner of a registered trademark cannot be prejudiced by the owner of a similar intermediate mark when he intends to register a variation of his own, still-older trademark. The continued operation of the doctrine was confirmed by the Spanish Supreme Court in its decision of February 7, 2013, which rejected the appeal filed by the Company EDF consulting S.A.

188. Id. ¶¶ 48-49.
against the decision of the High Court of Justice of Madrid dated March 29, 2012.\textsuperscript{189}

The previous Spanish case law includes Supreme Court Judgment of April 19, 1996,\textsuperscript{190} in which it was established that “those who obtain a trademark registration despite the existence of an earlier similar mark cannot claim prior rights with respect to the owner of this earlier mark when the owner of the earlier mark applies for a trademark with the same or very similar designation/figurative elements as the owner of the earlier mark is simply extending his prior mark to other similar products or marks.”\textsuperscript{191}

In the same way, in the Spanish Supreme Court judgment of October 14, 2010 (MUSTANG),\textsuperscript{192} it was held that “the grant of the applied for trademark MUSTANG (fig.) for the whole heading in Class 25 is not unreasonable or arbitrary as the applicant is the owner of trademark CALZADOS MUSTANG for footwear and the new mark is just an extension of products to a variant of the earlier mark.”\textsuperscript{193} In that case, the applicant, Mr. Narciso, was the owner of an earlier trademark registration CALZADOS MUSTANG covering “footwear” (\textit{calzados} in Spanish means “footwear”) and wished to register trademark MUSTANG for clothing. The company MUSTANG-Bekleidungswerke GmbH had a trademark registration for MUSTANG in International Class 18 but could not obtain the rejection of Mr. Narciso’s trademark for “clothing” as the Court considered that Mr. Narciso enjoyed rights on an almost identical mark for similar goods that were prior to the registration of the opponent’s mark MUSTANG in Class 18.

In its EDF judgment of March 29, 2012,\textsuperscript{194} the High Court of Justice (later confirmed by the Supreme Court) granted protection under an international trademark reproduced below of Electricité de France:

\begin{center}
\includegraphics[width=0.1\textwidth]{EDF.png}
\end{center}

\textsuperscript{189.} Spanish Supreme Court, Contentious-administrative, Feb. 7, 2013, Appeal No. 1227/2008.


\textsuperscript{191.} \textit{Id.}, Point of Law No. 2, ¶ 1.


\textsuperscript{193.} \textit{Id.}, Point of Law No. 4, ¶ 2.

It did so despite the existence of this earlier mark, registered for closely related services in the same classes in the name of a Spanish company:

The court considered that Electricité de France’s trademark was no more than a variation of the one reproduced below, which was the earliest of the three, and that the Registry and the courts should protect the owner of the oldest right by virtue of the continuity in registration doctrine.

The 2013 judgment of the Supreme Court states that:
In order to decide the present case, we must take into account the case law of the Spanish Supreme Court (...) establishing that someone who has obtained the registration of a trademark identical or similar to a previously registered one cannot invoke prior rights against the owner of the oldest trademark as he does not have any prior right. The Registry must protect the right of the party that has filed first who, when filing a similar trademark, must enjoy prior rights and cannot be affected by someone who registered a similar trademark later, since the new application constitutes a continuity in registration of the oldest one and more flexible criteria must be applied.

In the present case, the appellant is the owner of International Trademark EDF Electricité de France, filed on January 14, 1988, covering, among other goods and services, those in Classes 37 and 42. This sign contains as its dominant part the element EDF, the rest of the designation Electricité de France being written below in smaller size letters inside a blue square with a red line in the middle.

The above trademark was registered prior to the opposing trademark EDF, registered on August 8, 1990, to cover services in Classes 37 and 42.

It is true that the oldest mark and the newly filed one are not identical. However, the new mark shares with the oldest one the most distinctive element EDF, an acronym of Electricité de France. From this perspective, it can be concluded that the new mark is an evolution of the oldest one, and the doctrine of
continuity in registration does not require the total identity of the oldest mark and the new one but simply that there is similarity between both designations, which happens in the present case.195

This interesting case law of the Spanish Supreme Court provides a neat solution to the problems experienced by companies that periodically modernize their logos.

15. EU – General Court – Earlier unregistered rights – What evidence is required to establish the basis for a claim?

Macros Consult GmbH – Unternehmensberatung für Wirtschafts- und Finanztechnologie v. OHIM, MIP Metro Group Intellectual Property Group GmbH & Co. KG intervening196 concerned a failed attempt to invalidate a CTM on the basis of earlier unregistered rights, for which provision is made in Article 8(4) of the CTM Regulation.

Article 8(4) provides that the owner of an unregistered trademark or sign may prevent the registration of a later CTM where all of the following conditions exist: (a) that earlier right has been used in the course of trade; (b) the use was more than mere local significance; (c) the rights were acquired before the application date of the CTM; and (d) the right conferred on its owner the right to prohibit the use of the subsequent trademark.

The applicant had filed an application to register the word mark MACROS as a CTM in International Classes 35, 36, and 41. The intervenor filed an opposition based on its earlier CTM for MAKRO (stylized) in International Classes 9, 35, 36, and 41. In response, the applicant applied for a declaration of invalidity of the intervenor’s CTM based on its alleged earlier use of “macros consult” as a name, company name, and trade sign.

OHIM’s Cancellation Division and the Fourth Board of Appeal both rejected the application for a declaration of invalidity, finding that, in essence, the existence of an earlier right based on the applicant’s prospective company name had not been established.

The applicant appealed to the General Court, arguing that under German law “the company name of a pre-incorporation legal person . . . is protected . . . subject to the condition that the future company has operation in relation to third parties and that the commercial activity thus carried out suggests a lasting economic


activity." This was relevant because the applicant’s entry onto the German commercial register under the name “macros consult GmbH” occurred a mere eighteen days before the intervenor’s CTM application and so would have been unlikely in itself to establish sufficient prior use.

In its decision, the court offers useful guidance on the application of Article 8(4) of the CTM Regulation in the context of nonregistered signs protected under national law. The ruling illustrates that it is imperative to submit, in a timely fashion, evidence not just of the earlier mark or name relied on, but also of: (a) the national laws that are claimed to protect the name or mark; and (b) how those laws may be expected to work, in the relevant circumstances to enable the earlier rights to prevent use of the CTM.

The court noted that the four requirements to show invalidity of a CTM under Article 8(4) are cumulative and that the first two (that the sign be used in the course of trade and that it be of more than mere local significance) must be interpreted in the light of European Union law, whereas the last two (that the right to the sign be acquired in accordance with the law of the Member State in which it was used and that the sign confers the right to prohibit the use of a subsequent trademark) must be assessed by reference to the law of the EU Member State that governs the right relied on.

In relation to the burden of proof and evidence required to show the existence of an earlier national right, the court emphasized the obligations on the applicant to “provide particulars showing that he is entitled under the applicable national law to lay claim to [an earlier right protected by national law]” and to “establish, before OHIM, not only that this right arises under the national law, but also the scope of that law.”

The only evidence the applicant had submitted before the Board of Appeal that dated from before the application date of the contested mark related to the registration on the German commercial register and an application by that company for a German trademark (which was subsequently withdrawn). This was insufficient to show that the earlier right had arisen under national law.

The circumstances of the case were that the name on which the invalidity applicant relied—“macros consult GmbH”—did not correspond to the applicant’s name on the commercial register (“macros consult GmbH–Unternehmensberatung für Wirtschafts- und Finanztechnologie”). The invalidity applicants had failed to

197. Id. ¶ 34.
198. Id. ¶ 58.
199. Id. ¶ 62.
show that “in German law, the company name whose protection is invoked . . . can differ from the designation in the evidence put forward to prove the existence of that protection” (paragraph 82) or show that the commercial registry registration itself demonstrated “the lasting nature of the use of that designation.”

The court also held that the Board of Appeal was right to find that an application to the GPTO is not sufficient to prove use of a company name in the course of business and that the application itself “neither presupposes nor implies use of that mark.” The Board of Appeal was therefore entitled to find that the existence of an earlier right had not been established for the purposes of a cancellation application on Article 8(4) grounds.

16. EU – General Court – Earlier unregistered rights – What amounts to sufficient use, in the relevant country, of a term protected as an appellation of origin?

The EU General Court decision in January 2013 in Budějovický Budvar v. OHIM, Anheuser-Busch LLC intervening, concerns the highly unusual situation of an appellation of origin being used as an earlier right in an opposition under Article 8(4) of the CTM Regulation.

The Czech brewery Budějovický Budvar had opposed, under Article 8(4) of the CTM Regulation, CTM applications by the American brewer Anheuser-Busch for the sign BUD for various goods including beer, relying on the appellation of origin “bud,” as protected in France, Italy, and Portugal under the Lisbon Agreement and in Austria under bilateral treaties.

The history was as follows: OHIM dismissed the oppositions on the ground that the evidence of the use of the appellation of origin “bud” was insufficient. The OHIM Board of Appeal concurred. Budějovický Budvar brought actions before the General Court, which annulled OHIM’s decisions. In the General Court’s view, OHIM had been applying too stringent a standard when addressing the question of whether or not the earlier right had been used “in the course of trade.” In the General Court’s view, that use need only have a significance that was not merely local and that this was satisfied where use extended beyond the territory of origin.

Anheuser-Busch appealed the General Court’s judgment to the CJEU, which set it aside in part. The CJEU had held that a

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200. Id. ¶ 82.
201. Id. ¶ 86.
geographical indication protected in a Member State could prevent registration of a CTM under Article 8(4), but only if it had been actually used in a “sufficiently significant manner in the course of trade and its geographical extent not be merely local, which implies, where the territory in which that sign is protected may be regarded as other than local, that the sign must be used in a substantial part of that territory.” 203 In order to ascertain whether this was the case, the CJEU had set out the following guidelines: “account must be taken of the duration and intensity of the use of the sign as a distinctive element for its addressees, namely purchasers and consumers as well as suppliers and competitors. In that regard, the use made of the sign in advertising and commercial correspondence is of particular relevance. In addition, the condition relating to use in the course of trade must be assessed separately for each of the territories in which the right relied on in support of the opposition is protected. Finally, use of the sign in the course of trade must be shown to have occurred before the date of the application for registration of the Community trademark.” 204

The General Court therefore had to examine whether, in light of the CJEU’s judgment, the use by Budějovický Budvar of the appellation of origin “bud” was sufficient according to that standard.

In its Judgment in January 2013, the General Court worked through the opposition cases, in turn applying this test. In relation to one CTM application it held that Budějovický Budvar had not produced any evidence showing use, before the date of Anheuser-Busch’s CTM application, of an earlier sign in the course of trade of more than mere local significance and therefore dismissed the appeal in this case.

In the other cases, the General Court observed that the Czech brewery had produced invoices to show actual use of the appellation “bud” in France. However, it discarded some of those invoices, as they were dated subsequent to the date of filing of the CTM application concerned. The other invoices related to a very limited volume of products (87 litres) and the relevant deliveries were limited to three towns, at most, in French territory. In those circumstances, the court held that the condition of use in the course of trade of a sign of more than mere local significance was not satisfied in France.

Similarly, the documents produced by Budějovický Budvar to show actual use of the appellation “bud” in Austria showed only very low sales in terms of volume and turnover (an average of 12.82 hectoliters a year). Furthermore, although the Czech

203. Id. ¶ 47.
204. Id.
brewery had sold beer under that name in eight towns in Austria, sales outside Vienna were negligible (24 bottles in six towns and 240 bottles in one town) and “these sales had to be seen from the point of view of the period during which the products were marketed (from two to three years, depending on the case) and the average beer consumption in Austria (over 9 million hectolitres a year).”\(^\text{205}\) The court therefore considered that the condition of use was not satisfied in Austria either.

17. EU – CJEU – Detriment to distinctive character – In an opposition to a Community trademark application based on the grounds that the use of the trademark applied for would be detrimental to the distinctive character of the earlier trademark, does the opponent need to establish that a “change in the economic behaviour” of relevant consumers is likely to result from use of the mark applied for?

Yes, in a case involving a claim of “detriment to distinctive character,” the opponent must establish that a “change in the economic behaviour” of relevant consumers is likely to result from use of the mark applied for. So held the CJEU in its appeal ruling of November 14, 2013, in *Environmental Manufacturing LLP v. OHIM*\(^\text{206}\). The decision upholds and reinforces a rather debatable aspect of the CJEU’s well-known ruling in *Intel Corporation v. CPM United Kingdom Limited* (INTELMARK)\(^\text{207}\). This new ruling is of significance because it re-establishes a stringency in the application of the EU rule on “detriment to distinctive character” (or “blurring”) that had been considerably eroded, in practice, in the relatively short period since the *Intelmark* ruling was handed down.

In the present case, the appellant company Environmental Manufacturing was prosecuting an application to register a wolf’s head device as a Community trademark in relation to machines for the processing of wood and green waste in International Class 7. The opponent relied, in its opposition before OHIM, on certain earlier registered trademarks, registered for identical or closely similar goods, that were found by the Second Board of Appeal to have some similarity with the mark applied for, and that were also found to be “highly reputed” (i.e., to have a significant reputation) in three of the EU’s Member States. The opponent argued, among

\(^{205}\) *Id.* ¶ 61.


other things, that the use of the applicant’s mark would be detrimental to the distinctive character of its own earlier marks under Article 8(5) of the Regulation. The Board of Appeal concluded that this was correct—that the use of the mark applied for might dilute the unique image of the opponent’s earlier marks.

When the case subsequently came before the General Court on appeal, the General Court had to consider (among other things) whether or not to uphold the Board of Appeal’s decision on “detriment to distinctive character.” This required the General Court to apply the *Intelmark* ruling.

The *Intelmark* case had concerned the application of Article 4(4)(a) of the TM Directive—which deals with trademark dilution theories in the context of national trademark oppositions. As can be seen from the texts quoted at the beginning of this Part V, the language of Article 4(4)(a) of the TM Directive on the point at issue is identical to the wording of Article 8(5) of the CTM Regulation. Essentially, when unravelled, each of these provisions allows for three distinct bases for a trademark opposition, each of which applies only where the earlier mark being relied on has a reputation in the relevant market that the use of the later mark:

(a) would *take unfair advantage* of the reputation of the earlier mark; (b) would *harm* the reputation of the earlier mark (i.e., tarnishment); and (c) would be *detrimental to the distinctive character* of the earlier mark (i.e., blurring).

In certain cases the trademark proprietor has the opportunity to raise more than one of these grounds of attack in an opposition case (for example, a “detriment to distinctive character” claim can often be run alongside an unfair advantage claim) and it may be relevant to know which of the heads of claim is liable to be easiest to deploy. The questions raised before the CJEU in *Intelmark* included one intended specifically to ascertain the requirements to be satisfied in a “detriment to distinctive character” claim. The CJEU answered that question in the following terms:

76. . . . detriment to the distinctive character of the earlier mark is caused when that mark’s ability to identify the goods and services for which it is registered and used as coming from the proprietor of that mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the later mark.

77. It follows that proof that the use of the later mark is or would be detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of goods or services for which the earlier mark was registered consequent on the use of the later
mark, or a serious likelihood that such a change will occur in the future.\textsuperscript{208}

The second of these paragraphs was then imported word-for-word into the operative part of the CJEU’s ruling in the \textit{Intelmark} case.

This part of the \textit{Intelmark} ruling was considered by many commentators to go too far, if taken at face value. The requirement to prove an opposition case based on observed or predicted changes in the economic behavior of one’s own customers resulting from the introduction of the junior mark appeared a tough proposition, likely to have a chilling effect on the utility of the “detriment to distinctive character” opposition ground. In practice, however, the test was softened.

This is precisely what happened in the \textit{Environmental Manufacturing} case now under consideration, up to the level of the General Court. The General Court was prepared to uphold the earlier Board of Appeal decision, favoring the opponents, on the basis that, “the fact that competitors use somewhat similar signs for identical or similar goods compromises the immediate connection that the relevant public makes between the signs and the goods at issue, which is likely to undermine the earlier mark’s ability to identify the goods for which it is registered as coming from the proprietor of the mark.”\textsuperscript{209} However, the CJEU insisted that, following \textit{Intelmark}, a “higher standard of proof” is required in “detriment to distinctive character” cases: a requirement to show a change, or the likelihood of a change in economic behavior, based upon the available evidence as to the prevailing circumstances—such as the “normal practice in the relevant commercial sector.”

The CJEU criticized the General Court for effectively applying paragraph 76 of the \textit{Intelmark} decision without also applying paragraph 77 (also above)—and for going along with a methodology that would allow “detriment to distinctive character” cases to be won on the basis of mere supposition, rather than a logical, contextual deduction from proven facts. Although it was not necessary to prove that actual detriment had already been observed in consumer behavior, it was at least necessary to prove the existence of a serious risk of this happening in future, based on an analysis of the probabilities.

It appears from the ruling in \textit{Environmental Manufacturing} that the \textit{Intelmark} requirement for evidence as to change in economic behavior cannot be dismissed as being merely another

\textsuperscript{208} \textit{Id. ¶¶ 76-77.}

\textsuperscript{209} \textit{Environmental Manufacturing LLP v. Office for Harmonization in the Internal Market (Trademarks and Designs) (OHIM), Société Elmar Wolf intervening, Case C-383/12 P, [2013] ECR I-____, ¶ 39 (CJEU, Nov. 14, 2013).}
way of saying that the use of the junior mark should be likely to lead to the “dispersion of the identity and hold upon the public mind of the earlier mark.” It is a requirement that must be confronted in its own right in “detriment to distinctive character” cases. Equally, the ruling makes plain that this special evidential requirement will not be waived merely because, as was the case in the Environmental Manufacturing proceedings (but was not the case in the Intelmark proceedings), the opponent’s goods or services are identical or very similar to those of the applicant. In other words, the evidential requirement as to economic effect exists whether or not the parties are competitors.

As in the Intelmark case, the CJEU in the Environmental Manufacturing case was conscious of the potentially wide reach of claims based on the theory of “detriment to distinctive character,” and the role that the “economic behaviour” requirement could play in limiting this. It commented that, “Accepting the criterion put forward by the General Court could, in addition, lead to a situation in which economic operators improperly appropriate certain signs, which could damage competition.”

The CJEU’s decision to reinforce Intelmark rather than explain it away (or even simply explain it) will inevitably curtail, to some extent, the scope of protection available to powerful brand owners under EU dilution theory. The decision leaves one none the wiser about how the owners of established trademarks may realistically be expected to adduce evidence of a change in economic behavior among their own customers consequent upon the junior mark’s entry into the market. Nor does it spell out what is required to demonstrate a likelihood of this happening in future. However, the ruling is directed not at the substance of the rule on “detriment to distinctive character,” but on the practice of obtaining and working the available evidence to prove the case. Cases can still be won, provided evidence is presented as to market conditions and logical arguments carefully constructed upon the available evidence as to why and how this is liable to impact both the perceptions and the behavior of customers. But it will not be sufficient merely to point out the similarity of the marks and speculate about customer perceptions.

VI. BAD FAITH

A. Introductory Comments

EU trademark law contains a number of provisions offering the possibility of challenging a trademark application, or the

210. Id. ¶ 41.
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 situation is more complicated in the case of a trademark being registered on an EU national register. The TM Directive 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).

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. **EU – CJEU – Is good faith a concept of EU law that must be given a uniform interpretation throughout the European Union? If so, what does it involve? In particular, when applying the bad faith test under Article 4(4)(g) of the TM Directive, may it be regarded as sufficient that the trademark applicant knew the mark was being used abroad when he made his application?**

These questions were raised in the context of Article 4(4)(g) of the TM Directive in *Malaysia Dairy Industries Pte. Ltd v. Ankenoevnet vor Patenter ag Veremaeker*, a reference to the CJEU from the Højesteret (Supreme Court) of Denmark under case reference C-320/12.211 The CJEU ruled, on June 27, 2013, that bad faith is an autonomous concept of European Union law that must be given a uniform interpretation through the EU. The Court held that the question of whether or not an applicant has acted in good faith when making the application must be considered in light of all relevant factors specific to the case.

The Court went on to say that, under Article 4(4)(g) of the TM Directive:

(a) it is not sufficient in itself that the applicant knew, or should have known, at the time of filing the application, that a third party is using the mark abroad; and

(b) it is not open to EU Member States to operate their own rules of national law according to which this would be sufficient.

The case involved an application by dairy company Kabushiki Kaisha Yakult Honsha (“Yakult”) to remove from the Danish register a trademark consisting of a certain bottle shape. The registration was owned by Malaysia Dairy, which was the appellant in the Danish Supreme Court case.

The basis for the challenge to the trademark was Section 15(3)(3) of Denmark’s consolidated trademark law, which provides that registration should be refused if the trademark “… is identical to or differs only insubstantially from a trademark which at the time of the application … has been brought into use abroad and is still used there for goods or services of the same or similar kind as those for which the later mark is sought to be registered,

and at the time of the application the applicant knew or should have known of the foreign mark.”

It may be noted that the Danish provision adopts a similar approach to Article 4(4)(g) of the TM Directive, in that it is limited to situations where there is a corresponding foreign mark in use by a third party. However, the Danish provision differs in that it contains a knowledge requirement, but no reference to bad faith as such.

The situation in the case between Yakult and Malaysia Dairy was this: both companies used similar plastic bottles for their respective products, and each of them had independently registered their respective bottle shapes as trademarks in different countries. The situation had grown up over several years (and was, in fact, regulated, at least in part, by a settlement agreement). Therefore, when Malaysia Dairy filed its application to register the shape mark in Denmark in 1995, it did know that Yakult was using a corresponding or similar shape mark in other countries. But so too, was Malaysia Dairy itself. When the resulting trademark registration was subsequently contested by Yakult under Section 15(3)(3) of the Danish law, the Appeal Board of the Danish Patent and Trademark Office decided in Yakult’s favor. This result was confirmed in a subsequent court action. On further appeal, the Supreme Court recognized that the case raised issues with a wider EU law dimension, and referred questions to the CJEU. The questions referred to the CJEU were all formed by reference to Article 4(4)(g) of the TM Directive, but recognized that to some extent Section 15(3)(3) of the Danish law might be considered a departure from it.

The first question was whether or not the concept of bad faith is a concept of EU law that must be given a uniform interpretation. Noting that the TM Directive “provides for harmonization in relation to substantive rules . . . of national law which most directly affect the functioning of the internal market,” the Court held that bad faith must indeed be considered an EU law concept. It made no difference that it had been left to individual Member States to decide for themselves whether or not to have a bad faith rule as provided in Article 4(4)(g); if they chose to have one, they had to implement it on the basis of a common understanding of what bad faith means.

The second question for the CJEU was whether or not a finding that (as in the present case) the applicant knew of a similar mark abroad by a third party at the time it filed its own application could be regarded as sufficient in itself to establish bad faith, “or whether it is necessary to take account other subjective factors in relation to the applicant.”

In answering the second question, the CJEU held that such knowledge was relevant but not sufficient in itself. The Court drew
on case law relating to Article 51(1)(b) of the CTM Regulation—the bad faith rule relating to Community trademarks—and, in particular, the CJEU’s famous ruling in Lindt (the chocolate bunnies case). It followed from this case law that, in order to determine the existence of bad faith, “it is necessary to carry out an overall assessment, taking into account all the factors relevant to the particular case which pertained at the time of filing the application for registration, such as, inter alia, whether the applicant knew or should have known that a third party was using an identical or similar sign for an identical or similar product. However, the fact that the applicant knows or should know that a third party is using such a sign is not sufficient, in itself, to permit the conclusion that the applicant is acting in bad faith. Consideration must, in addition, be given to the applicant’s intention at the time when he files the application for registration of a mark, a subjective factor which must be determined by reference to the objective circumstances of the particular case.”

The final question was (in effect) whether or not it was open to Denmark (or any other EU countries) to operate a different regime in line with the express terms of Section 15(3)(3) of the Danish law, which would not involve the holistic test for bad faith just described and would concentrate exclusively on the knowledge question.

The Court held that this was not an option. Article 4(4)(g) of the TM Directive permits Member States to operate the kind of bad faith rule for which it specifically provides; it does not permit them to operate a “lite” version of the system, under which an application might be rejected or a registration cancelled on the basis merely that the applicant knew or should have known of a similar mark in use elsewhere.

The ruling confirms the alignment of the bad faith test under the TM Directive and the CTM Regulation. EU countries remain free under the TM Directive to choose between two different kinds of bad faith rules for their own national marks (or, if they prefer, to operate no such rule). However, this does not mean that they can create variations of the rule that they select. And they must apply the uniform EU law interpretation of bad faith. This requires consideration of all relevant circumstances, including an appreciation of the applicant’s intentions.


2. Benelux – Dutch Supreme Court – Does “tolerating” constitute a valid defense against bad faith? And is positive knowledge of older third-party rights by the defendant required for successfully invoking bad faith?

No, in view of the Dutch Supreme Court in Spirits/FPK\textsuperscript{214} of December 20, 2013, and the corrective judgment of the Dutch Supreme Court of January 17, 2014 (No. 12/05013).

This case concerns the question of who is entitled to certain Benelux vodka trademarks that were filed in the 1970s by a state company of the (then) Soviet Union, namely VO Sojuzplodoimport. The trademarks, which included the word mark NA ZDOROVYE and the word/device marks STOLICHNAYA and the word/device mark MOSKOVSKAYA, all registered for vodka, were sold to a company called “Spirits” in 1999.

From 1991 onward, several Benelux trademarks, including STOLICHNAYA or MOSKOVSKAYA, were registered for vodka by Spirits and others, including Simex, a distributor of the state company mentioned above. These all ultimately became registered in the name of Spirits.

In 2001, a new state company called FKP was established by the Russian Federation in order to, among other things, restore and defend the rights of the Russian Federation to alcoholic products, including the marks STOLICHNAYA, MOSKOVSKAYA, and NA ZDOROVYE. In January 2003, FKP applied for four Benelux trademarks, including the signs STOLICHNAYA or MOSKOVSKAYA.

In March 2003, Spirits seized 10,500 MOSKOVSKAYA vodka bottles originating from FKP. FKP then (among other things) requested that certain of Spirits’ registrations of STOLICHNAYA and MOSKOVSKAYA be assigned to it, and that an injunction be granted in its favor. Spirits, in turn, filed a counterclaim

\textsuperscript{214} Spirits International B.V. v. FKP SOJUZPLODOIMPORT, Case No. 12/05013 TT/AS (Dutch Supreme Court, Dec. 20, 2013).
requesting (among other things) an injunction in its favor and also the cancellation of certain of FKP’s trademark registrations.

After an interim judgment in the first instance and an appeal filed against that, the case reached the Dutch Supreme Court. The discussion below focuses on the bad faith aspects of the Supreme Court’s decision.

One of the questions addressed by the Court was whether or not the trademark application by Simex, the distributor, in 1991, made with the knowledge of the Russian state company, was made in bad faith. On this point, the Dutch Supreme Court upheld the decision of the Court of Appeal, holding that “tolerating” as such does not constitute a valid defense against bad faith: there would only be consent when consent has been granted to an applicant and this applicant is aware of this. It had not been established in the present case that the state company informed Simex that it did not object.

The bad faith claim was successful not only against marks applied for by the distributor, but also with respect to another trademark, registered by Spirits. (This was intriguing because, as noted above, before Spirits had begun to file trademark applications itself, it had purchased the existing trademark rights. It became possible to challenge Spirits’ own later applications because it was alleged that the vendor of the marks to Spirits had not been authorized to make the sale, and that Spirits had entered into the purchase transaction in bad faith.) Spirits argued, in its defense, that its actions could not constitute bad faith because it did not know that a third party was entitled to the trademark, and that a bad faith action could not succeed in the absence of actual knowledge.

With reference to the CJEU’s *Malaysia Dairy* decision, discussed earlier in this section, the Dutch Supreme Court disagreed. Referring to both *Malaysia Dairy* and the CJEU’s *Lindt* decision, the Dutch Supreme Court considered that, when assessing bad faith, the Court must look at all the factors relevant to the particular case. It held that in appropriate circumstances there can be a finding of bad faith if the applicant does not know, but should know, that a third party is entitled to the trademark. Thus, contrary to what Spirits had argued, actual knowledge is not required in circumstances where a case can be made based on constructive knowledge of relevant facts.


VII. 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 possibility for revoking a Community trademark on grounds of non-use are found in Articles 15 and 51(1) of the 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.

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. EU – CJEU – Proof of use – Are international registrations excluded from the proof of use requirement under Article 42 of the Regulation? Where it exists, can the requirement of use in a given country be met by use in a different country, where the two countries are party to a bilateral convention under which use in one country is deemed to be use in another?

The CJEU answered no to both of these questions in Rivella International AG v. OHIM, Baskaya di Baskaya Alin e C.Sas intervening.217

The case came before the CJEU on appeal from the General Court. The appellant had opposed the intervenor’s Community trademark application for the figurative mark BASKAYA on the basis of the appellant’s international registration for the figurative mark PASSAIA. The international registration was protected in (among other countries) Germany. The appellant relied solely on the German designation of the international registration. Because more than five years had elapsed since the date of publication of

the designation, the intervenor had (or so it believed) the right to
require the appellant to prove use of the mark relied on in
Germany. The intervenor duly made that proof of use request.

In response, the appellant filed evidence of use of its PASSAIA
mark, but only in Switzerland, not Germany. The appellant relied
on a bilateral treaty between Germany and Switzerland, signed in
1892, under which (effectively) use of a mark in one of the two
countries would count as proof of use in the other under their
respective national laws. Thus, according to the appellant, its use
in Switzerland would suffice for the purposes of proving use in
Germany in the present Community trademark opposition
proceedings. The argument failed. Since no proof of use had been
filed for Germany, the Opposition Division rejected the opposition
under Article 42 of the CTM Regulation. That decision was upheld
by the Board of Appeal, and upheld again by the General Court.

On final appeal to the CJEU, the appellant started with the
fundamental proposition that (irrespective of its arguments based
on the 1892 treaty) Article 42 of the CTM Regulation simply did
not apply at all to trademarks that are the subject of international
registrations. This argument was based on a straightforward
reading of Article 42(2) and Article 42(3), which refer, respectively,
to “Community trademarks” and to “national trademarks,” but not
to marks registered under international arrangements. Rejecting
this argument, however, the CJEU noted that to exclude
international trademarks from the scope of the fundamental use
requirement would circumvent the trademark protection system of
which Article 42 forms part, and deprive the provision of useful
effect. The same was true of Article 160, which “requires use where
opposition proceedings are brought on the basis of an international
trademark in the context of determining the date of
registration.”²¹⁸

In another line of attack, relating to the 1892 treaty, the
appellant argued that (effectively) to reject its opposition on Article
42 grounds would lead to an anomaly in the supposed “unitary”
character of the trademark. In other words, it would lead to a
situation where the mark would receive protection as a CTM
throughout the EU, yet its use could be challenged through
national proceedings in Germany by virtue of the rights under the
international registration in Germany (as supported by use in
Switzerland, and the 1892 treaty). Rejecting this argument too, the
CJEU noted that the principle of the “unitary character” of a
Community trademark was already known not to be absolute,
because Article 111(1) of the CTM Regulation allows for
proprietors of earlier “local” rights to oppose use of a CTM in the
locality where their rights obtain. Thus any derogation from the

²¹⁸. Id. ¶ 40.
unitary character of the contested Community trademark resulting in the present case could be considered equally tolerable.

A third and final line of argument was that the issue under consideration went to the “territorial validity” of the appellant’s mark, which (the appellant argued) should be governed exclusively by national law. Not so, said the CJEU, holding that: “the concept of use of a Community trademark in the European Union is exhaustively and exclusively governed by EU law.” 219 (The reference here to use of a “Community trademark” is a little confusing, as the case involved the use of an international registration designating a particular Member State, rather than a CTM. In context, the ruling should probably be taken to say that EU law exclusively determines the concept of “use” as applied to a national trademark or a national international registration designation that is being used to contest a Community trademark.)

2. Germany – German Federal Supreme Court – Genuine use – When does use of a variant of a registered trademark alter its distinctive character?

In the long-running PROTI II220 case, the Bundesgerichtshof (German Federal Supreme Court) had to deal with a complicated trademark use issue in the context of an infringement claim. The case provoked a reference to the CJEU, following which the Federal Supreme Court ruled in early 2013.

The infringement action was based on a registration held by Mr. Bernhard Rintisch (who also featured as a party in cases noted in Part VII) for the mark PROTI. The defendant had used a similar trademark PROTI FIT for similar products. When the defendant raised the defense that Mr. Rintisch had not made genuine use of the trademark PROTI, the plaintiff took the position that use of the trademark PROTI had been made by way of his use of other trademarks, also registered in his name, that included the “PROTI” element, including PROTI POWER and PROTI PLUS (figurative). Both the Court of First Instance and the Court of Appeals dismissed the infringement action, holding that this did not amount to genuine use of PROTI.

Mr. Rintisch appealed to Germany’s Federal Supreme Court, arguing his position by reference to Section 26(3) of the German Trademark Act.

According to Section 26 (3) of the German Trademark Act (use of a trademark), the “use of a trademark in a form differing from the form in which it was registered shall be deemed to constitute use of a registered trademark, provided that the differing elements

219. *Id.* ¶ 52.
220. Case No. I ZR 84/09, GRUR Int. 797 (2013) (German Federal Supreme Court, Jan. 10, 2013) (PROTI II).
do not alter the distinctive character of the trademark. Sentence 1 shall also apply if the trademark is also registered in the form in which it has been put to use.”

The Federal Supreme Court, by its decision of August 17, 2011 (PROTI I), submitted the matter to the CJEU requesting an interpretation of (what is now) Article 10(1)(a) of the TM Directive. The relevant provision reads as follows:

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

(a) Use of a 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.

Accordingly, the Supreme Court asked:

Is [Article 10(1)(a) of the TM Directive] to be interpreted as meaning that this provision generally conflicts with a national provision according to which a trademark is deemed to be used if the use of the trademark is made in a differing form if the differences do not influence the distinctive character of the mark and if the form of the mark actually used has been likewise registered?221

The CJEU concluded that there was no conflict between Section 26 (3) German Trademark Act, on the one hand, and Article 10 of the TM Directive, on the other hand, pointing out that the wording of Article 10 would not prohibit the conclusion that genuine use of the first trademark was also possible by means of the use of the second trademark, even though the latter were also registered. The CJEU pointed out that the provision was intended to enable the trademark owner to use the trademark in a manner that meets the needs and realities of a developing market. This purpose, however, would be defeated if use of the mark in a different form could not support the registration of the trademark, so long as this did not alter its distinctive character. It was also necessary to bear in mind that the TM Directive had to comply fully with the provisions of the Paris Convention, which also justified this conclusion.

The CJEU having ruled that, effectively, that use of the forms PROTI PLUS and PROTI POWER could in principle constitute use of PROTI (despite the fact that those forms, too, were registered as trademarks), the Supreme Court had to address the issue of whether or not the variants PROTI PLUS and PROTI POWER significantly altered the distinctiveness of the PROTI mark as registered, and whether the Court of Appeals had been wrong in


222. Id.
deciding that the variants did change the character of the mark PROTI.

First, the Federal Supreme Court held that the Court of Appeals erred in finding that consumers would see in each of the word mark PROTI PLUS and in the figurative mark PROTI POWER a unified sign, rather than a sign composed of two elements. Second, it held that the Court of Appeals was wrong in holding the elements PLUS and POWER not to be descriptive. The Supreme Court felt that the Court of Appeals had manifestly misinterpreted the descriptive character of these two elements. It then referred the case back to the Court of Appeals for it to decide on the remaining issues concerning the genuine use made of the mark PROTI.

This decision adds one more case to the growing case law on whether a variant of a trademark is to be regarded as a significant or insignificant alteration of the registered mark. In line with German legal tradition, and in contrast to other jurisdictions, the German Federal Supreme Court considers this to be a question of law and not an issue of fact.

3. EU – CJEU – Genuine use – Can a CTM be considered to be used for the purposes of Article 15(1) in the following circumstances: (a) the CTM in question has become distinctive as a result of its use within another composite mark, of which it forms part; (b) it is used only through that other composite mark (or, putting it another way, is used only in combination with another mark); and (c) that composite mark or combination is itself registered as a trademark?

Yes, a CTM can be considered to be used for the purposes of Article 15(1) in the above circumstances. This was confirmed by the CJEU in its decision of April 18, 2013, in Case C-12/12, Colloseum Holding AG v. Levi Strauss & Co.223 The case was referred to the CJEU by the German Bundesgerichtshof.

The rather convoluted question presented above comes to life when applied to the facts of the case. The reference arose in the context of an infringement claim brought in Germany by Levi Strauss & Co. The defendant, Colloseum, defended the claim on the basis that the CTM on which Levi Strauss relied had not been put to genuine use.

The trademark that is the subject of the CTM in question (referred to here as the “LS Tab Mark”) is shown below:

As described in the CTM register, the mark in question is a “position mark” consisting of a rectangular red label, made of textile, sewn into and protruding from the upper part of the left-hand seam of the rear pocket of trousers, shorts, or skirts. No claim is made to the pocket as such. It will be noted that no lettering is shown on the LS Tab Mark.

The LS Tab Mark was registered as a CTM on the basis of “acquired distinctiveness” under Article 7(3) of the CTM Regulation. (This article, cited at the beginning of Part IV above, provides a gateway to registration for a mark that might otherwise be rejected for registration on grounds that, for example, it is considered to lack inherent distinctive character.)

The defendant, Colloseum, was engaged in the retail sale of jeans for which it, too, used a red rectangular pocket tab. This tab appeared on the upper right-hand seam of the rear pocket. In each case the tab bore a brand name, such as “COLLOSEUM” or “SM JEANS.”

According to the referring court, the Bundesgerichtshof, it was determined, on appeal within the German national court system, that the uses by Colloseum would create a likelihood of confusion among the relevant public. However, Colloseum questioned Levi Strauss’s entitlement to rely on the registration of the LS Tab Mark, arguing that the mark had not (as such) been used.

The lower appeal court, the Hamburg Oberlandesgericht, had found that Levi Strauss used only the LS Tab Mark in conjunction with the brand name “Levi’s,” which appeared on the tab. A further relevant consideration was that the LS Tab Mark had acquired the factual distinctiveness, on the basis of which it had achieved registration, in precisely that form—that is, not as a plain red tab, but with the word “Levi’s” appearing on it.

It was also noted (and potentially important, in view of the problematic earlier CJEU decision in Bainbridge\(^{224}\)) that LS had a

separate CTM registration for the combination of the LS Tab Mark with the “Levi’s” brand name.

The referring court, the Bundesgerichtshof, asked the CJEU to rule on whether, in all these circumstances, use of the LS Tab Mark in the more complex form—that is, in combination with the “Levi’s” brand name—could support the registration of simple LS Tab Mark (as well as the registration of the more complex tab mark that featured the word “Levi’s”).

The CJEU held, in its short decision, that use of the LS Tab Mark in combination with the Levi’s brand name could indeed count, under Article 15(1), as use supporting the LS Tab Mark CTM. In reaching this decision, the Court followed the logic of previous decisions that had applied a similar analysis in other contexts. As a result, the same rule now applies in the context of “non-use” claims as applies when considering whether or not a component part of a more complex mark has achieved sufficient acquired distinctiveness to be registered in the first place (Société des produits Nestlé SA v. Mars UK Ltd) and when considering whether the distinctiveness acquired by parts of a larger mark influences the likelihood of confusion with another mark (L&D SA v. OHIM).

Clearly, the question of whether or not Levi Strauss was making genuine use of the LS Tab Mark was not adversely influenced by the fact that Levi Strauss also had a separate CTM registered for the combination of the LS Tab Mark with the word “Levi’s.” This was not even mentioned as a relevant factor in the Court’s reasoning—merely stated in its conclusions.

This ruling in Colloseum would not, however, mean automatic, continuing protection for a mark that has lost its separate distinctive character as a result of being subsumed within a larger mark. The Court noted that “a registered trademark that is used only as part of a composite mark or in conjunction with another mark must continue to be perceived as indicative of the origin of the product at issue for that term to be covered by the term “genuine use” within the meaning of Article 15(1).”

The Colloseum decision is welcome because of its common sense, and its consistency with other recent CJEU rulings—including Bernhard Rintisch v. Klaus Elder in 2012 (for further discussion of this case, see the PROTI case at Part VII.C.2 above).

Colloseum, following on from Rintish, completes the demolition of the Court’s infamous Bainbridge decision in 2007,\(^\text{229}\) that trademark owners cannot be disadvantaged simply by virtue of registering iterations of the marks they use. In other words, it allows brand owners using both verbal and non-verbal trademark elements to adopt a layered approach to protecting them in the EU system.

4. **EU – CJEU – Genuine use.** For purposes of Article 15(1) and Article 51(1)(a), can a figurative CTM be considered to be used in the following circumstances: (a) it is used only in conjunction with a word mark that is also registered as a CTM, and which is superimposed over it; and (b) the combination of those two marks is itself registered as a CTM?

Yes, a figurative CTM can be considered to be used in the above circumstances “to the extent that the differences between the form in which the trademark is used and that in which it was registered do not change the distinctive character of that trademark as registered.” This was the decision of the CJEU on July 18, 2013, in Case C-252/12, *Specsavers International Healthcare Ltd and others v. Asda Stores Ltd.*\(^\text{230}\) The case came before the CJEU on a reference from the Court of Appeal of England and Wales. Other aspects of the CJEU’s decision are covered in Part IX.

The reference arose in the context of a U.K. infringement claim. SPECSAVERS is the brand name of a major optometry group. The brand name frequently appears on signboards as part of a complex figurative mark, shown below.

![Specsavers](image)

This complex figurative form is registered as a CTM. The word mark SPECSAVERS has also been registered separately as a CTM. So too, most importantly, has the graphical form without the word SPECSAVERS (shown below) (the “wordless logo form”):

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The proceedings related to (among other things) use by ASDA—a major U.K. supermarket chain—of the following sign, also in connection with an opticians’ service:

![Image of ASDA-Opticians sign]

In context, the claim based on the wordless logo form was an important part of the Specsavers case. ASDA based its defense in part on the argument that the wordless form, as registered as a CTM, had not been used by the claimant. As in Colloseum, the defendant ran the argument that the claimant’s use of its separately registered complex form (i.e., the logo incorporating the word) could not count as use of the wordless form.

Consistent with the Court’s decision in Colloseum handed down three months earlier, the CJEU held that use of the complex form could count as use of the wordless form.

In line with the terms of reference from the referring Court (unlike in Colloseum), the Specsavers decision specifically refers not only to Article 15(1) but also Article 51(1)—which provides for one of the specific consequences of non-use—that is, the possibility of cancellation of the CTM in question if it is held to have been unused over the relevant five-year period. A more important distinction between this and the Colloseum case, however, is the focus and emphasis in Specsavers on the significance of the second sub-paragraph of Article 15(1), quoted at the beginning of this section as paragraph (a), lays down a subsidiary rule relating to the conditions required for genuine use—namely that, even if the mark is not used exactly as registered, it still counts as genuine use if the CTM is used “in a form differing in elements which do
not alter the distinctive character of the mark in the form in which it was registered.”

The Court held that the use of the SPECSAVERS brand name superimposed over the figurative mark brought the case within this subsidiary rule. In other words, it should be considered use of the mark in a form different from that in which the mark was registered. The Court went on to explain that the form is different, “in so far as it is not a mere juxtaposition, since certain parts of the wordless logo mark are thereby hidden by the word sign.”

This being the case, the application of the subsidiary rule requires there to be an investigation (which would be a matter for the national court) as to whether or not the change wrought in the mark by the superimposition of the word had the effect of altering the distinctive character of the wordless logo mark. The Court held that the wordless logo mark could be considered to be in genuine use as such, even with the superimposed word sign SPECSAVERS, “to the extent that that mark as it was registered, namely without a part of it being hidden by the superimposed word sign SPECSAVERS, always refers in that form to the goods of Specsavers group covered by the registration.”

The phrase “always refers” is a reference to the perception of consumers. What this seems to come down to in practice is this: has the use made of the logo in its complex form, with the brand name overlayed, been of a character such that consumers have been able, on a continuing basis, to see the underlying logo itself as serving an origin-indicating function? (The same point was made, but more quietly, in Colloseum).

5. Germany – German Federal Supreme Court – Genuine Use – Does use of a Community trademark that is confined exclusively to Germany count as genuine use?

In VOODOO, the German Federal Supreme Court had to deal with a practical application of the difficult 2012 CJEU ruling in the famous Onel case. In the German case, the plaintiff was the licensee of the Community trademark VOODOO covering “sports articles.” The defendant was a vendor of articles for fishing. In 2009 the defendant started to promote fishing bait under a trademark containing the element VOODOO. The plaintiff filed an infringement action. The defendant raised—though unsuccessfully—the defense of non-use. The decision against the defendant was upheld by the Court of Appeals, the

231. Id. ¶ 20.
232. Id. ¶ 24.
Oberlandesgericht Karlsruhe, against which decision the defendant filed a further appeal with the Federal Supreme Court.

The Supreme Court considered, in general, and contrary to the position taken by Court of Appeals, that the plaintiff’s trademark had not been genuinely used in accordance with Article 15 of the CTM Regulation.

The Supreme Court pointed out that genuine use required the use of a Community trademark to be serious. It is “serious” if the mark is used in a way that opens and secures markets for the goods and services. To decide whether or not such use is being made would—in the view of the Supreme Court—make it necessary that one should evaluate the extent and frequency of the use in each different case, which would also include the geographical reach of the use. As to that, the Federal Supreme Court recalled the CJEU’s recent earlier decision in ONEL.234 Until that decision, the different EU trademark authorities had taken dramatically different positions as to the geographical extent of use required to sustain the registration of a Community trademark. Whereas, according to OHIM, one EU Member State has always been sufficient, as recently as 2011 the Hungarian Intellectual Property Office had held that at least two Member States were necessary. Legal authors in both the Netherlands and Germany again questioned whether the “one Member State” approach by OHIM and the majority of courts would apply in the case of small and smallest Member States like Malta and Cyprus. In Onel, however, the CJEU had held that the size of the territory in which the trademark is used is just one aspect of the “genuine use” requirement and, as such, not the determining factor in and of itself. In line with the CJEU’s decision, the German Federal Supreme Court confirmed that the use of a Community trademark in just one Member State of the European Union (here, Germany) could, in principle, constitute genuine use within the meaning of Article 15 of the CTM Regulation.

However, in the present case, the Court decided that there were other problems with the evidence of use filed by the plaintiff to prove genuine use. Among these, the Court held that a license agreement that had been concluded retroactively in favor of the plaintiff in order to prove genuine use in the period of five years following registration would not suffice. In the present case, the situation was that the owner of the trademark had been intending to countenance retrospectively a former infringement of his trademark by concluding a license agreement.

In all the circumstances, since several facts still had to be determined on the quality of the mark’s use, irrespective of the

question or to geographical use, the Supreme Court referred the case back to the Court of Appeals.

VIII. PROCEDURAL ISSUES IN OHIM PROCEEDINGS AND RELATED APPEALS

A. Introductory Comments

Part VIII deals with two quite different issues, one being of relative novelty and the other being rather commonplace as the subject matter of appeals emanating from OHIM decisions. The first, the novel issue, on which there is just one case to report, relates to the theory of “abuse of rights.” This is a legal principle of potentially wide application, deriving from CJEU case law. Abuse of rights has been referred to as “a basic principle prohibiting abusive practices, according to which Community law cannot be relied on for abusive or fraudulent ends.” (Advocate General Trstenjak in her Opinion in Budějovický Budvar, národní podnik v. Anheuser-Busch Inc.)235 In the case reported here, the court had to deal with an abuse of rights claim in the context of two provisions of the CTM Regulation, Articles 52(1)(a) and 56(1)(a), both of which are cited for convenience below.

The second, more commonplace, issue concerns the appropriate treatment of parties to OHIM opposition/cancellation proceedings who submit proof, of the various kinds required, out of time. Several cases in the CJEU during 2013 addressed the question of whether or not OHIM (including its Boards of Appeal) should, in a given situation, be considered to have discretion to accept evidence filed after the date specified by OHIM for it to do so—and, if so, how it should have exercised that discretion.

The questions arising in this regard are regulated by both Articles of the CTM Regulation and Rules of the so-called Implementing Regulation (Commission Regulation 2168/95/EC). The most important of these provisions for present purposes are also given below.

B. Legal Texts

Article 52 of the CTM Regulation

Absolute grounds for invalidity

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 the Community trademark has been registered contrary to the provisions of Article 7;

**Article 56 of the CTM Regulation**

Application for revocation or for a declaration of invalidity

1. An application for revocation of the rights of the proprietor of a Community trademark or for a declaration that the trademark is invalid may be submitted to the Office:

(a) where Articles 51 and 52 apply, by any natural or legal person and any group or body set up for the purpose of representing the interests of manufacturers, producers, suppliers of services, traders or consumers, which under the terms of the law governing it has the capacity in its own name to sue and be sued . . .

**Rule 22 of the Implementing Regulation**

Proof of Use

(2) Where the opposing party has to furnish proof of use or show that there are proper reasons for non-use, the Office shall invite him to provide the proof required within such period as it shall specify. If the opposing party does not provide such proof before the time limit expires, the Office shall reject the opposition.

(3) The indications and evidence for the furnishing of proof of use shall consist of indications concerning the place, time, extent and nature of use of the opposing trademark for the goods and services in respect of which it is registered and on which the opposition is based, and evidence in support of these indications in accordance with paragraph 4.

(4) The evidence shall . . ., in principle, be confined to the submission of supporting documents and items such as packages, labels, price lists, catalogues, invoices, photographs, newspaper advertisements, and statements in writing . . .

**Rule 40 of the Implementing Regulation**

Examination of the Application for Revocation or for a Declaration of Invalidity

(. . .)

(5) In the case of an application for revocation based on Article 50(1)(a) of the Regulation, the Office shall invite the proprietor of the Community trademark to furnish proof of genuine use of the mark, within such period as it may specify. If the proof is not provided within the time limit
set, the Community trademark shall be revoked. Rule 22(2), (3) and (4) shall apply mutatis mutandis.

C. Cases

1. EU – General Court – Abuse of rights – Is it an abuse of rights to attack the distinctiveness of a trademark that one has previously defended, or if the reason for the attack is to secure the right to use the trademark oneself?

An application for a declaration of invalidity of a CTM, on grounds under Article 7(1)(b) and (c) of the CTM Regulation that it is descriptive and devoid of distinctive character, cannot be rejected on the basis that it constitutes an “abuse of rights.” So held the General Court in ultra air GmbH v. OHIM, Donaldson Filtration Deutschland GmbH intervening.236

The facts of the case were unusual. The intervenor had applied to register ULTRAFILTER INTERNATIONAL as a Community trademark. The application was rejected under Article 7(1)(b) and (c). On appeal, the intervenor managed to overturn the OHIM examiner’s decision by virtue of evidence of acquired distinctiveness under what is now Article 7(3) of the CTM Regulation.

Three years after the mark’s registration, the appellant ultra air GmbH applied for a declaration that the mark was invalid under Articles 7(1)(b) and (c). The cancellation action was successful. The intervenor then appealed. The OHIM Board of Appeal annulled the OHIM Cancellation Division’s decision and held the application for the declaration of invalidity to be inadmissible.

The basis for the Board of Appeal decision was that the appellant’s motivation for seeking the cancellation of the mark was to enable the appellant itself to use ULTRAFILTER as a trademark. Thus, in making the application, it was not pursuing the public interest considerations for which the grounds for objection to trademarks under Article 7(1) had been provided. Its “hidden intentions” were made clear by the fact that the manager of the appellant—the company seeking to invalidate the CTM—had previously been a manager of the CTM owner and had, in that guise, personally defended the distinctiveness of the very same trademark in the appeal that had resulted in its registration. The Board of Appeal considered this to be an abuse of rights.

On appeal to the General Court, the appellant argued the Board of Appeal’s conclusion to be an infringement of Articles 56(1)(a) and 52(1)(a) of the CTM Regulation. These articles provide, respectively, that the opportunity to apply for a declaration of invalidity based on “absolute” grounds is, essentially, open to all and that a CTM is to be declared invalid if it is shown, on application, that the CTM was registered in breach of Article 7 of the CTM Regulation.

The General Court upheld the appeal and annulled the Board of Appeal decision, indicating that there is little, if any, scope for an abuse of rights argument in relation to an action of this kind.

In contrast to actions based on “relative grounds,” which are to protect private interests, the possibility of a mark being rejected (or cancelled) under the so-called “absolute” grounds of Article 7(1)(b) (i.e., that the mark lacks distinctive character) is there to protect the public interest. This public interest is “manifestly indissociable from the essential function of a trademark . . . Moreover, the public interest underlying Article 7(1)(c) of [the CTM Regulation] is that of ensuring that descriptive signs relating to one or more characteristics of the goods or services in respect of which registration as a mark is sought may be freely used by all traders offering such goods or services.”

The fact that these are public interest grounds explains, the court said, why there is no requirement for the cancellation applicant to show that it has an interest in bringing them.

The result is, according to the General Court, that OHIM is required to assess whether the mark under examination is descriptive and/or devoid of distinctive character, without the motives and earlier conduct of the applicant for a declaration of invalidity being able to affect the scope of the task entrusted to OHIM in relation to the public interest underlying Article 7(1)(b) and (c) and Article 56(1)(a) of [the CTM Regulation]. Given that, in applying the provisions at issue in the context of invalidity proceedings, OHIM does not rule on the question whether the rights of the proprietor of the mark take precedence over any rights which the applicant for a declaration of invalidity might have, but ascertains whether the rights of the proprietor of the mark were validly obtained in the light of the rules governing the registrability of marks, there can be no question of an “abuse of rights” on the part of the applicant for a declaration of invalidity.

237. Id. ¶ 19.
238. Id. ¶ 21.
The court went on to note that, in any event, the notion of a cancellation applicant filing the application with a view to using the challenged mark itself is “perfectly in line” with the public interest goal of keeping signs that are entirely descriptive freely available—whereas stifling the claim on “abuse of rights” grounds would, perversely, prevent the substantive examination of a claim that might result in the removal from the register of a mark that ought not to have been registered.

The court was not influenced by the intervenor’s argument that the appellant sought to cancel the CTM as part of a larger campaign of “unfair competition,” for “even supposing that an application for a declaration of invalidity does form part of an overall confrontational commercial strategy, involving acts of unfair competition, the removal from the register of a mark which is either descriptive or devoid of distinctive character is a consequence of trademark law, laid down in Article 57(5) and (6) of [the CTM Regulation]239, and the trademark’s proprietor does not gain the right to retain its registration on the basis that the applicant for a declaration of invalidity has also engaged in unfair competition.”240

Finally, an attempt by OHIM to align the situation with the position under the acquiescence rules of Article 9 of the TM Directive and Article 54 of the CTM Regulation also failed. The acquiescence rules (see Part X) relate to the relative positions of two owners of registered trademark rights, providing that in certain circumstances it becomes (after a lapse of time) impossible for the senior rights owner to pursue a claim against the junior rights owner. The court showed no enthusiasm whatsoever for stretching the acquiescence principle enshrined in those provisions to the entirely different circumstances of the present case.

The “abuse of rights” theory has gained a currency in recent years in a number of different settings, and it seems likely that, for all its limitations in the particular scenario of a claim based on Article 7(1)(b) and (c) of the Regulation, it will be seen a lot more in EU trademark litigation.

239. Article 57(5): “If the examination of the application for revocation of rights or for a declaration of invalidity reveals that the trademark should not have been registered in respect of some or all of the goods or services for which it is registered, the rights of the proprietor of the Community trademark shall be revoked or it shall be declared invalid in respect of those goods or services. Otherwise the application for revocation of rights or for a declaration of invalidity shall be rejected.”

Article 57(6): “A record of the Office’s decision on the application for revocation of rights or for a declaration of invalidity shall be entered in the Register once it has become final.”

2. EU – CJEU – Late submission of proof – What happens if the opponent submits certain “proof of use” within the time initially allotted and then seeks to submit more later?

New Yorker SHK Jeans GmbH & Co. KG v. OHIM, Vallis K.–Vallis A. & Co. OE intervening\(^\text{241}\) related to an opposition, filed by the intervenor, to the appellant’s application to register FISHBONE as a CTM in International Classes 18 and 25. The intervenor relied, in its opposition, on a Greek national trademark that had been registered in 1996.

As the earlier mark relied upon had been registered for more than five years, it was open to the appellant to insist that the intervenor should file proof of the use of its earlier mark under Article 42 of the CTM regulation. This request having been made, OHIM wrote to require the intervenor to provide proof of use by June 6, 2006. On that day, thus meeting the deadline, the intervenor provided a sworn statement plus supporting evidence in the form of invoices and photographs.

What happened next was important. The appellant, having examined the proof of use, made submissions in the action to OHIM claiming, among other things, that the evidence that intervenor submitted was insufficient to prove genuine use. OHIM requested the intervenor to submit its observations in response by January 14, 2007. On January 15, 2007, the intervenor submitted its reply observations, including further evidence of use in the form of product catalogues.

The opposition was subsequently upheld, in part. The decision relied on the (late-filed) catalogue evidence. The Board of Appeal upheld the decision in respect of the International Class 25 goods. It held that OHIM had been correct to take account of the second round of evidence filed by the intervenor, and that the intervenor had proved use of its earlier mark.

The appellant appealed the decision first to the General Court, then to the CJEU, arguing that Rule 22(2) of the Implementing Regulation precluded OHIM from taking late-filed evidence into account. As may be noted from the text of Rule 22(2) (cited above), it provides that if the opposing party does not provide proof of use within the time period set by OHIM, OHIM shall reject the opposition.

The CJEU dealt with the matter very simply, on a different, opponent-friendly interpretation of Rule 22(2). According to the CJEU, the rejection of the opposition for failure to provide proof of

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use within the time limit set is not inevitable when the opponent has provided (some) proof of use within the time period:

In such a case, and unless it appears that that evidence is irrelevant for the purposes of establishing genuine use of the mark, the proceedings are to run their course. Accordingly, OHIM is, inter alia, called upon, as provided by Article 42(1) of [the CTM Regulation], to invite the parties as often as necessary, to file their observations on the notifications it has sent to them or on the communications from the other parties. In such a situation, if the opposition is subsequently rejected owing to lack of sufficient proof of genuine use of the earlier mark, that rejection does not result from application of Rule 22(2) of [the Implementing Regulation], a provision that is essentially procedural, but exclusively from the application of the substantive provision in Article 42(2) of [the CTM Regulation].

In other words, provided the opponent gets something relevant in to OHIM within the time period originally set, Rule 22(2) may cease to be a problem. The opponent can put in additional proof of use later, within parameters set by OHIM.

The appellant argued in vain that CTM opponents know perfectly well that they will have to prove use when filing their oppositions, and therefore cannot be unfairly disadvantaged by being required to get their evidence in time. The appellant here might in hindsight have been better off saying nothing about the inadequacy of the original evidence filed by the intervenor, in the expectation that the intervenor itself would have given the matter no further thought unless prompted, but in the hope that OHIM itself would have been alert to the deficiencies in the evidence without that prompting.

3. **EU – CJEU – Late submission of evidence – Is an OHIM Board of Appeal able to take into account new evidence of use submitted to it by the trademark owner in a trademark non-use revocation case? If so, in what circumstances should it do so?**

In parallel cases under references C-609/11 P and C-610/11 P, Centrotherm Systemtechnik GmbH v. OHIM, Centrotherm Clean Solutions GmbH & Co. KG intervening, the Court of Justice held, on September 26, 2013, that late evidence may, in principle, be accepted in this situation. It went on to indicate certain

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242. *Id.* ¶ 29.

considerations that OHIM should take into account when deciding whether or not to do so.

The position was that the intervenor had launched an OHIM revocation action against the appellant’s Community trademark CENTROTHERM. In accordance with its usual practice, under Article 40(5) of Commission Regulation 2868/95, OHIM invited the appellant to furnish evidence of use of the mark within a specified time period. Within that period the appellant submitted a certain body of evidence. But this was ultimately found by OHIM to be insufficient to meet the requirement of genuine use under Article 51 of the Regulation with respect to certain goods covered by the CTM. The CTM was therefore held liable to revocation in part.

The appellant, when appealing the decision, submitted additional evidence to the Board of Appeal. The Board of Appeal considered that it was not permissible for it to take the late evidence into account. The General Court took the same view. The appellant contested, among other things, that the Board of Appeal both could have and should have taken the evidence into account.

Rule 40(5) of the Implementing Regulation (cited above) says that, in non-use revocation proceedings, OHIM should invite the proprietor of the Community trademark to furnish proof of genuine use of the mark, within such period as it may specify. It then goes on to say that, if the proof is not provided within the time limit set, the Community trademark shall be revoked. However, Article 76(2) of the CTM Regulation (also cited above) says that OHIM may disregard facts or evidence not submitted in due time.

On the question of whether or not it was open to the Board of Appeal to take account of the late evidence, the General Court held that this possibility was precluded by the emphatic wording of Rule 40(5) of the Implementing Regulation. However, overruling the General Court on this point, the CJEU looked instead to Article 76(2) of the Regulation, noting: “In stating that OHIM ‘may’ decide to disregard such facts and evidence, Article 76(2) of [the Regulation] grants OHIM a wide discretion to decide, while giving reasons for its decisions in that regard, whether or not to take such information into account.”

According to OHIM, Rule 40(5) is to be considered as essentially procedural in character; not as providing an independent rule requiring the revocation of the mark in the circumstances—that is, because proof had not been provided in the time period set. (The Court also noted in passing that the appellant had, in fact, adduced certain evidence of use within the

244. Id. ¶ 77.

time period appointed, even though this had not proven to be persuasive.)

Given that OHIM does have discretion to accept late evidence in such cases, what factors should influence its decision whether or not to do so in any given case? The Court of Justice noted that one should consider both the extent to which the evidence in question is, on the face of it, likely to be relevant to the outcome of the case and the stage of the proceedings in which the evidence is being submitted and the circumstances surrounding it. The Court went onto say, “Such considerations are particularly likely to justify OHIM’s taking into account, when it is called upon to rule on an application for revocation, evidence of use of the trademark which, although not submitted within the time limit set under Rule 40(5) of [the Implementing Regulation], is submitted at a later stage of the proceedings by way of complement to the evidence submitted within that time limit.”246 [Emphasis added.]

Another relevant factor according to the Court was that, in its original submission of evidence, the appellant had expressed confidentiality concerns but had offered to furnish additional evidence. The Court confirmed, lastly, that it was not necessary that the party submitting the evidence should have been unable to do so prior to the expiry of the time limit.

4. EU – CJEU – Late submission of evidence – Will failure to provide in timely fashion evidence of the registered trademarks on which one relies in an opposition be treated favorably?

Just a few days after its decision in Centrotherm, the CJEU handed down another decision (or series of decisions) dealing with a parallel issue in a different context. The cases were Bernhard Rintisch v. OHIM, Bariatrix Europe Inc. SAS intervening,247 Bernhard Rintisch v. OHIM, Valfleuri Pâtes alimentaires SA intervening (reference C-121/12 P),248 and Bernhard Rintisch v. OHIM, Valfleuri Pâtes alimentaires SA intervening (reference C-122/12 P).249 In these cases (which were essentially identical) the

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appendant, Mr. Rintisch, was the opponent in certain Community trademark opposition cases. For purposes of these proceedings, he was obliged to file evidence as to the earlier trademark rights on which he was relying. A time period was set for the filing, with which Mr. Rintisch failed to comply. As in Centrotherm, it fell to the Board of Appeal to decide whether or not Mr. Rintisch could, and should, admit late evidence. In this situation, the Board of Appeal cited Rule 20(1) of the Implementing Regulation which (in terms similar to those of Rule 40(5) of the Implementing Regulation, the provision in question in the Centrotherm) provides: “If until expiry of [the time limit set by OHIM] the opposing party has not proven the existence, validity and scope of protection of his earlier mark or earlier right, as well as his entitlement to file the opposition, the opposition shall be rejected as unfounded.”

Faced with this emphatic language, the Board of Appeal had again considered that it had no discretion to admit the late evidence, and the General Court had again agreed with that proposition. However, again as in Centrotherm, the CJEU held the General Court to have been in error, on the same footing as in Centrotherm—that Article 76(2) of the CTM Regulation governed the position and gave it the necessary discretion to admit the late evidence.

However, in this case the Court was clear that there was no case for the exercise of the discretion in favor of the appellant. Mr. Rintisch was relying on three registered trademarks, and the rules indicated “precisely and exhaustively” what he needed to do in order to establish the existence, validity, and scope of protection of the marks in question. “Consequently, the Board of Appeal must, in those circumstances, exercise its discretion restrictively and may allow the late submission of evidence only if the surrounding circumstances are likely to justify the appellant's delay . . . .”

Here, it was clear that Mr. Rintisch had held the relevant documents at the relevant time, and he had put forward no explanation for having withheld the documents.

IX. INFRINGEMENT

A. Introductory Comments

Part IX 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

250. Id. ¶ 40.
trademark authorities of EU Member States are set out in Article 5 of the TM Directive.

This is one of the two fields—the other being the field of genuine use, covered above in Part VII—in which the CJEU rendered its most important decisions of 2013.

The seventh of the cases noted in this Part IX pertains primarily to the protection of well-known marks, pursuant to Article 6bis of the Paris Convention, as applied to services by Article 16(2) of the Trade-Related Aspects of Intellectual Property Rights (TRIPs) Agreement. This kind of protection falls outside the scope of Article 9 of the CTM Regulation and Article 3 of the TM Directive; the EU Member States make separate provisions for the required protection in their respective national laws.

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.]

**Article 6bis of the Paris Convention**

(1) The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

( . . . )

**Article 16 of the TRIPs Agreement**

( . . . )

2. Article 6bis of the Paris Convention (1967) shall apply, mutatis mutandis, to services. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.

( . . . )

**C. Cases**

1. **EU – CJEU – Does the exclusive right under Article 9(1) of the CTM Regulation extend even to situations where the defendant is using its own Community trademark?**

Yes, the exclusive right under Article 9(1) of the CTM Regulation extends even to situations where the defendant is using its own Community trademark. This was confirmed by the CJEU in its decision of February 21, 2013, in Case C-561/11, Fédération Cynologique Internationale v. Federación Canina Internacional de Perros de Pura Raza (FCI). The case came before the CJEU on a reference from the Community trademark court in Alicante, Spain.

The reference arose in the context of trademark infringement proceedings that, according to the referring court, had been brought under the claimant federation’s FCI device mark—a CTM with a priority date of June 28, 2005. The defendant federation’s contested mark, another FCI device, was also protected as a CTM—applied for on February 12, 2009.

The referring court had to decide whether or not the defendant’s junior CTM would provide a first line of defense to a claim brought under the claimant’s senior CTM rights. If so, the claimant would need to cancel the junior CTM, based on its prior rights, before it could succeed in the infringement claim. Spanish national authorities were said to be divided as to the correct answer.

The CJEU held it to be apparent from both the wording and the general approach of Article 9(1) that the CTM owner should be able to prevent the owner of a later conflicting CTM from using its mark without the need to have the later mark declared invalid first.

Among other things, the CJEU held that, if the earlier CTM owner were required to await the declaration of invalidity with respect to the later conflicting CTM, this would significantly weaken the protection intended to be afforded by Article 9(1).

The CJEU also held that “the provisions of the CTM Regulation must be interpreted in the light of the priority principle, under which the earlier Community mark takes precedence over the later Community mark.”

2. Spain – Spanish Supreme Court – What are the implications of the CJEU’s decision in the FCI case for EU national laws?

This question was considered in the case of Radio Canarias in Spain. Like the CTM Regulation, the TM Directive has no explicit rule on the question raised in the FCI case. The wording of Article 5(1) of the TM Directive—the basic infringement rule—is parallel to that of Article 9(1) of the CTM Regulation, and the general scheme within which that infringement rule sits is also similar to that of the CTM Regulation. For countries with no express provision on the point, it may therefore be expected that the outcome would be the same. That is, that the protection of a national registered trademark would extend even to cases where the defendant’s use falls within the scope of a CTM or national registered trademark that he, himself, holds. There would be no

252. *Id.* ¶ 39.
need for the claimant first to establish that these rights are invalid.

However, it is not as simple as that in view of considerable variations between the laws of the Member States. In particular, the FCI case raises questions for EU countries, like the United Kingdom and Ireland, that have chosen to provide in their national laws that it is a defense to an infringement action under a national (i.e., U.K. or Irish, as the case may be) registered trademark to show that one is using one’s own (national) registered trademark within the scope of its registration (Section 11(1) of the United Kingdom’s Trademarks Act 1994; and Section 15(1) of Ireland’s Trademarks Act 1996). According to the national trademark statutes, these defenses would hold good unless/until the registration in question is held invalid. The implications of the CJEU’s ruling in FCI are that such defenses may be argued to conflict with the requirements of the TM Directive. However, this does not necessarily follow. The apparent evil being addressed by the CJEU in FCI—the delay that would be caused by insisting that the junior mark first be cancelled—would not exist in the case of a claim under a U.K. or an Irish national registration being defended on the basis of a national registration, because the senior rights owner could challenge the validity of the junior mark at the same time that it is pursuing the infringement claim. These national procedures allow for counterclaims for invalidity. For the time being, though, the robustness of these national defenses will be somewhat uncertain.

The position in Spain—from which the FCI decision came—is also interesting, and here we already have case law following the CJEU’s ruling in FCI. The FCI case, of course, involved two Community trademarks, governed by the CTM Regulation rather than Spanish national trademarks governed by the TM Directive and Spanish national law. In contrast to Article 9 of the CTM Regulation, which confers on the holder of the CTM only the right to prohibit unauthorized use by others (the so-called ius prohibendi or ius excludendi), Article 34(1) of the Spanish Trademark Act confers on the holder of a Spanish trademark not only the right to prohibit use by others but also the right to use the mark (the so-called ius utendi).

According to Article 34(1) of the Spanish Trademark Act, “The registration of the trademark grants to its owner the exclusive right to use it in the market.” This right is, in addition, unconditional; there is no other rule in the Spanish Act that might impose any limitation on it.

On the basis of Article 34 of the Spanish Trademark Act, the Supreme Court of Spain has developed the doctrine of immunity through registration. According to this, the owner of a Spanish trademark has the right to use it; unless the trademark is declared
invalid, its use can never be regarded as unlawful. This doctrine is based on the literal interpretation of Article 34(1) of the Spanish Trademark Act and on the consideration of trademarks as objects of private property, therefore applying the Latin aphorism “qui suo iure utitur neminem laedit” (that is to say, “those who use their legal right harm no one”).

The above line of case law has been repeatedly applied by the Supreme Court of Spain. For instance, in its judgment of July 7, 2006, the Supreme Court stated that “the use of the trademark registrations owned by the defendant is one of the rights conferred by the Trademark Act and cannot be regarded as unlawful unless the trademark registrations are declared invalid.” 255

In a more recent judgment, the Supreme Court of Spain said that “The owner of an earlier trademark registration that claims that the use of a later trademark registration infringes his exclusive right must request the invalidity of the later trademark registration . . .” (judgment of April 4, 2012, in case DKNY/Grupó KNY), 256 and “the owner of a prior mark that claims that the use of a later registered trademark infringes his exclusive rights and requests a compensation for damages must, at the same time, claim the invalidity of this cover mark” (judgment of June 29, 2012, in Botox/Botuxyne). 257

The question therefore arose, whether or not the CJEU’s judgment in the FCI case in February 2013 would cause the Spanish courts to review or not the operation of the “immunity through registration” doctrine for their own national marks. As indicated above, the Spanish Supreme Court has already done so, in its judgment of July 24, 2013 (Radio Canarias). Having considered both the FCI ruling, and some of the considerations contained in its own earlier rulings in Grupo KNY and Botox, 258 the Supreme Court of Spain stated the following:

- The interpretation of the ECJ is logical since, according to the CTM Regulation, it is not possible to file a consolidated invalidity and infringement action before the CTM Courts, as the OHIM has jurisdiction to rule on invalidity of CTMs whereas the CTM Courts have jurisdiction to rule on infringement of CTMs. Therefore, if the owner of a prior mark were obliged to first cancel the CTM Registration prior to bringing infringement proceedings, his right would be seriously damaged as it takes years to obtain a final judgment in invalidity cases (OHIM Cancellation Division –

However, in Spain both the Spanish Trademark Act and the Spanish Law on Civil Procedure allow the owner of the earlier mark to request, in a consolidated claim, both the invalidity of the later registered mark and a declaration of infringement. Therefore, the obligation to also seek the cancellation of the Spanish trademark does not imply an additional burden on the claimant.

- Therefore, and in accordance with a literal interpretation of Article 34(1) of the Spanish Trademark Act and existing case law, unless the owner of the oldest trademark files a consolidated claim for invalidity, he cannot successfully claim for trademark infringement against the owner of a later registered Spanish Trademark.

- Article 54 of the Spanish Trademark Act, however, states that a declaration of invalidity has retroactive effects. It follows from this that when the Spanish Trademark Registration is cancelled, it is considered to never have had effects, so the right to use provided by Article 34(1) has never existed.

- On the issue of damages, the Botox judgment says that when the later trademark is declared invalid and the infringement proved, the owner of the later cancelled trademark is liable for damages (i) if he has received a prior cease and desist letter from the owner of the oldest mark, (ii) if he has acted in a negligent way or (iii) if the infringed trademark is well-known.  

To summarize, the findings of the Supreme Court of Spain in Radio Canarias are not aligned with the CJEU’s judgment in the FCI case, since the Court believes that it is appropriate to maintain its previous case law in relation to Spanish national marks. According to this case law, in order for infringement of a Spanish registered trademark to be declared, the infringing trademark must be invalidated. However, the effects of the registration have been redefined, applying the doctrine of retroactive effects of the declaration of invalidity. These retroactive effects imply that the trademark has never existed as such and therefore the right to use has not existed either. This has opened the possibility to request preliminary injunctions and request compensation for damages against the owners of Spanish trademark registrations whose invalidity is sought in the frame of infringement proceedings.

3. EU – CJEU – Where a Community trademark is not registered in color but is used by the defendant in a particular color or color combination, is it relevant to the infringement analysis under Articles 9(1)(b) and 9(1)(c) that: (a) the CTM owner itself has used this mark extensively in that color or color combination; or (b) that the defendant is already associated, in the minds of a significant portion of the public, with the same color?

Yes, both of these are relevant considerations in the infringement analysis. Such was the ruling of the CJEU on July 18, 2013, in Specsavers International Healthcare Ltd and others v. Asda Stores Ltd. The case raised issues for the CJEU in relation to both Article 9(1) (infringement) and Articles 15(1) and 51(1)(a) (non-use). The Court’s analysis in relation to non-use is covered in Part VII above.

The reference to the CJEU was made by the Court of Appeal of England and Wales. The questions arose out of an infringement claim brought by Specsavers, a major optometry group against ASDA, a major supermarket chain.

The questions raised under Article 9 relate to the CTM shown here:

This had been registered by Specsavers in black and white (i.e., with neither a claim to, nor a limitation by, any particular color). The sign, used by ASDA, that Specsavers alleged to infringe the CTM is shown below:

The ASDA sign is in green.

The questions arose because, in practice, Specsavers has for many years presented its logo in green, and the reputation and distinctiveness of the mark has been built up under that color. As already mentioned, ASDA chose to present its own similar logo in the same color, and was doing so as part of a marketing campaign for its own rival opticians’ service that, in other respects too, picked up on aspects of the SPECSAVERS brand identity. On the other hand, ASDA’s own regular livery (i.e., the way it used its ASDA store sign, etc.) was also presented in green.

The question of color was therefore important. It was already clear that Specsavers’ registration of its mark in black and white would provide protection unrelated to, and irrespective of, color. However, Specsavers could, in principle, argue more strongly a case for likelihood of confusion, and/or that ASDA’s logo took unfair advantage of the SPECSAVERS logo, if it were entitled to rely on the distinctiveness/reputation attaching to its own use of the color green. ASDA, for its part, could argue, if permitted to rely on its own established use of green, that this existing association between ASDA and green would diminish the likelihood of confusion and justify its choice of the color scheme.

Without, of course, deciding on which argument would prevail, the CJEU held that each parties’ use of color was relevant to the infringement questions, even though color was not a feature of the mark as registered. The Court’s decision started with a very basic building block of EU trademark law: “the existence of a likelihood of confusion on the part of the public must be assessed globally, taking into account all factors relevant to the circumstances of the case.” In this “global assessment” the Court’s decisions have also established the principle that the more distinctive the trademark, the greater the likelihood of confusion. According to the Court, the color or combination of colors in which the mark is actually used affects consumers’ perception of the mark. In this context, it would be illogical not to take into account the defendant’s selection of a color scheme similar to that which had already become associated with the claimant’s mark simply because the claimant had not registered its mark in color.

For similar reasons, the Court was clear that the specific distinctive character and reputation built up by Specsavers through use of its logo in green would be relevant to the question of whether ASDA’s use took unfair advantage of the SPECSAVERS mark by presenting their logo, too, in green.

Similar reasoning was used by the Court to explain why, on the flip-side, it should also be taken into account that ASDA, too, was associated with the color green. (There was no discussion in the decision as to the particular shade of green, or as to other marketing associations with this particular color.)
The decision in *Specsavers* shows how far the Court has come in recent years in reinforcing the notion that decisions over infringement must be taken on a contextual basis. It also neatly demonstrates that this approach can have both negative and positive implications for the claimant’s case. Since at least its decision in *O2 Holdings Limited and O2 (UK) Limited v. Hutchison 3G UK Limited*\(^\text{261}\) in 2008, the Court has insisted on an analysis that reflects the full realities of each situation, albeit one that necessarily makes it harder for brand owners to pre-judge the scope of protection liable to be afforded to their marks, and harder for counsel advising on the clearance of new marks to say with confidence what will or will not be held to infringe existing rights that they find on the EU registers.

Although the *Specsavers* case involved trademark infringement, and proceedings under the CTM Regulation, it has, to some extent, application by analogy in trademark opposition cases. In the United Kingdom, from which the *Specsavers* case emanated, the IPO subsequently published a Practice Amendment Note (1/2014) which, among other things, had three things to say about the role of color in situations where the earlier mark is registered in black and white:

(a) if color is established as forming part of the distinctive character of the earlier mark (despite the fact that it is registered in black and white) then the potential or actual use of that color in respect of the mark applied for will be considered a relevant factor (and may improve the chances of an opposition succeeding);

(b) the fact that the mark applied for might in fact be used in a color different from that in which the earlier mark is used and has acquired a particular distinctiveness will not be considered a relevant factor (i.e., will not have the effect of diminishing the chances of success in an opposition); and,

(c) color is not taken into account where the earlier mark is registered in black and white but either has not been used, or has not been used to such an extent or with such consistency in a particular color that a color forms part of its distinctive character.

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4. United Kingdom – High Court of England and Wales – In what kinds of circumstances can the use of a registered trademark by a competitor of the trademark owner in keyword advertising infringe the registered trademark?

A series of recent CJEU cases have addressed the issues surrounding keyword advertising. The May 2013 decision of the English High Court in *Interflora, Inc., Interflora British Unit v. Marks and Spencer PLC, Flowers Direct Online Limited*262 applied these decisions, including some particular guidance that the court had sought from the CJEU on the facts of its own case. Although recognizing that “keyword advertising is not inherently or inevitably objectionable from a trademark perspective” and that “[o]n the contrary, the case law of the CJEU in this field recognizes that, as a general rule, keyword advertising promotes competition,”263 the English High Court found for the trademark owner in this case. The facts were somewhat unusual, but the case offers valuable insights into how the analysis may be conducted in the special circumstances of keyword advertising. In the course of the decision, the court also considered in detail two problematic aspects of EU infringement law—the “average consumer” test; and the burden of proof in cases of so-called “double-identity” cases.

The claimants, the Interflora companies, operate the well-known INTERFLORA flower delivery network in the United Kingdom. The first defendant, Marks & Spencer (M&S), is one of the United Kingdom’s best-known retailers. M&S has been developing its own flower delivery business. In 2008, when the search engine Google began to allow third-party use of other companies’ trademarks in its AdWords advertising program in the United Kingdom, M&S seized the opportunity to adopt INTERFLORA as a keyword within the program. M&S is not a member of the Interflora network; it competes with it. Interflora alleged infringement of its U.K. and Community trademarks.

The decision in *Interflora* is primarily concerned with trademark infringement under Article 5(1)(a) of the TM Directive (as implemented in U.K. law by the Trademarks Act 1994) and Article 9(1)(a) of the CTM Regulation. These provisions are in identical terms—one governing the claim under the U.K. national registration of INTERFLORA; the other governing the equivalent Community trademark claim. The provisions deal with a situation of “double-identity,” i.e., where both the trademark used by the defendant and the goods or services for which the defendant uses it

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262. *Interflora, Inc., Interflora British Unit v. Marks and Spencer PLC, Flowers Direct Online Limited*, [2013] EWHC 1291 (May 21, 2013) (Ch.).

263. *Id.* ¶ 288.
are identical, not merely similar, to the mark, and goods/services, covered by the claimant’s registration.

In a “double-identity” case, the trademark owner need not provide the existence of a likelihood of confusion. However, CJEU case law has determined that the claimant may succeed only if the defendant’s use of the mark affects, or is liable to affect, the functions of the trademark. The issue to be determined in the Interflora case was whether or not the use of the Interflora mark by M&S did or would affect the functions of the mark.

Among the functions of a trademark recognized by EU law the main, or “essential,” function is its “origin” function—that is, “to guarantee the identity of the origin of the marked goods or service to the consumer or end user.” In joined cases C-236/08 to C-238/08 Google France SARL, Google Inc. v. Louis Vuitton Malletier SA, the CJEU considered whether or not, in principle, the use of another company’s trademark in keyword advertisements could have an adverse effect on the origin function, and held:

83. The question whether that function of the trademark is adversely affected when internet users are shown, on the basis of a keyword identical with a mark, a third party’s ad, such as that of a competitor of the proprietor of that mark, depends in particular on the manner in which that ad is presented.

84. The function of indicating the origin of the mark is adversely affected if the ad does not enable normally informed and reasonably attentive internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trademark . . . or, on the contrary, originate from a third party.

The question of whether or not there is, in any given case, such an adverse effect was left to the national courts to decide.

The critical question to be determined by the English High Court in the Interflora case was, therefore, whether the M&S advertising would enable normally informed and reasonably attentive Internet users to ascertain without difficulty that M&S was not part of the INTERFLORA network. A number of problems—both legal and factual—beset the English court. One problem was in determining where the burden of proof lay in respect of the critical question.

If it had been a case under Article 5(1)(b) of the Directive or Article 9(1)(b) of the Regulation, where it was necessary to show a

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265. Id. ¶ 84.
likelihood of confusion, then the onus of proving that would clearly have fallen on the trademark owner. But the English High Court considered (following its own earlier ruling in Datacard266) that in an Article 5(1)(a)/Article 9(1)(a) case the burden of proof should be reversed, that is, “the onus lies on the [advertiser] to show that the use of the sign in context is sufficiently clear that there is no real risk of confusion on the part of the average consumer as to the origin of the advertised goods or services.”267

A second legal question arising for the English High Court concerned the nature of the “average consumer” test—being the usual point of reference in EU trademark infringement cases. The CJEU case law has determined that the courts should consider the perspective of the average consumer of the goods or services in question. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. In the Interflora case, the English High Court considered both the notion of the “average consumer” and the notion of “the normally informed and reasonably attentive internet user,” the latter being a reference point developed in the specific context of keyword advertising cases.

The English High Court was concerned with the question of whether the tests developed in the CJEU case law denote the perspective of a single person (the true average consumer), or permit courts to consider the varying perspectives of more than one group of people within the consumer group.

Following a review of case law, the English High Court noted that the “average consumer” is a legal construct; and that the test provides a benchmark, by reference to which the views of the ill-informed or unobservant may be discounted. The parties in the case agreed that it is not a statistical test; it is not a matter of trying to decide how a majority of the relevant people would see things. However, the court noted:

There is nevertheless a significant dispute between the parties with regard to the average consumer... Counsel for M&S submitted that the effect of the Court of Justice’s case law is to create a single meaning rule in European trademark law, that is to say, a rule that the use of a sign in context is deemed to convey a single meaning in law even if it is in fact understood by different people in different ways. Accordingly, he submitted that it is impermissible for the Court to consider whether a significant proportion of the relevant Class of persons is likely to be confused when determining an issue as to infringement. Counsel for Interflora disputed that there is a

single meaning rule in European trademark law. He submitted that consideration of whether a significant proportion of the relevant class of persons is likely to be confused is not merely permissible, but positively required by the Court of Justice’s case law. . .

In my judgment there is in general no single meaning rule in European trademark law. . .”268

The court then went on to cite a host of reasons why this should be the case—including a lack of CJEU authority supporting the existence of a “single meaning” rule in EU trademark law. The biggest potential stumbling block for the judge, Mr. Justice Arnold, in denying the existence of a single meaning rule appeared to be that posed by the Court of Appeal of England and Wales in an earlier decision given in the Interflora case (dealing with questions of evidence).269 In that decision, Lord Justice Lewison had held the “average consumer” test in EU trademark law to be conceptually different from the “substantial proportion of the public” test, as applied in English passing-off cases. In his view, although the application of the two tests might often produce the same results, this was not an inevitable result. Lord Justice Lewison had gone on to hold, “the fact that some internet users might have had difficulty in grasping that Interflora and M&S were independent is not sufficient for a finding of infringement.”270

Mr. Justice Arnold robustly concluded, however, that this did not support the existence of a single meaning rule. According to Mr. Justice Arnold,

the reason why it is not necessarily sufficient for a finding of infringement that “some” consumers may be confused is that . . . confusion on the part of the ill-informed or unobservant must be discounted. That is a rule about the standard to be applied, not a rule requiring the determination of a single meaning . . . . The legislative criterion is that ‘there exists a likelihood of confusion on the part of the public’. . . the Court of Justice has held that ‘the risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings, constitutes a likelihood of confusion’. This is not a binary question: is the average consumer confused or is the average consumer not confused? Rather, it requires an assessment of whether it is likely that there is, or will be, confusion, applying the standard of perspicacity of the average

268. Id. ¶¶ 212-213.
270. Id. ¶ 36.
consumer. It is clear from the case law that this does not mean likely in the sense of more probable than not. Rather, it means sufficiently likely to warrant the Court’s intervention. The fact that many consumers of whom the average consumer is representative would not be confused does not mean that the question whether there is likelihood of confusion is to be answered in the negative if a significant number would be confused.271

Regarding the more specific standard developed in the keyword advertising cases—the “normally informed and reasonably attentive internet user,” Mr. Justice Arnold found support for his position in the CJEU’s decision Portakabin Ltd, Portakabin BV v. Primakabin BV272 (another keyword advertising case). Here, at paragraph 70, the Court of Justice referred to a situation in which “the advertisement is likely to cause at least a significant section of the target public to establish a link between the goods or services to which it refers and the goods and services of the trademark proprietor . . . .”273

Before turning to the application of the law to its own case, the court examined the outcomes of a number of other keyword advertising cases around the EU. No less than 18 cases were cited to the court—from Germany, France, Italy, Spain, Sweden, Denmark, and the Benelux countries. Three of these were the national sequels of cases that had previously been referred to the CJEU.

Counsel attempted to draw from these cases a principle by which the rule generally attaching to keyword advertising could be calibrated. Mr. Justice Arnold was reluctant to be drawn on this, beyond noting a European consensus that “keyword advertising using a competitor’s trademark is not inherently or inevitably objectionable from a trademark perspective.”274 However, he rejected the contention that cases of infringement would arise only in “exceptional” cases. He noted that the cases went both ways, and discussed examples of both kinds of outcome, but without offering a scorecard of previous results or attempting to derive any particular rules of general application from them.

To assist the court in the present case, Mr. Justice Arnold had the advantage of having received some specific guidance from the CJEU as to application of the law to its own special facts.

271. Interflora, Inc., Interflora British Unit v. Marks and Spencer PLC, Flowers Direct Online Limited, [2013] EWHC 1291, ¶ 224 (May 21, 2013) (Ch.).
273. Id. ¶ 70.
274. Interflora, Inc., Interflora British Unit v. Marks and Spencer PLC, Flowers Direct Online Limited, [2013] EWHC 1291, ¶ 283 (May 21, 2013) (Ch.).
Questions that Mr. Justice Arnold had referred to the CJEU in 2009 had been answered by the CJEU in September 2011, and gave very particular input into the analysis to be applied in a situation where, as here, the trademark in question was used by a network of independent operators. The CJEU’s ruling had directed the English High Court to look in particular at the following factors:

(a) whether the “reasonably well-informed and reasonably observant internet user,” based on their general knowledge of the market, could be deemed to be aware that the M&S flower delivery service was in competition with the Interflora network rather than a member of it;

(b) whether M&S advertisements enabled the “reasonably well-informed and reasonably observant internet user” to tell that their flower delivery service was not part of the Interflora network; and

(c) whether the nature of Interflora’s business model make it particularly difficult for the “reasonably well-informed and reasonably observant internet user” to determine, in the absence of indications in the advertisement, whether or not M&S’ business was part of the Interflora network.

The evidence on these factors favored Interflora. The English High Court determined that it was not generally known that M&S is in competition with Interflora and not a member of their network. The court appeared to consider that the nature of the INTERFLORA network, in which individual members retain their own individual identities notwithstanding their use of the Interflora sign, inherently led to a special risk that consumers could mistakenly consider that M&S and Interflora were connected unless the advertisement itself made the position clear. The advertisement did not do so.

The court also considered a number of other factors, including the following evidence that it considered to favor Interflora:

(a) reports that showed that M&S had achieved a far higher increase in traffic to its website as a result of bidding on the trademark INTERFLORA than it had achieved from bidding on any other kind of trademark;

(b) Internet traffic data showing that consumers who searched for INTERFLORA and then clicked on the M&S advertisement were between 44 and 106 times more likely to visit Interflora’s website afterwards within the same session than the average visitor to the flowers section of the M&S website; and

(c) indications that, although some Internet users were aware of the phenomenon of keyword advertising and recognized the difference between paid and unpaid results, there remained a
significant body of Internet users who would not have done so, and who would be particularly susceptible to confusion.

The court appeared to consider the Internet traffic data, in particular, to be persuasive and concluded that “a significant proportion of consumers who searched for ‘Interflora’... and then clicked on M&S’ advertisements displayed in response to those searches, were led to believe, incorrectly[,] that M&S’ flower delivery service was part of the Interflora network.”

5. United Kingdom – Court of Appeal of England and Wales – When will the parties be permitted to adduce evidence from consumers in a trademark infringement case involving ordinary consumer goods and services?

According to the Court of Appeal of England and Wales in Interflora Inc. and Interflora British Unit v. Marks and Spencer PLC, such evidence is to be permitted in an English case only if the judge is satisfied that “it is likely to be of REAL value.” The emphasis is the court’s own.

The question of how to deal with evidence in trademark cases is not the subject of harmonization among the EU Member States. It is a part of the procedural rules that remain the province of national law and practice, even in cases involving Community trademarks—as the Interflora case does. This is one of the reasons that the outcome of a trademark case brought on identical facts could differ from place to place within the EU.

The Interflora case has been running for several years. The trial decision in the case was also handed down in 2013 and is covered earlier in this Part IX. The Court of Appeal ruling under discussion here was handed down shortly before the trial began. It deals directly and solely with the question of whether or not one of the parties, Interflora, should be permitted to introduce certain evidence.

It is, in fact, the second English Court of Appeal decision relating to the evidence in the case, the first having been in 2012. This second ruling, like the first, led to the exclusion of the evidence concerned. The interest in the new decision lies in its emphatic nature, and in the lessons to be derived on a point of vital practical importance to parties in an infringement claim in England and Wales relating to consumer goods or services.

The Interflora case (as noted more fully earlier in this Part IX) involved the use by the defendants, M&S, of the claimant’s brand name INTERFLORA in keyword advertising. It raised the factual

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275. Id. ¶ 318.
question of how the “reasonably well-informed and reasonably observant internet user” would perceive the online M&S flower delivery advertisements that appeared when the Internet user typed in “Interflora”: would they, or would they not, grasp that M&S was not part of the Interflora flower delivery network?

The first Court of Appeal decision had concerned Interflora’s attempt to adduce evidence from witnesses selected from a “witness selection programme.” The second Court of Appeal decision, in 2013, related to what Interflora called “evidence of real world confusion”: the testimony of 13 individuals, chosen from a total of 100,000 people who had used the Interflora website or had been part of a previous survey, to the effect that they had been confused.

The question arose as a matter of preliminary case management, before the trial. The English Court actively manages cases with a view to limiting cost and complexity, including as to the nature and extent of evidence that the parties may adduce. In its 2012 ruling, the Court of Appeal had held that the purpose of controlling, at a preliminary stage, the evidence that may be adduced at trial was “not merely to avoid irrelevant (ie inadmissible) evidence; it is also to avoid evidence which is unlikely to be of real value” and that, in considering whether or not to permit the introduction of the evidence, the court should evaluate it “in order to see (a) whether it would be of real utility and (b) whether the likely utility of the evidence justifies the costs involved.”

In its 2013 judgment, the English Court of Appeal reaffirmed this message—that evidence of this kind may be admitted only if it (a) is of real value and (b) if the value justifies the cost, and that “judges should be robust gatekeepers in that respect” (per Lord Justice Lewison).

However, what brought the parties back before the English Court of Appeal in 2013 was something that the Court of Appeal (per Lord Justice Lewison) had also said in its 2012 ruling:

“different considerations may come into play where ... evidence is called consisting of the spontaneous reactions of the members of the relevant public to the allegedly infringing sign or advertisement”; and that “if there is evidence of

278. Id. ¶ 142.
consumers who have been confused in the real world, there can be no objection to calling it”. 280

A key issue in the present case was whether or not the witness evidence sought to be adduced was evidence of this kind—this being the basis upon which it was being put forward.

The information available for consideration by the court consisted of two things: a set of witness statements that had been prepared in respect of the 13 prospective witnesses; and a set of notes containing the answers to a series of scripted questions that each had been asked, which had been used to form the basis for the witness statements.

The English Court of Appeal considered both sets of information in considerable detail, and concluded:

(a) the witness statements had been prepared in a way that glossed over the hesitancy and uncertainty present in the “raw” answers that several had given; they were not a fair reflection of the raw information, and it was therefore necessary to concentrate on the raw information;

(b) the questions used to obtain the raw information had included a leading question that had induced the witnesses to speculate as to a possible connection between M&S and Interflora—which was not a reflection of their actual experiences;

(c) if one were to strip away the speculative material, there would be very little left for Interflora to rely on; and

(d) permitting the introduction of this material that was, inevitably, partisan (i.e., from a skewed selection of witnesses) would put a considerable burden on M&S to disprove the validity of the witness selection that Interflora had made, which could be justified only if the Interflora evidence were considered likely to have a real impact on the outcome of the case.

All of which led the Court of Appeal to conclude that, on a properly robust application of the “gatekeeper” function mentioned above, there was too little likely value in the proposed evidence to justify its introduction.

What the case shows is both the rigor with which the English courts will approach the issue of whether or not to admit consumer evidence in trademark cases, and the vehemence with which a lower court risks being condemned for too lax an application of the test. In cases involving ordinary consumer goods or services especially, as here, the English courts are particularly likely to consider witness evidence to add little to their own inherent understanding. The case also illustrates the English courts’ rather

skeptical approach to the value of evidence that, whether or not part of a formal survey, is derived by putting standard questions to a body of supposedly representative individuals.

6. **Italy – Italian Supreme Court – Is the fact that the alleged infringer does not perform an “entrepreneurial activity” a valid defense against a claim of trademark infringement?**

   No. So held the Italian Supreme Court in *Ferrari v. Ferrari Club Milano*.281 (See also Part X below, which refers to the Court’s findings concerning limitation in consequence of acquiescence.)

   The case at issue originated with a trademark dispute between the well-known automobile company Ferrari and an unauthorized fan club of the “prancing horse” (i.e., Ferrari Club Milano), which had used some of Ferrari’s word and figurative marks without its consent. In particular, Ferrari had instituted a trademark infringement action against Ferrari Club Milano.

   In its defense, the Ferrari Club Milano relied, among other things, on the argument that it could not be liable for trademark infringement because it did not perform an “entrepreneurial activity.” (Note: the term “entrepreneur” is specifically defined in the Italian Civil Code (Article 2082) as “one who professionally carries on an organized economic activity aimed at producing or exchanging goods or services.”)

   This defense, which had been allowed by the Court of Appeal, was rejected by the Supreme Court. In the first place, the Supreme Court held the Court of Appeal to have erred in assuming that the fan club’s activity does not amount to an entrepreneurial activity. The Supreme Court held that the payment of membership fees and the continuing offer of events and services of an economic value were sufficient. Furthermore, the Supreme Court maintained that it did not agree with the principle applied by the Court of Appeal, whereby the alleged infringer must be an entrepreneur to be liable for trademark infringement.

   On the latter point, the Supreme Court—making express reference to some precedents of the CJEU—held that to meet the “use in the course of trade” requirement set forth in Article 5 of the TM Directive (and its equivalent in Italian national law, Article 20 of the Italian Intellectual Property Code (IPC) it is sufficient that the alleged infringer performs a “commercial activity with a view to economic advantage and not as a private matter” (see, to that

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281. Ferrari v. Ferrari Club Milano, Case No. 26498 (Italian Supreme Court, Nov. 27, 2013).
effect, Google France;\textsuperscript{282} see also \textit{UDV North America Inc. v. Brandtraders NV};\textsuperscript{283} \textit{O2 Holdings Limited}\textsuperscript{284}).

7. \textbf{Benelux – Court of Appeal of The Hague – In order to qualify as a well-known mark within the meaning of Article 6bis of the Paris Convention, is a higher degree of reputation required than that for a trademark with a reputation within the meaning of Article 9(1)(c) of the CTM Regulation?}

Yes, a higher degree of reputation is required. This was decided in the case \textit{Screentime/SBS}\textsuperscript{285} by the District Court of The Hague and also on appeal in summary proceedings between the same parties, which proceedings were running simultaneously.\textsuperscript{286}

The underlying facts are as follows. Screentime owns the Benelux trademarks POPSTARS: THE RIVALS (registered in 2004) and POPSTARS (registered in 2012) and also grants licenses for the production and broadcasting of a talent show with a certain format under these names.

In 2001, the show was broadcast in Belgium under the name \textit{Popstars} by VT4 under license from Screentime and, in 2004, the show was broadcast under the name \textit{Popstars: The Rivals} in the Netherlands by RTL, also under license from Screentime. Between 2008 and 2011, SBS produced and broadcast \textit{Popstars} in the Netherlands under Screentime’s license.

In 2007, SBS broadcast the talent show \textit{So You Wanna Be a Popstar} on Dutch television. SBS owns the Benelux trademark SO YOU WANNA BE A POPSTAR (registered in 2007) and also the Internet domain name popstars.nl, which links to SBS’s website.

In October 2012, SBS announced that it was proposing to broadcast a talent show under the name \textit{The Next Popstar}, also noting that several jury members of \textit{Popstars} would become jury members of \textit{The Next Popstar}. Screentime then filed proceedings, alleging an infringement of its rights.

Initially Screentime prevailed, securing an injunction in summary proceedings in 2012 because the court deemed Screentime to have a well-known trademark in the Netherlands.

\textsuperscript{282}Google France SARL, Google Inc. v. Louis Vuitton Malletier SA, Joined Cases C-236/08 to C-238/08, [2010] ECR I-2467, ¶ 50 (CJEU, Mar. 23, 2010).


\textsuperscript{285}Screentime PTY Ltd et al. v. SBS Broadcasting B.V. et al., Case No. C/09/431643 (District Court of The Hague, Oct. 23, 2013).

\textsuperscript{286}SBS Broadcasting B.V. et al. v. Screentime PTY Ltd et al., Case No. 200.119.644/01 (Court of Appeal of The Hague, Dec. 17, 2013).
within the meaning of Article 6bis Paris Convention.\textsuperscript{287} However, both on appeal and in proceedings on the merits, different rulings were given.

On the merits, the District Court first of all considered that the Screentime trademarks were inherently descriptive in the entire Benelux for part of the goods/services at issue, because they describe certain characteristics of them. This would be a ground for holding the marks invalid, by reference to Article 3(1)(c) of the TM Directive. (For cases involving Articles 3(1) and 3(3) of the TM Directive, and the text of the articles, see generally Part IV above.)

The next step was for the court to establish whether the trademarks were nevertheless valid as having acquired distinctiveness (by reference to Article 3(3) of the TM Directive). More particularly, the question was whether or not the trademarks had acquired distinctiveness throughout the Benelux area, because the case concerned Benelux trademarks. In this regard, the court referred to the CJEU’s \textit{Windsurfing Chiemsee} decision,\textsuperscript{288} which mentions circumstances relevant in that respect, such as the market share.

The court found that the relevant public consisted of television viewers watching entertainment programs (not only talent shows) and concluded that even though the title of a television show can acquire distinctiveness fairly quickly, there was no acquired distinctiveness in the Benelux, because the mark had not been extensively used in Belgium (this being one of the three Benelux countries, with a significant part of the overall Benelux public). There, the show was televised for only one season (10 episodes) under one of the two trademarks (POPSTARS), and had been aimed at the Flemish (Dutch) speaking part of the Belgian population. This conclusion was unaffected by certain other factors, such as some limited publicity that had circulated in Belgium and the possibility of Belgian viewers watching foreign versions of the show.

The court then turned to the alternative ground invoked by Screentime, which is the part of more particular interest. Screentime had hoped (and succeeded, in the first instance summary proceedings) that by focusing on the Netherlands only, and invoking an unregistered well-known mark in the Netherlands (and not the three-country Benelux combination as required for registered marks in the Benelux), it could achieve the desired protection after all.

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{287} Screentime PTY Ltd et al. v. SBS Broadcasting B.V. et al., Case No. 429981/KG ZA 12-1198 (District Court of The Hague, Nov. 15, 2012).
\end{itemize}
\end{footnotesize}
The court considered that the threshold for protection as a well-known mark (Article 6bis of the Paris Convention) has been lowered by Article 16 of the TRIPs Agreement, so that a reputation among the general public is not required and it is sufficient if a significant part of the relevant public of the goods or services at issue knows the mark. At the same time, however, the court considered that for Article 6bis of the Paris Convention to apply, a particularly high degree of reputation is required—higher than would be required for a claim based on Article 5(2) of the TM Directive or Article 9(1)(c) of the CTM Regulation. According to the court, this conclusion would follow from the fact that well-known marks are afforded more protection than a mark that simply “had a reputation.” For the mark to be a well-known mark, it is furthermore a prerequisite that it has acquired distinctiveness in the Netherlands (being party to the TRIPs Agreement).

All in all, the court found that the required higher degree of reputation had not been substantiated sufficiently. In this respect the court found it relevant, among other things, that the use by Screentime ended two years previously, and that Screentime had not submitted market survey evidence.

In the appeal of the summary proceedings (the oral hearing of which took place about two weeks after the judgment just discussed), a similar ruling was given. The Court of Appeal of The Hague ruled that (i) for a well-known mark (Article 6bis of the Paris Convention), a higher degree of reputation is required than would be required to prevail in a claim under Article 9(1)(c) of the CTM Regulation (Article 5(2) of the TM Directive) on the basis of a mark that “has a reputation” and (ii) the mark at issue (POPSTARS) was not a well-known mark, as Screentime had not established that it was recognized by more than 25% of the relevant public. Among other things, viewings on the Internet were not deemed convincing because it was not clear how many of the views were new views by members of the Dutch public.

These decisions are important because they indicate that, according to the Dutch court, (i) the threshold for protection as a well-known mark within the meaning of Article 6bis of the Paris Convention has been lowered by Article 16 of the TRIPs Agreement, in the sense that a reputation among the general public is not required and it is sufficient if a significant part of the relevant public of the goods or services at issue knows the mark, but at the same time (ii) for such a well-known mark, a higher degree of reputation is required than for a mark “with a reputation” and (iii) knowledge by 25% of the relevant public would be insufficient for meeting this threshold.
8. Benelux – Dutch Supreme Court – In order to successfully claim the taking of unfair advantage of Article 9(1)(c) of the CTM Regulation, must the infringer have an intent to take unfair advantage?

Yes, but it is not very clear who must prove what. This follows from the decision of the Dutch Supreme Court in *Red Bull/Menken.*

The facts underlying this matter are as follows. Red Bull trades in an energy beverage under the trademark RED BULL and owns several relevant trademarks. Osborne, with its main interest in the production of alcoholic beverages, such as sherry and port, served for about ten years as Red Bull’s distributor in Spain. Shortly after the end of the distribution relationship, Osborne started to trade in Spain and Portugal in an energy beverage with packaging including, among other things, the picture of a bull and the word “toro.” Osborne engaged another company, Menken, to produce the beverage and fill cans for it in the Netherlands.

Considering its rights to be infringed, Red Bull commenced infringement proceedings in the Netherlands.

The Dutch Supreme Court, before which the case ultimately came, had to decide on the application of Article 2.20(1)(c) of the Benelux Convention on Intellectual Property, which is based on Article 5(2) of the TM Directive. Red Bull claimed that the Osborne packaging, with its bull design, took unfair advantage of its RED BULL mark.

With reference to the CJEU’s ruling in *L’Oréal SA and Others v. Bellure NV and Others* the Dutch Supreme Court held that, for the taking of unfair advantage within the meaning of Article 5(2) of the TM Directive there must be an intent to ride on the coat-tails of the invoked trademark. The Court furthermore referred to paragraph 44 of the judgment, where it is stated that

(...), in order to determine whether the use of a sign takes unfair advantage of the distinctive character or the repute of the mark, it is necessary to undertake a global assessment, taking into account all factors relevant to the circumstances of the case, which include the strength of the mark’s reputation and the degree of distinctive character of the mark, the degree of similarity between the marks at issue and the nature and degree of proximity of the goods or services concerned.


291. *Id.*, ¶ 44.
The Supreme Court then evaluated the ruling of the Court of Appeal, which had denied Red Bull’s claims, and came to the conclusion that the Court of Appeal was right to do so. The position is that Osborne had its own history of using a bull device as a feature of its branding. Red Bull argued that this did not exclude the possibility that Osborne had nevertheless commenced its current use with the intention of riding on the coattails of the RED BULL mark. The Supreme Court agreed, but held that the Court of Appeal had not excluded that possibility. It was simply that, looking at all of the circumstances, the Court of Appeal had not been convinced that Osborne had intended to take advantage of RED BULL. The Court of Appeal had not ruled that it is up to the trademark owner to prove the intent. It had merely mentioned the factors that indicate an intent different from that alleged by Red Bull, as well as looking at the factors on which Red Bull relied and, apparently, all in all, had not been convinced of the existence of the adverse intent.

This decision is interesting because although the Court is clear that there must be an intent to ride on the coattails of the invoked mark, it is not very clear as to who bears the burden of proof.

9. Benelux – Court of Appeal – What is the scope of protection of “shirt trademarks”?

The answer from the Amsterdam Court of Appeal in AFC Ajax/X292 is unclear, but suggests that the scope is narrow. The facts underlying this case are set out in Part II above. In essence, the football (soccer) club Ajax sought to rely on two white/red trademarks plus a third one (including the Greek hero Ajax, included in the club’s logo, and two of the three crosses included in the city of Amsterdam coat of arms), shown below, against the vendors of a white sweater with, among other things, a broad red banner on the front but also some other characteristics (such as three crosses).

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On appeal, the Court of Appeal of Amsterdam ruled that Ajax’s red/white trademarks were valid (please see Part II above). However, the court also ruled that the scope of protection of the trademarks does not extend to any white clothing item including a broad red strip on the front side when the outline of the white areas is not delineated in the same way as in the graphical representation above. The court concluded that the defendant’s sweaters (seen below) are not sufficiently similar to the invoked trademarks to warrant a finding of infringement.

The decision seems a blow for the merchandising departments of those exploiting shirt sales, such as sports clubs and national sports associations. Shirt sales are often an important source of income, so it is of concern if, with a few changes, shirts could lawfully be imitated. The decision would seem to leave the trademark owner essentially with protection only against a garment that reproduces the registered mark precisely (double identity)—or at least with very limited options to establish infringement on the basis of confusing similarity. It is questionable whether this is correct.

10. **France – Paris Court of First Instance – Can a trademark be protected as a mark with “a reputation” against another mark with a similar verbal component even if the verbal component has no distinctive character?**

This is the surprising outcome of two recent Paris Court of First Instance decisions delivered in 2013, relating to the same family of marks.
In _Vente-privee.com_ the facts of the case are as follows. Société Vente-privee, a French company, is the owner of two French trademarks and a Community trademark for VENTE-PRIVE.COM and associated devices. Société Vente-privee.com uses such trademarks in the course of its online business; offering fashion and lifestyle sales events through its website www.vente-privee.com.

The defendant, known as M.A., registered the domain names venteprivees.com, ventprivee.com, and vente-priveee.com. These domain names contained pages with advertising links.

Société Vente-privee.com brought proceedings against M.A, basing its claim on Article 9(1)(c) of the CTM Regulation and, to similar effect, Article L713-5 of the French Intellectual Property Code, which reflects Article 5(2) of the TM Directive provides that “the reproduction or imitation of a mark with a reputation for products and services which are not similar to those designated in the registration involve a civil liability of its author if it is likely to affect prejudicially the owner of the mark or if such reproduction or imitation constitutes an unjustified exploitation of the latter.”

The Paris Court of First Instance ruled in favor of Société Vente-privee.com, noting that the owner of a well-known trademark can oppose the unjustified use of a sign when it takes unfair advantage of the distinctive character or the renown of the earlier mark or when it damages the distinctive character of the trademark. Only one of these conditions needs to be met for a successful claim. The court was satisfied that Vente-privee’s marks had a reputation for, among other things, advertising and promotional services, and that the defendant’s use would take unfair advantage of that reputation.

The court noted that the domain names were visually, phonetically and conceptually highly similar to the claimant’s registered trademarks. It therefore found that the general public would make a link between M.A.’s websites and the claimant’s trademark WWW.VENTE-PRIVE.COM. The court went on to note that the public would be even more likely to establish a link between the claimant’s trademark and the disputed websites where such websites were used to sell services that were identical to those services for which the marks VENTE-PRIVE and VENTE-PRIVE.COM were well-known.

The court held that it was therefore obvious that M.A. had the intention of attracting consumers to the websites unfairly when they were indeed looking for the website of the claimant but had mistakenly misspelled the web address. Moreover, the court noted that M.A. had sought to sell its three domain names, indicating

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that its goal was therefore to benefit from the sale of the domain names whose attractiveness stemmed solely from their very high similarity with the earlier well-known marks.

This decision is quite instructive when dealing with French cases based on the reputation of a trademark. However, the outcome is intriguing when the decision is considered alongside with another decision during 2013 of the Paris Court of First Instance (i.e., the same tribunal) in Société Showroomprive.com v. Société Vente-privee.com,294 in which Société Vente-privee.com faced an invalidity challenge to some of the same trademarks on which it had relied in its successful infringement action noted above.

The facts of the case are as follows. The claimant, Showroomprive.com, offered “private sales” (which translates in French to vente privée) on its website www.showroomprive.com and was the owner of two French registrations for SHOWROOMPRIVE.COM. The claimant brought proceedings against Société Vente-privee.com before the French courts seeking cancellation of the trademarks SALES PRIVEE.COM and VENTE-PRIVEE.COM as well as three other word and device marks owned by the defendant. The claimant claimed that the trademarks in question lacked distinctiveness, as the marks were the usual and necessary designation of the sales promotion services.

The court did not dispute that Société Vente-privee.com carried on a substantial business of selling discounted clothing to the public via its website vente-privee.com but held nevertheless that this did not show that the trademark VENTEPRIVEE.COM had an acquired distinctiveness as a trademark. The court ruled that the term was generic and must remain available for all businesses operating in this sector to use. The court found that the defendant held valid semi-figurative trademarks and a domain name registration but could not justify the claim to a trademark monopoly in the words VENTE-PRIVEE.COM as such. This would deprive competitors of the use of these words and introduce a distortion in the rules of free competition. Accordingly, the French court held the word trademark VENTE-PRIVEE.COM to be invalid due to lack of distinctiveness in connection with services in Class 35.

It seems apparent that the outcome of the first case can be reconciled with the outcome of the second on the basis that the first involved a deliberate attempt to take advantage of the reputation of the brand name, whereas the latter involved an adversary with a legitimate interest to protect. It is nonetheless

striking that the same tribunal should rule in the same year that a trademark comprising a descriptive term is entitled to the enhanced protection made available by EU trademark law to marks with a reputation against a defendant whose mark misspells the term in question, while also ruling separately that the word mark had not even achieved the acquired distinctiveness necessary to sustain its registration and should be kept free for others’ use. The fact that the trademark owner also held valid registrations of figurative renditions of its mark on which it could rely ought to have been beside the point.

X. LIMITATION OF RIGHTS, DEFENSES, LICENSES AND CONSENTS

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 (covered in Part IX above). Among these are rules that provide for the limitation of a trademark owner’s rights on the basis of acquiescence. These rules have presented interpretational difficulties in and of themselves, and have also given rise to doubt as to the applicability of EU Member States’ own home-grown rules on acquiescence and related theories. The specific rules under EU law relating to acquiescence are found in Article 54 of the CTM Regulation and Article 9 of the TM Directive. Two of the cases in Part X relate to acquiescence.

A third of the cases covered in this Part X relate to the “own name” defense, one of three defenses (the other two being, essentially, fair descriptive use and fair referential use) that may be available to the defendant provided that its use is “in accordance with honest practices.” This defense is contained in Article 12 of the CTM Regulation and Article 6 of the TM Directive.

The final three cases in this Part X relate to the EU law theory of “exhaustion of rights” and issues with consent and licensing. They have been grouped together here for convenience because, although “exhaustion of rights” occurs as a direct consequence of the trademark owner’s actions, by virtue of Article 13 of the CTM Regulation or Article 7 of the TM Directive, its application is often bound up with questions of consent and/or questions arising under license agreements. Licensing is covered by Article 22 of the CTM Regulation and Article 8 of the TM Directive.
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
Exhaustion of the rights conferred by a Community trademark
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 22 of the CTM Regulation
Licensing
1. A Community trademark may be licensed for some or all of the goods or services for which it is registered and for the whole or part of the Community. A license may be exclusive or non-exclusive.
2. The proprietor of a Community trademark invokes the rights conferred by that trademark against a licensee who contravenes any provision in his licensing contract with regard to:
(a) its duration;
(b) the form covered by the registration in which the trademark may be used;
(c) the scope of the goods or services for which the license is granted;
(d) the territory in which the trademark may be affixed; or
(e) the quality of the goods manufactured or of the services provided by the licensee.

[Note: Sections 3 to 5 omitted.]

Article 54 of the CTM Regulation

Limitation in Consequence of Acquiescence

1. Where the proprietor of a Community trademark has acquiesced, for a period of five successive years, in the use of a later Community trademark in the Community while being aware of such use, he shall no longer be entitled on the basis of the earlier trademark either to apply for a declaration that the later trademark is invalid or to oppose the use of the later trademark in respect of the goods or services for which the later trademark has been used, unless registration of the later Community trademark was applied for in bad faith.

2. Where the proprietor of an earlier national trademark as referred to in Article 8(2) or of another earlier sign referred to in Article 8(4) has acquiescence, for a period of five successive years, in the use of a later Community trademark in the Member State in which the earlier trademark or the other earlier sign is protected while being aware of such use, he shall no longer be entitled on the basis of the earlier trademark or of the other earlier sign either to apply for a declaration that the later trademark is invalid or to oppose the use of the later trademark in respect of the goods or services for which the later trademark has been used, unless registration of the later Community trademark was applied for in bad faith.

3. In the cases referred to in paragraph 1 and 2, the proprietor of a later Community trademark shall not be entitled to oppose the use of the earlier right, even though that right may no longer be invoked against the later Community trademark.

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 practices 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

Exhaustion of the rights conferred by a trademark

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.

Article 8 of the TM Directive

Licensing

1. A trademark may be licensed for some or all of the goods or services for which it is registered and for the whole or part of the Member State concerned. A license may be exclusive or non-exclusive.

2. The proprietor of a trademark may invoke the rights conferred by that trademark against a licensee who contravenes any provision in his licensing contract with regard to:

(a) its duration;

(b) the form covered by the registration in which the trademark may be used;

(c) the scope of the goods or services for which the license is granted;
(d) the territory in which the trademark may be affixed; or
(e) the quality of the goods manufactured or of the services provided by the licensee.

**Article 9 of the TM Directive**

Limitation in Consequence of Acquiescence

1. Where, in a Member State, the proprietor of an earlier trademark as referred to in Article 4(2) has acquiesced, for a period of five successive years, in the use of a later trademark registered in that Member State while being aware of such use, he shall no longer be entitled on the basis of the earlier trademark either to apply for a declaration that the later trademark is invalid or to oppose the use of the later trademark in respect of the goods or services for which the later trademark has been used, unless registration of that later trademark was applied for in bad faith.

2. Any Member State may provide that paragraph 1 shall apply mutatis mutandis to the proprietor of an earlier trademark referred to in Article 4(4)(a) or another earlier right referred to in Article 4(4)(b) or (c).

3. In the cases referred to in paragraphs 1 and 2, the proprietor of a later registered trademark shall not be entitled to oppose the use of the earlier right, even though that right may no longer be invoked against the later trademark.

**C. Cases**

1. Italy – Italian Supreme Court – Acquiescence – Can acquiescence apply where the defendant’s mark is not registered?

   No, or (at least) not under Article 9 of the TM Directive. This was recently stated by the Italian Supreme Court in its decision of November 27, 2013, No. 26498, *Ferrari v. Ferrari Club Milano*295 (also referred to in Part IX above), which ruled that, for acquiescence to apply the proprietor of the earlier trademark must be aware of both (i) the registration of the later trademark as well as (ii) the use of that trademark after its registration.

   The case at issue originated with a trademark dispute between the well-known automobile company Ferrari and an unauthorized fan club of the “prancing horse” (i.e., Ferrari Club Milano), which had used some of Ferrari’s word and figurative

marks without its consent. In particular, Ferrari had instituted a trademark infringement action against Ferrari Club Milano, which was rejected by both the first instance as well as the Court of Appeal of Milan, on the basis, among other things, of the acquiescence rule set forth in Article 28 of the Italian IPC—the provision of Italian law corresponding to Article 9 of the TM Directive. Specifically, both courts had held that Ferrari was no longer entitled to claim trademark infringement vis-à-vis the fan club’s marks, despite their lack of registration, because it had tolerated the use of the marks at issue for more than five years.

The Supreme Court overruled without hesitation the above holding, by setting aside the decision of the Court of Appeal of Milan. In particular, the Supreme Court pointed out that the acquiescence regime set forth in Article 28 of the IPC leaves no interpretational doubt on this point, by clearly referring to “the use of a later registered mark.” The Supreme Court also stressed that, as the acquiescence provision is an “exceptional” provision, it cannot apply to similar cases by analogy.

Furthermore, the Supreme Court Judges pointed out that the principles applied by the Court of Appeal of Milan were in contrast with the CJEU’s ruling of September 22, 2011, in Budějovický Budvar, národní podnik v. Anheuser-Busch Inc.296 on the interpretation of Article 9 of the TM Directive, which had made it clear that “the registration of that mark [ie the later mark] in the Member State concerned constitutes a necessary condition” for the application of the acquiescence doctrine. (See, to that effect, paragraph 54). In this regard, the Supreme Court pointed out that the binding power of the principles established by the CJEU upon judges of the Member States emphatically ruled out any possibility of extending the acquiescence regime to nonregistered marks.

The decision at issue therefore belies the minority position held by some Italian scholars (and followed by a few decisions) according to whom the principles of acquiescence could apply by analogy to nonregistered marks, and more generally, to all distinctive signs such as signboards, company names, and domain names. (In this regard see (under Italy’s previous Trademark Act) Court of Milan, September 30, 1982, published in Giurisprudenza annotata di diritto industriale, 1983, p. 315; and Court of Rome, April 14, 2010 (interim order), 2010, p. 547, which applied the acquiescence regime to a later domain name with respect to an earlier registered trademark.)

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2. EU – General Court – Acquiescence – What evidence is required to demonstrate acquiescence?

In *SFC Jardibric v. OHIM, Aqua Center Europa, SA intervening*, the General Court had to consider an acquiescence defense deployed by the appellant in an invalidity challenge to the appellant’s Community trademark AQUA FLOW. The CTM was registered in respect of (among other things) water systems and related hardware in International Classes 6, 11, 17, and 21. The CTM application had been made in May 1999 and registered in March 2001. The invalidity claim against the CTM was lodged by the intervenor in May 2009, eight years after its registration. It was based on earlier rights in a Spanish registration dating from 1998.

The OHIM Cancellation Division upheld the invalidation claim in respect of the goods in International Classes 6, 11, and 21, and that decision was confirmed by the OHIM Board of Appeal. Before the Cancellation Division, the appellant had relied on an acquiescence argument under Article 54(2) of the CTM Regulation. This, the Cancellation Division had rejected on the grounds that the appellant had failed to provide evidence of the intervenor's acquiescence in the use of the contested CTM in Spain for a period of five years. The appellant had attempted to rectify this by filling additional, late evidence on the matter before the Board of Appeal. The Board of Appeal had decided not to exercise its discretion to admit the late evidence.

On appeal to the General Court, the appellant argued (among other things) that the Board of Appeal’s decision not to admit its late evidence had been manifestly wrong.

The General Court recited the four conditions, based on Article 54(2) of the CTM Regulation and relevant case law, that needed to be met to succeed in an acquiescence claim:

First the later trademark must be registered. Second, the application for its registration must have been made by the proprietor in good faith. Third, the later trademark must be used in the Member State where the earlier trademark is protected. Fourth the proprietor of the earlier trademark must be aware of the use of this trademark after its registration.

The court noted in particular that the time starts to tick on a possible acquiescence: “from the time when the proprietor of the earlier trademark is made aware of the use of the later trademark.”

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298. *Id.* ¶ 19.
Community trademark, after its registration, and not the date on which the application for the Community trademark is filed.”

In its original decision, OHIM’s Cancellation Division had pointed out that the owner of the earlier trademark (i.e., the applicant for validity) could not be expected to prove the “negative fact” that it had been unaware of the adverse use of the CTM in Spain. It was in response to that that the CTM owner had adduced new, late evidence before the Board of Appeal. The Board of Appeal had considered the possibility of admitting the evidence and had recognized that it had the discretion to do so under Article 76(2) of the CTM Regulation (as to which, generally, see Part VIII above), but had ultimately decided not to do so.

The General Court was clear that there had been no manifest error in the assessment that led the Board of Appeal to exercise its discretion against the admission of the late evidence. In the first place, the facts constituting the late evidence had been known to the appellant from the beginning of the cancellation action, and the appellant had given no reasons why it had been unable to provide the evidence in a timely fashion. Second, the new evidence would not have been any use in and of itself; it simply raised new questions, relating to a rather complicated commercial relationship that had previously existed between the parties.

The General Court then turned to look at the arguments that the appellant had put forward to determine whether or not they, in themselves, were capable of demonstrating limitation in consequence of acquiescence. They did not. Accordingly, in the court, the appellant was relying on a commercial relationship that it had had with the intervener dating back to 1993—i.e., six years before the date on which the CTM, under challenge, had been filed. Under this arrangement, the intervener would purchase goods from the appellant in France under the appellant’s French AQUA FLOW mark, with a view to reselling them in Spain. The General Court held:

The fact that the intervener purchased goods under the French trademark AQUA FLOW and that it was therefore aware of the mark does not however mean that it was aware of the Community trademark or, a fortiori, that it acquiesced in its use in Spain.  

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299. Id. ¶ 21.

300. Id. ¶ 41.
3. **United Kingdom – High Court of England and Wales –**

**Defenses – Can a corporate defendant rely on the “own name” defense when it knew, or ought to have known, of the claimant’s rights when it selected (or started to use) the name, and that the claimants would be likely to object?**

According to the analysis of the English High Court in *Stichting BDO and others v. BDO Unibank, Inc and others*, it may still be possible to rely on the “own name” defense in such a situation—but, here, the overall circumstances were very special.

The case concerned the use of the sign BDO and was part of an international dispute involving 183 opposition actions in 40 jurisdictions.

The claimants, the BDO Network, are part of an international network of accountancy and professional services firms who trade under the name “BDO.” The first claimant, Stitchting BDO, is the proprietor of a Community trademark protecting “BDO” for accountancy and financial services in Classes 35 and 36 (among others) that was granted in 2002. The first defendant, Unibank, is the leading bank in the Philippines. Unibank adopted the trading name “BDO” which stands for Banco De Oro (Bank of Gold in Spanish), which it had used since 1977.

The BDO Network claimed that Unibank’s use of the sign BDO in some twenty advertisements for financial services, particularly “investments” and “trust services” in Class 36 (identical services to those for which the BDO CTM had been registered by the BDO Network) infringed the BDO Network’s exclusive rights to use the BDO mark under Article 9(1)(a) of the CTM Regulation (see Part IX). The advertisements were mainly placed in English-language periodicals aimed at readers interested in financial matters, such as *The Banker*, *Euromoney*, and *The Daily Telegraph*.

The key issue to establish infringement under Article 9(1)(a) was whether or not the advertisements constituted use of the sign by Unibank in the EU. The judge, Mr. Justice Arnold, considered each of the advertisements in turn. He found the majority of the advertisements to be aimed at a *global audience* rather than being targeted specifically at consumers in the EU. (In reaching this conclusion he considered, among other things, the readership/circulation figures, whether the advertisement mentioned a particular Member State by name or was specifically marketed to “foreign investors,” and whether the advertisement contained contact details with an international code or references to the Philippines). The judge held that the advertisements that

301. *Stichting BDO and others v. BDO Unibank Inc and others*, [2013] EWHC 418 (Mar. 4, 2013) (Ch.).
did not specifically target the EU public should not be regarded as an infringement under Article 9(1)(a). In determining which advertisements were targeted at members of the EU public, the judge noted that “the question is not one of the subjective intention of the advertiser, but rather one of the objective effect of its conduct viewed from the perspective of the average consumer.” Of the twenty advertisements, he found three to be targeted at the EU public, and thus prima facie infringements within Article 9(1)(a), subject to Unibank’s potential defense under Article 12(a).

“Own Name” Defense: Turning to Unibank’s potential use of the “own name” defense under Article 12(a), the first question before the court was whether this defense was available where the name in question was a trading name rather than the name of an individual. On this, the court relied on the 2010 English Court of Appeal case of Hotel Cipriani srl and others v. Cipriani (Grosvenor Street) Ltd and others, which confirmed that the “own name” defense was indeed potentially available in respect of a trading name. The next question, more difficult, was whether or not Unibank had used the sign in accordance with “honest practices.” The test here is an objective one whereby the court must ask: would reasonable members of the trade concerned, in light of all the relevant facts apparent to Unibank, think that the use by Unibank of the sign BDO was honest? On this, the court cited a recent English High Court case, Samuel Smith Old Brewery (Tadcaster) v. Philip Lee (Trading as “Cropton Brewery”), which sets out a list of factors to take into consideration:

(a) whether the defendant knew of the existence of the trademark and if not whether it would have been reasonable for it to conduct a search;

(b) whether the defendant used the sign complained of in reliance on competent legal advice based on proper instructions;

(c) the nature of the use complained of, and in particular the extent to which it is used as a trademark for the defendant’s goods and services;

(d) whether the defendant knew that the trademark owner objected to the use of the sign complained of, or at least should have appreciated that there was a likelihood that the owner would object;

(e) whether the defendant knew, or should have appreciated, that there was a likelihood of confusion;

302. Id. ¶ 105.


whether there has been actual confusion, and if so whether the defendant knew this;
whether the trademark has a reputation, and if so whether the defendant knew this and whether the defendant knew, or at least should have appreciated, that the reputation of the trademark would be adversely affected;
whether the defendant’s use of the sign complained of interferes with the owner’s ability to exploit the trademark;
whether the defendant has sufficient justification for using the sign complained of; and
the timing of the complaint from the trademark owner.

The court found that Unibank should have known of the existence of the claimants’ BDO mark (owing to official actions against Unibank in 2007 and by conducting trademark searches in countries in which its advertising was appearing) and ought to have appreciated that the claimants would have been likely to object to its use of the sign in advertisements. On the other hand, the English High Court found no evidence of actual confusion, or that the reputation of the claimants had been adversely affected. In addition, Unibank’s use of the sign BDO in the three advertisements did not interfere with the claimants’ ability to exploit their own BDO mark in the EU. Moreover, the claimants had not complained about two of the three advertisements until years after they had been published. The court considered, on balance, that the advertisements did not amount to unfair competition and, accordingly, Unibank’s use of the “own name” defense was made out.

This case demonstrates a successful use of the “own name” defense—a rarity in recent case law—based on a multi-factoral test. The limited scope of the activity that would otherwise have infringed the trademark and the lack of any substantial harm, notably the lack of any evidence of actual confusion, the absence of damage to reputation or interference with the claimants’ use of the BDO mark, and the time in which it had taken the BDO Network to complain of the allegedly infringing advertisements—were clearly influential. Overall, the threshold to establish the “honest practices” requirement for corporate users of the “own name” defense remains high.

4. Benelux – Dutch Supreme Court – Are the trademark owner’s rights exhausted when a “test batch clause” in a license agreement is violated?

No, according to the December 2013 ruling of the Dutch Supreme Court in Makro/Diesel.305

In this case, Diesel invoked its trademark rights to the DIESEL word mark and a stylized letter D (as well as its copyrights to the latter) against the company Distributions Italian Fashion Sociedad Anonima (Difsa). Difsa was Diesel’s distributor in Spain, Portugal, and Andorra.

In September 1994, Difsa had entered into an exclusive distribution agreement with the Spanish company Flexi Casual Sociedad Limitada (Flexi Casual) concerning the sale in Spain, Portugal, and Andorra of certain products (including shoes) under, among other things, the word mark DIESEL. A provision of the agreement allowed Flexi Casual to establish the demand in the market, so that Difsa could propose this to Diesel, by offering and selling sample products (namely shoes bearing the trademark of own design) to its customers. In November 1994, Difsa authorized Flexi Casual to manufacture and distribute shoes of its own design as test samples and market research.

In October 1997, a director of Flexi Casual authorized Cosmos World (Cosmos), with reference to the agreement between Flexi Casual and Difsa, to manufacture and sell shoes, bags, and belts under the DIESEL trademarks. Cosmos proceeded to manufacture shoes bearing the DIESEL trademarks and to trade in them. Those shoes were not offered for approval to Difsa and/or Diesel.

In the summer of 1999, Makro (a retailer), offered shoes bearing the DIESEL trademarks for sale in the Netherlands. Makro had purchased them through a subsidiary from two Spanish companies, which had, in turn, bought the products from Cosmos.

Diesel then brought an infringement suit against Flexi Casual and Cosmos in Spain, and also commenced proceedings against Makro in the Netherlands. The below will focus on the exhaustion aspects of the case.

On July 11, 2008, the Dutch Supreme Court rendered a judgment in the claim against Makro in which, among other things, it referred questions on exhaustion of rights to the CJEU. The questions related to the interpretation of Article 7(1) of the TM Directive, cited above, which provides effectively that the trademark owners’ rights are “exhausted” by the sale of the branded product in the European Economic Area (EEA) by or with the consent of the trademark owner. Following the CJEU’s judgment of October 15, 2009 (C-324/08), the matter returned to the Dutch Supreme Court, which referred it back to the lower court for further consideration, and in due course it came back to the Supreme Court, resulting in the ruling now under discussion.

The question now before the Supreme Court was as to the correct application of another of the CJEU’s celebrated rulings in the field of exhaustion of rights—

Copad SA v. Christian Dior couture SA and Others.\(^{307}\)

The Dior/Copad decision had addressed the situation in which a licensee had sold very luxurious Dior lingerie products, of its own manufacture, to a discounter, in contravention of the terms of its license. This had raised questions under Articles 7(1) and 8(2) of the TM Directive, cited above. The Dutch Supreme Court quoted the following paragraphs of the Dior/Copad decision:

22. In this respect, as regards provisions in a license agreement concerning “the quality of the goods manufactured . . . by the licensee”, which that article [ie Article 8(2) of the TM Directive] mentions, it must be recalled that, according to consistent case-law, the essential function of the mark is to guarantee the identity of origin of marked goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin. For the trademark to be able to fulfil its essential role in the system of undistorted competition which the Treaty seeks to establish and maintain, it must offer a guarantee that all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality (see, inter alia, Case 102/77 Hoffmann-La Roche [1978] ECR 1139, paragraph 7, Case C-299/99 Philips [2002] ECR I-5475, paragraph 30; and Case C-228/03 Gillette Company and Gillette Group Finland [2005] ECR I-2337, paragraph 26).

23. Therefore, it is precisely where the licensee contravenes provisions in the license agreement concerning, in particular, the quality of the goods manufactured that Article 8(2) of [the TM Directive] enables the proprietor of the trademark to invoke the rights that the directive grants him.

( . . . )

51. In the light of the foregoing, Article 7(1) of the Directive is to be interpreted as meaning that a licensee who puts goods bearing a trademark on the market in disregard of a provision in a license agreement does so without the consent of the proprietor of the trademark where it is established that the provision in question is included in those listed in Article 8(2) of [the TM Directive].\(^{308}\)

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\(^{308}\) Id. ¶¶ 22-23, 51.
What the CJEU was saying in the *Dior/Copad* case was that the marketing of very luxurious products to a discounter is something that could affect the quality of the products, because it could affect their “mental” quality—i.e., the perception that the market has of them. If the sale to the discounter were a breach by the licensee of the terms of its license, it would therefore qualify as a breach so fundamental that the sale by the licensee could be treated as infringing (per Article 8(2) of the TM Directive). That being the case, it would not qualify as a sale made with the consent of the trademark owner. Thus the sale by the licensee would not “exhaust” the trademark owner’s rights under Article 7 of the TM Directive, with the result that downstream sales could also be challenged.

In the present case, the Court of Appeal had noted that the 1994 license agreement and authorization between Difsa and Flexi Casual required Flexi Casual to submit the results of test sales to Diesel before commencing commercial sales of its shoes under the DIESEL mark so that Diesel/Difsa could verify the quality. The Court of Appeal had therefore concluded that the situation was therefore one that concerns a provision with regard to the quality of the products manufactured by the licensee. The Supreme Court considered that, in line with paragraphs 22 through 23 of the *Dior/Copad* ruling, this constitutes a provision of the kind referred to in Article 8(2) of the TM Directive. This meant, as explained above, that, when the provision was violated, there was no consent to the marketing of the products concerned within the meaning of Article 7(1) of the TM Directive and thus also no exhaustion of the trademark rights. The Court held that there was no additional requirement that the trademark must have been used for products that do not meet the quality requirements. (That is, it was not necessary that the shoes should have been of a quality that Diesel would not have approved—it was sufficient that the contractual mechanism had not been followed). Nor, the Court held, was it relevant that the trademark owner could perhaps have checked the quality of the products in another way.

5. **Spain – Spanish Appeal Court – Selling original perfumes can constitute trademark infringement.**

In *L’ORÉAL and others v. Ms. Graciela*, the Spanish courts had to deal with another case involving the question of whether or not trademark rights had been exhausted. In this case, which again involved the application of the CJEU’s *Dior/Copad* ruling, the main issue arising was whether or not, in the case of genuine

goods that had been sold by the brand owners in the EEA, the exhaustion rule should nevertheless be disapplied on the basis that the trademark owners had legitimate reasons to interfere with the resale of the goods—a possibility for which provision is made in Article 13(1) of the CTM Regulation and Article 7(2) of the TM Directive.

In this case, the defendant, Ms. Graciela, owned a store where she sold well-known perfumes such as AMOR AMOR, EDEN, ANAIS ANAIS, POLO SPORT, POLO RALPH LAUREN, HIPNOSE, TRÉSOR DE LANCOME, LANCOME, CACHAREL, YVES SAINT LAURENT and OPIUM. Some, but not all, of the perfumes were testers. All the products were genuine, but they were sold without the original boxes, were mixed up on the display stands, and were not separated by category or by brand. In addition, there was a notice on the wall of the store stating that the perfumes could not be tested and that the availability of the products depended on the provider, so the store did not know what products would be sent to them in the next delivery.

The owners of the perfume brands filed a trademark infringement claim arguing that (i) the perfumes were sold in conditions that damaged the prestige and reputation of the brands and (ii) the sale of testers was prohibited and was not in line with the selective distribution rules established by the brand owners. The Spanish CTM Court upheld the complaint and ordered the defendant to cease the sale of the perfumes, ordered the seizure of all the perfumes the defendant had in stock, and ordered the defendant to pay damages calculated at a percentage of the profit made with the products sold.

The defendant appealed the decision, arguing (i) that the sale of testers did not constitute trademark infringement; and (ii) the sale of perfume bottles without a box, displayed among other bottles, was not trademark infringement either, as the perfumes were original.

With regard to the sale of the testers, the Spanish Court of Appeal considered that the trademark owner had not consented to their sale, so the sales amounted to a first commercialization of the product without the authorization of the right holder. For these particular sales, the position was therefore straightforward.

The more interesting question related to the other perfumes at issue—goods that, unlike the testers, had been sold into the European market by the brand owners or with their consent. The Court of Appeal held that, for these products too, the opposition by the trademark owners to the way in which the goods were offered for sale was justified. The sale of the products in this way was detrimental to the prestige of the marks concerned. This was an exception to the principle of the exhaustion of trademark rights.
The court quoted several paragraphs of the CJEU’s *Dior/Copad* judgment:

56. . . . where a licensee sells goods to a discount store in contravention of a provision in the license agreement, . . ., a balance must be struck between, on the one hand, the legitimate interest of the proprietor of the trademark covered by the license agreement in being protected against a discount store which does not form part of the selective distribution network using that trademark for commercial purposes in a manner which could damage the reputation of that trademark and, on the other hand, the discount store’s legitimate interest in being able to resell the goods in question by using methods which are customary in its sector of trade (see, by analogy, Parfums Christian Dior, paragraph 44).

57. Therefore, should the national Court find that sale by the licensee to a third party is likely to undermine the quality of the luxury goods bearing the trademark, so that it must be considered that they were put on the market with the consent of the proprietor of the trademark, it will be for that Court to assess, taking into account the particular circumstances of each case, whether further commercialisation of the luxury goods bearing the trademark by the third party, using methods which are customary in its sector of trade, damages the reputation of that trademark.

58. In this respect, it is necessary to take into consideration, in particular, the parties to whom the goods are resold and, . . ., the specific circumstances in which the luxury goods are put on the market.

59. In the light of the foregoing, . . ., where a licensee puts luxury goods on the market in contravention of a provision in the license agreement, but must nevertheless be considered to have done so with the consent of the proprietor of the trademark, the proprietor of the trademark can rely on such a provision to oppose a resale of those goods on the basis of Article 7(2) of the CTM Directive only if it can be established that, taking into account the particular circumstances of the case, such resale damages the reputation of the trademark.310

In conclusion, the Spanish Appeal Court confirmed the decision of the Spanish CTM Court and considered that the sale of testers and the sale of perfumes in conditions that were detrimental to the prestige of the brand constituted trademark infringement, regardless of the fact that the perfumes were original.

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6. **EU – CJEU –** Where a trademark owner has previously consented to the use of its mark by a third party, but no longer does so, must it remain open to him to use his exclusive rights under Article 5 of the TM Directive against the third party in question to prevent the continued use of his mark?

Yes, and this would be the case even if the withdrawal of the consent would expose the trademark owner to financial liability to the third party concerned. The answer, however, does not necessarily hold good if the consent under which the mark was used is held to have been a license. This appears to be the outcome of the CJEU’s ruling in *Martin Y Paz Diffusion SA v. David Depuydt, Fabriek van Maroquinerie Gauquie NV.* This is a case that came before the CJEU on a reference from the Cour de Cassion (Belgium). The case concerned an infringement claim involving two enterprises that had previously been operating a shared use arrangement involving a trademark in which both claimed rights.

The facts were unusual. The defendants made handbags and shoes; the claimants made other leather goods. They sold their respective goods to each other, and each of them sold the full (combined) range of goods in their respective stores. Both of the enterprises used trademarks based on the name NATHAN. After some time, their harmonious relationship broke down. The claimants sought to rely on their Benelux registered trademark rights to prevent the defendants continuing to use the marks in question.

It was common ground between the parties (and formed the basis of the questions referred to the CJEU) that the claimants had consented to the defendants’ use of the NATHAN marks, within an overall scheme of “shared use.” Other relevant facts were more obscure—in particular, whether the consent that had been given by the claimants, which was admittedly “indeterminate,” should also be regarded as having been given on an “irrevocable” basis. With that issue still being contested, the claimants were seeking an injunction, on stringent terms, to prevent further use of the marks covered.

In the particular circumstances, and considering the long-standing relationship between the parties, should the claimants’ action be regarded as an abuse of their trademark rights? On the other hand, would it be right for the Court not to give the claimants the full benefit of the exclusivity in the use of their trademarks, which Article 5(1) of the TM Directive appears to provide? The Court’s answer reflects the view that the protection

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on the trademark owner’s right to exclude others from use of the mark is so important that counterveiling concerns over the unfair or abusive exercise of those rights in particular circumstances should be given relatively little weight.

The referring Court posed the questions that it wanted the CJEU to answer by reference to two Articles of the TM Directive—Article 5(1), which provides for exclusive rights of trademark owner (as to which, generally, see Part IX above), and Article 8(1), which provides for the possibility of granting trademark licenses. Intriguingly, the CJEU ruled that the reference was inadmissible so far as concerns the interpretation of the licensing provision, Article 8(1).312 This was because, in the view of the CJEU, the case did not involve a trademark license. The CJEU noted that the claimants had “submitted that the shared use... of the marks... was similar to a contractual relationship in the nature of a license” but had “acknowledged that that use did not really have the characteristics of such a relationship.” The CJEU therefore answered the questions put to it by the Belgian Court on the premise that there was a consent, but not a license. It did not distinguish the concept of “consent” from that of “license” for EU law purposes, or attempt to explain the significance of any distinction that might exist between a license, on the one hand, and “a contractual relationship in the nature of a license,” on the other.

There is no indication of whether or not the answer given by the CJEU would have been different had the Court decided that it was dealing with a “license” and was therefore required to consider Article 8(1) of the TM Directive as well as Article 5(1).

The case is also rather obscure on the issue of consent given on an “irrevocable” basis. The questions presented by the referring court were framed on the basis that “irrevocable” consent had been given. Before the CJEU, it was argued that this rendered the questions inadmissible as regards Article 5(1) as well as Article 8(1), since Article 5(1) plainly relates only to acts done without the consent of the trademark owner. The CJEU appeared to take the line that, whatever meaning might be ascribed to the term “irrevocable consent,” the use of the term in the questions referred to it did not necessarily indicate a situation in which the trademark owner continued to consent to the use of the trademark. In fact, it seemed clear enough that the trademark owner did not still consent to use of the mark. The CJEU thus focused entirely on the current actuality of the consent (or the lack of it), and held the questions to be admissible in relation to Article 5(1).

312. Article 8(1) Directive 2008/95/EC: “A trademark may be licensed for some or all of the goods or services for which it is registered and for the whole or part of the Member State concerned. A license may be exclusive or non-exclusive.”
The Court went on to say that, even if it were the case that the trademark owner had withdrawn a previously given consent unlawfully, and even if this would result in damages being payable by the trademark owner as a result, “a finding that there has been such conduct cannot have the effect of prolonging, by a Court decision and for an unspecified period, the shared use of [the] marks where the companies concerned no longer have the joint intention of sharing their use.”

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For the Court, the critical questions to be answered were: (a) whether or not in fact (presumably, looking at the trademark owner’s then-current wishes, rather than at any previous intimation or even agreement as to the duration of a consent given earlier) the trademark owner still consents to the defendant’s use; and (b) if not, whether or not the continuing use “adversely affects or is liable to adversely affect one of the functions of [the mark].” (See Section 1 Paragraph A.) According to the CJEU, Article 5(1) means that if there has been shared use to which the trademark owner had consented, but no longer consents, then it must remain open to the trademark owner to prevent the use in appropriate circumstances. It should be able to claim back exclusive use for itself.

This ruling raises the question of what the position is of a licensee of a trademark whose grant is expressed to be irrevocable? The CJEU’s ruling does not specifically say that it applies to “irrevocable” consents but, as noted above, the decision indicates that the critical thing is the actuality of continuing consent, rather than any promises given, at the time the consent is conferred, as to its continuation. The case (and the ruling) are in the context of a specific and unusual fact pattern. The consent had been given in a situation where there had been shared use—although it is by no means clear what difference this should make—and consent had been conferred on an “indeterminate” basis. Second, the CJEU made plain, although without explaining what significance should attach to the distinction, on that it was ruling in the context of a consent, and not a trademark license. Although the TM Directive has little say on the subject of licensing, it might be argued that the competing considerations at issue in the Nathan case should play out differently where, for example, the user is an established licensee holding irrevocable rights over a specified term under a traditional trademark license.

The Nathan decision may end up being somewhat confined to its own unusual facts, but it does suggest that users of trademarks under ill-defined consent arrangements should safeguard their

XI. REMEDIES AND ENFORCEMENT

A. Introductory Comments

The TM Directive and the CTM Regulation have relatively little to say about remedies. The CTM Regulation provides in Article 102 (Sanctions) a rule requiring that injunctive relief should be available to prevent infringement or restrain continuing infringement of a CTM, but provides that in other respects the EU court handling a CTM infringement claim should apply the laws of the Member State in which the infringement occurs.

More of what is said, at EU level, on the subject of remedies is said in the EU Enforcement Directive (Directive 2004/48/EC of April 29, 2004, of the European Parliament and of the Council on the enforcement of intellectual property rights). The cases noted in this section relate to the basis on which damages may be calculated in an infringement claim, the availability of injunctive relief, and the provision of information relevant to an infringement. Provisions of the Enforcement Directive that provide the necessary context are set out below.

The last case in Part XI deals with questions that have been raised with the CJEU (but not yet answered) in connection with the recognition of judgments delivered by the courts of other EU Member States. The questions relate partly to the interpretation of the Enforcement Directive and partly to another instrument of EU law, Council Regulation (EC) No. 44/2001 of December 22, 2000, on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters. Again, the relevant provisions are set out in Part B below.

B. Legal Texts

Extracts from the Enforcement Directive

Article 8 of the Enforcement Directive

Right of Information

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 claimant, 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 persons 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 11 of the Enforcement Directive

Injunctions
Member States shall ensure that, where a judicial decision is taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement. Where provided for by national law, non-compliance with an injunction shall, where appropriate, be subject to a recurring penalty payment, with a view to ensuring compliance.
Article 13 of the Enforcement Directive

Damages

1. Member States shall ensure that the competent judicial authorities, on application of the injured party, order the infringer who knowingly, or with reasonable grounds to know, engages in an infringing activity, to pay the rightholder damages appropriate to the actual prejudice suffered by him/her as a result of the infringement.

When the judicial authorities set the damages:

(a) they shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the rightholder by the infringement; or

(b) as an alternative to (a), they may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question.

2. Where the infringer did not knowingly, or with reasonable grounds know, engage in infringing activity, Member States may lay down that the judicial authorities may order the recovery of profits or the payment of damages, which may be pre-established.

Article 14 of the Enforcement Directive

Legal Costs

Member States shall ensure that reasonable and proportionate legal costs and other expenses incurred by the successful party shall, as a general rule, be borne by the unsuccessful party, unless equity does not allow this.

Article 34(1) of Council Regulation (EC) No. 44/2001

A judgment shall not be recognized:

1. if such recognition is manifestly contrary to public policy in the Member State in which recognition is sought;

(. . .)
C. Cases

1. United Kingdom – High Court of England and Wales – Calculation of damages – Can damages in a trademark infringement case be based on the “user principle” and, if so, how does the assessment work?

Cases dealing with trademark remedies are rare in the United Kingdom, with the result that there remains a surprising uncertainty as to the application of even fairly basic principles. The decision of Newey J in 32Red PLC v. WHG (International) Limited, WHG Trading Limited and William Hill PLC in April 2013\(^{314}\) provided some illumination on the subject.

The case concerned the alleged infringement of the claimant’s two Community trademarks—32 RED and a 32 RED device and its U.K. registered trademark 32. The defendant used the mark 32 VEGAS, in connection with an online casino. All three of the claimant’s marks were held to be infringed.

An inquiry into damages was directed. The claimant was unable to establish that it had lost money as a result of the infringement, but argued for an award based on the “user principle”—noted by the court to mean “the principle that a person who has wrongfully used another’s property can be liable to pay, as damages, a reasonable sum for its use.”\(^{315}\) In other words, a notional license fee—the figure the court believes the parties would have negotiated to permit the use in question, had they sat down to do so at the time the infringing use began.

The application of the user principle is established in English patent cases, but not in English trademark cases. The defendant initially argued that the principle was inapplicable to trademarks, but subsequently conceded the point (which seems to have been correct in view of the terms of the Enforcement Directive). The debate then turned to how much the claim was worth.

The infringing use had lasted for seven months during 2009. The claimant put the value of the claim at £5 million, based on its evidence as to comparables. The defendants put it at £25,000 to £50,000, being their assessment of the kind of sum they might actually have been prepared to pay.

The court noted the two issues or principles to be confronted:

(a) How important are the specific characteristics and circumstances of the parties to the assessment of user principle damages?


\(^{315}\) Id. ¶ 22.
(b) How appropriate would it be to consider alternative courses of action that would have been available to the parties at the date of the hypothetical negotiation?

On the first question, the court held that no attention should be paid to the personal characteristics of the parties or the defendant’s financial circumstances. On the other hand, one should consider the objective circumstances with which the parties would have been faced at the time of the hypothetical negotiation.

The court noted that the parties were considered to be a willing licensor and a willing licensee, acting reasonably. On the other hand, drawing on the patent case, *General Tire & Rubber Co. Ltd v. Firestone Tyre & Rubber Co. Ltd*, the court is required to consider not some hypothetical licensor and licensee but “the actual licensor and the actual licensee who . . . bargain as they are, with their strengths and weaknesses, in the market as it exists.”\(^{316}\)

The second issue—the significance of alternative courses of action—lay at the heart of the court’s decision. The position was that the defendant companies had taken over the existing use of the offending 32VEGAS name, for use in a joint venture business. At the time, the defendants could have, according to their evidence, easily and inexpensively chosen another name—one for which they would not have had to pay a license fee.

The claimant argued as a matter of principle that the availability of the alternative course of action should be disregarded, since the hypothetical negotiation for the license must be predicated on the fact the defendants had, in fact, chosen to go with 32VEGAS; rather than some non-infringing alternative.

The court, however, recognized that it could take the availability of the alternative into account without running contrary to what had actually happened. It held that the availability of alternatives should be taken into account as a matter of fact that the parties would necessarily have taken into account when seeking agreement on the fees to be paid under a suitable license agreement to use the 32VEGAS mark. “If the parties can be expected to have taken such an alternative into account in their hypothetical negotiation, it appears to me that I must do as well.”\(^{317}\)

For the purposes of determining the appropriate value for the hypothetical license, the court had to determine the nature and terms of the license it was valuing. It concluded that the hypothetical license must be for the period of the actual infringement, and that it should be an exclusive license because, in

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practice, the defendants had enjoyed exclusivity (and only an exclusive license would have made commercial sense).

An interesting point arose as to quality control. The claimants argued that the hypothetical license should be assumed not to have included quality control provisions, despite the fact that their inclusion is the norm in trademark licensing. The argument was presumably founded on the fact that no such controls had operated in practice and was supported by evidence that the website had been operated in a way that had resulted in certain complaints. The claimants argued for a higher notional license fee on the basis that an absence of quality control would put their trademark at risk, thus requiring the payment of a greater consideration to compensate the trademark owner for the risk.

The evidence was that the complaints related in the main to the terms and conditions used by the defendants in the making of awards, which were alleged to be somewhat misleading. The court ruled that “once again, the assumptions should accord with the reality. The hypothetical license should therefore be taken to have permitted William Hill Online to use the terms and conditions it in fact used. On the other hand, I do not think it would be appropriate to assume that the parties were negotiating for a license that would leave William Hill Online free to misbehave to whatever extent it might theoretically have liked.”

In turning, next, to consider the calculation of the license fee, the court first had to consider comparables—introduced by means of expert evidence. None were found by the court to be of any practical assistance. This was partly because the comparables offered were not arm’s-length transactions, and partly because of the great difficulty of determining the value to be ascribed to one brand name by reference to the value of any other. The other problem was that the examples on offer were not necessarily comparable to the situation in hand regarding the availability of alternatives to the licensee.

The availability of alternatives was, ultimately, the driving factor in the value put on the notional license by the court. The claimant’s suggestion of a £5 million fee had been based on the alleged “comparables,” apparently dictating a royalty of 30% of net game revenue over the period of infringement. When the comparables were rejected, the court defaulted instead to an economic benefits analysis—i.e., the anticipated economic benefits to the defendants of sticking with the 32Vegas name rather than adapting an alternative.

On this analysis, the defendants were clearly assisted by what had happened when they did, in fact (following the infringement claim) rebrand the operation to 21NOVA. According to the court,
the “evidence tends to suggest that the change of name from 32VEGAS to 21NOVA did not cause William Hill Online any significant damage.” The “carousel” business model used by the defendants meant that no particular brand name used in it was particularly important. The court found that, at the time of the hypothetical license negotiations, the parties’ negotiation would have been heavily influenced by the fact that the defendants could have gone instead to a non-infringing alternative with very little inconvenience, cost, or disruption. This meant that the price offered would have been relatively low. The court also found that the modest sum that would have been offered would have been accepted by the trademark owner in its then-current circumstances. The court settled on £150,000—equal to between 1% and 1.5% of the net game revenues.

2. Austria – Austrian Supreme Court (OGH) – Change of corporate names – Can a trademark infringement action be used to force a change in corporate name?

In its March 2013 decision in the Skorpion case, the Austrian Supreme Court (OGH) overturned its own established case law on the issue of trademarks versus company names.

The OGH had previously ruled that, on the basis of a claim under Article 10(1) of the Austrian Trademarks (equivalent to Article 5(1) of the Trademark Directive), a trademark owner is entitled to injunctive relief if the trademark (or a distinctive part of the mark) is used within a company name. Such a result could be obtained, at least, in situations where the company in question does business in the goods and services for which the mark is registered, and irrespective of whether or not the company uses the mark in specific relation to the goods or services. The relief that would be granted in such cases would include an order requiring the renaming of the infringing company. However, as a result of the ruling in Skorpion, which is, in turn, a consequence of the CJEU’s decision in Céline SARL v. Céline SA, the legal situation has changed.

According to the OGH’s ruling in Skorpion, an infringement claim under Article 10(1) of the Austrian Act in relation to a company name will succeed, and injunctive relief be possible, only if identical or confusingly similar goods or services are offered under such company name. In Skorpion the OGH held, following Céline, that the mere use of such company name does not per se infringe trademark rights. The trademark is infringed only if the

319. S***** Einsatzgruppe GmbH v. S***** GmbH, Case No. 4 Ob 223/12s (Supreme Court of Austria, Mar. 19, 2013).

company name is used to mark, label, or otherwise identify goods or services.

The Court also ruled that a trademark infringement action cannot be used to procure the renaming of the company. The forced change of the company name is now considered to go beyond the proper sphere of trademark protection.

The OGH’s ruling corresponds with the jurisprudence of the German Supreme Court, which also holds that a mere use of a company name does not infringe trademark rights.

Although the underlying principles reflected in the Skorpion case apply on a pan-EU basis as a result of the Céline decision, the practical availability of measures to deal with company names that trademark owners find objectionable varies from country to country. For example, in the United Kingdom there is a separate Company Names Tribunal through which brand owners may challenge company names in certain circumstances. The challenge would be based on proof of established rights (which may include a registered trademark) but the system operates independently of trademark law.

3. Germany – German Federal Supreme Court – Does the Enforcement Directive prevent bank secrecy rules being invoked by banking institutions to avoid having to give information relating to bank accounts used by counterfeiters for the purposes of their unlawful activities?

Under Section 19(1) (Right to information) of the German Trademark Act, the owner of a trademark may require the infringer to provide information on the origin and the distribution of the infringing goods and services. In cases of obvious infringements or in cases where the owner of the trademark has filed an action against the infringer, the right to require this information also extends against persons who carry out commercial services used for the infringing activity.

In Davidoff Hot Water, the German Federal Supreme Court had to deal with such a claim by an exclusive licensee of the Community trademark Davidoff Hot Water, registered for perfumes. In early 2011 an online vendor had commenced offering a perfume called Davidoff Hot Water. Under the conditions of purchase the purchase price had to be transferred to an account with a savings bank in Magdeburg, Germany, this bank being the defendant in the present case. The plaintiff purchased a sample of the perfume. It became immediately obvious that the perfume sold was counterfeit. Since the plaintiff could not manage to obtain the

necessary information by other means, it asked the defendant savings bank to provide the name and address of the owner of account. The bank refused, and the licensee filed an action requesting the bank to provide information. While the plaintiff succeeded at first instance, the Court of Appeals rejected the action, whereupon the plaintiff filed a further appeal with the Federal Supreme Court.

In evaluating the conflicting positions, the Federal Supreme Court concluded that the success of appeal depended on the interpretation of Article 8(3)(e) of the Enforcement Directive (cited in full above) which provides that the rights provided under Articles 8(1) and 8(2) "... shall apply without prejudice to other statutory provisions which ... govern the protection of confidentiality of information sources or the processing of personal data." Accordingly, the Court submitted the following question to the CJEU:

Is Article 8(3)(e) [of the Enforcement Directive] to be interpreted such that this provision conflicts with a national provision permitting a banking institution as in the case hereunder to refuse to give information under Article 8(1)(c) of the Directive as to names and addresses of an owner of account thereby claiming bank secrecy?

The German Federal Supreme Court itself was of the opinion that the plaintiff would be entitled to information under Section 19(2)(1) German Trademark Act. The Court also considered that the turnover generated by the online vendor, of EURO 10,000 over a month (as disclosed in the proceedings) demonstrated an activity on a commercial scale. Further, infringement of the trademark rights was evident, and the use of the bank was part of the trademark infringement. Consequently, one would have to evaluate whether the defendant had the right to refuse to provide the information in accordance with Section 383 and Section 385 of Germany’s Code of Civil Procedure. While Section 383(1) No. 6 does grant a certain right to refuse testimony, it was not clear whether a bank could refuse to provide the name and the address of the owner of an account if payment of the purchase price for the infringing goods had been channelled through the bank.

As it is the objective of the Enforcement Directive to “approximate” legislative systems so as to ensure a high, equivalent, and homogeneous level of protection in the EU’s internal market, the Federal Supreme Court took the position that national laws had to be aligned with the Enforcement Directive. In other words, the limitation of the right to information under Article 8(1)(c) of the Enforcement Directive by virtue of a right to refuse testimony under national law had to comply with the rights conferred by the European Union legislature.
While German statutes do not expressly define and govern bank secrets, a bank secret is generally regarded as part of the general duty of a bank to safeguard the interests of its customers. If one accepted, based on these considerations, that there was a right on the bank’s part to refuse to provide the account information in the circumstances of the case, the right of information under the Enforcement Directive, intended to ensure that the substantive law on intellectual property is applied effectively in the European Union, would be muted.

Leading cases of the CJEU indicate that, when transposing the Enforcement Directive into national law, a reasonable balance between the various rights protected by the European Union needs to be maintained (Bonnier Audio AB and Others v. Perfect Communication Sweden AB). In applying these principles, the German Federal Supreme Court came to conclude that, in the given case, the interests of the plaintiff to protect its intellectual property outweigh the interests of the defendant bank and its customers in not being required to disclose name and address of the owner of the account. However, the CJEU’s view is awaited.

4. **Benelux – Dutch Supreme Court – Can a court refuse to recognize a decision from another Member State when such decision is clearly contrary to EU law?**

In *Diageo/ Simiramida* the Dutch Supreme Court has asked the CJEU whether it may refuse to recognize a decision from another EU Member State when such decision is clearly contrary to EU law. It concerns a ruling by another EU court that parallel importation of goods from outside the EEA does not constitute trademark infringement.

The questions submitted are the following:

1. Should Article 34(1) of Regulation (EC) no. 44/2001 be interpreted such that this ground for refusal includes the situation where the decision of the Court of the Member State of origin clearly conflicts with EU law and this has been recognized by that Court?

2(a). Should Article 34(1) of Regulation (EC) no. 44/2001 be interpreted such that successful reliance on this ground for refusal is prevented if the party seeking to rely on this ground for refusal has omitted in the Member State where the decision originated to pursue the legal remedies available in that country?

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2(b). If question 2(a) is answered in the affirmative, is this situation different if pursuing legal remedies in the Member State in which the decision originated was pointless as it must be assumed that this would not have led to a different decision?

3. Should Article 14 of [the Enforcement Directive] be interpreted such that this provision includes the costs that the parties incur in the context of a compensation claim in a Member State where the claim and the defense relate to the alleged liability of the defendant due to attachments that it has imposed and statements that it has made in order to enforce its trademark rights in another Member State and in this context a question arises as to the recognition in the former Member State of a judgment by the Court of the latter Member State?

XII. PASSING OFF

A. Introductory Comments

The laws of passing off are not regulated by the TM Directive and continue to provide an alternative or supplemental protection for trademarks in those EU Member States that recognize the legal theory. Passing off is a “common law” theory; therefore passing-off cases arise in the United Kingdom’s common law jurisdictions and in Ireland, and in those EU countries whose laws developed under their influence. It does not apply in the civil law jurisdictions.

Passing off is not, as such, a law protecting unregistered trademarks. However, it does protect a property interest—namely, the goodwill created by the pursuit of economic activity. Where that activity is associated with particular names, marks, or other indicia, and encroachment of a rival enterprise impinges on the goodwill through use of similar names or marks, the laws of passing off may intervene to protect the established enterprise. As the cases reported here show, the complaint in a passing-off action is not that the junior user of the name or mark in question is competing unfairly with the established business, but that its use of the name or mark in question will mislead the relevant public and cause damage, as a result, to the existing enterprise.

The two cases reported this year are both from the United Kingdom. They reflect, in different ways, how the laws of passing off are asked to respond to changes in the way business is done, and changes in consumers’ perceptions and expectations.

In the United Kingdom, a claimant will sometimes bring a passing-off claim alongside a trademark infringement claim relating to the same trademark. In those circumstances, it would
be relatively rare for the passing-off claim to add much, in terms of additional coverage, to the protection afforded by the registered mark. However, the passing-off claim may become important if the registered trademark is vulnerable to attack, only if there is no relevant corresponding registered trademark on which reliance may be placed.

**B. Legal Texts**

**Trademark Directive—Recitals**

Whereas:

( . . . )

(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.

**C. Cases**

1. United Kingdom – High Court of England and Wales – Is the English tort of passing off developing to reflect (a) the globalizing effect of the World Wide Web or (b) general concepts of unfair competition?

According to the Court of Appeal of England and Wales in *Starbucks (HK) Limited and PCCW Media Limited v. British Sky Broadcasting Group Plc and Others*,324 it is better to keep the basic tenets of the law of passing off unchanged than to relax its essential requirements, for “On the whole it is more in the interests of consistency, when dealing with claims to exclusivity in the intangible, to stay anchored to reasonably clear, firm and established legal rules rather than to drift off into an open sea of uncertainty and speculation.”325

The case involved rival television companies. The claimants operated an Internet-based television service in Hong Kong under the name NOW TV. They had a sizable business and goodwill in Hong Kong, with over one million subscribers for television programs made available there on demand, produced in either Cantonese or Mandarin. They held a corresponding Community trademark. They had not yet launched a European business under the NOW brand name, but were contemplating this. The defendants, who operated an established U.K. television business

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325. *Id.* ¶ 103.
under the name SKY, launched their own U.K. service under a NOW trademark. The claimants brought an action for trademark infringement and passing off.

By this time the matter came to the Court of Appeal, the claimants’ NOW CTM had been declared invalid, on the basis of a counterclaim. The Court of Appeal upheld that decision. The claimants’ passing-off case had also been held to fail, and it is regarding passing off that the Court of Appeal decision is of particular interest.

The problem for the claimants in their passing-off case was that, although they had an established business and goodwill under the NOW brand name, it was located in Hong Kong rather than England. English law regards goodwill, like trademark rights, as being territorial in nature. The court will protect goodwill existing within the jurisdiction, but not one that exists exclusively elsewhere. Goodwill requires customers, and the claimants’ paying customers were in Hong Kong.

The claimants attempted to confront the problem by relying on spillover reputation in the United Kingdom. Evidence showed that a substantial number of Chinese speakers temporarily or permanently resident in the United Kingdom knew of the claimants’ NOW TV service. Additionally, television content from the NOW TV service was available from the United Kingdom by anyone accessing the claimants’ websites, as well as on YouTube. The court at first instance had concluded that the claimants had acquired a reputation in the United Kingdom for their NOW TV service. The question was, did they also have the necessary goodwill? The trial judge concluded that they did not. Key to the decision was the court’s finding that those in the United Kingdom who viewed the claimants’ NOW TV programs could not be regarded as their customers. The claimants’ customers were viewers who were targeted for subscriptions in Hong Kong, not those who were simply able to see the services for free in the United Kingdom.

The Court of Appeal upheld this view. A first point taken by the Court of Appeal was that the availability of an action in passing off really had nothing to do with notions of unfair competition. The effect of Sky selecting the NOW brand may have had the effect of thwarting the claimants’ planned U.K. launch under the same name. However, in the United Kingdom, “competitive conduct is not in itself actionable by a business rival, even if it seems extreme and results in market spoiling and the rival loss of potentially valuable business advantages and opportunities.”326 As for the claim in passing off, “[the] legal dispute is not about what is fair or unfair play in competition. It is

326. Id. ¶ 90.
about determining the proper scope of the exclusive rights relied on as recognized and defined by law: . . . the extent of a business goodwill for which exclusivity is claimed on the basis of the sole use of a name or mark as indicating a particular service supplied in a particular market.”

The Court of Appeal recognized what is called the “vexed question of the implications of the territorial nature and extent of goodwill” in relation to modern businesses, commenting further:

There may be powerful reasons why the law as we know it will come under pressure to evolve or even to be re-formulated in order to meet some of the challenges created in business worlds transformed by technology. Otherwise, the law may fall more and more out of line with, and become less relevant to, the real needs of the world that it exists to serve. However, there may be sound policy reasons why the scope of protection available to undertakings against the unwelcome competitive activities of other undertakings should not be enlarged.

The Court of Appeal decided, in the interests of certainty, to eschew what it referred to as “judicial game changing.” Sticking, therefore, with a traditional view of goodwill, and the activity required to generate goodwill in the jurisdiction, the court held:

. . . in this case the universal presence and accessibility of the internet, which enables access to be gained in the UK to programmes emanating from Hong Kong, is not a sufficiently close market link to establish an identifiable goodwill with a customer base here. All that happens in the UK is the viewing of the programmes coming from Hong Kong. There is more to establishing a goodwill in a market for the supply of a TV service than evidence that the programmes in the service can be viewed by members of the public who do not need the service because, without any business contact with the claimants, they can view them via the internet. Generating a goodwill for service delivery generally involves making, or at least attempting to make, some kind of connection with customers in the market with a view to transacting business and repeat business with them. The claimants’ customers are usually those with whom business is transacted or at the very least those who are targeted for projected business transactions and connection. Just using the internet to access the programmes of a named service on a website does not

327. *Id.*, ¶ 91.
328. *Id.*, ¶ 7.
329. *Id.*, ¶ 11.
satisfy the basic requirements of being a customer or forming part of a goodwill of a business.\textsuperscript{330}

The Court of Appeal dealt also with the argument that steps taken by the claimants in preparation for their market entry into the United Kingdom might in themselves have created a protectable interest:

\ldots the evidence of the claimants' preparatory activities in this country was insufficient to establish that, at the relevant date, the claimants had generated any goodwill in the UK for the TV subscription service supplied by them to which the sign NOW is attached. It was insufficient for a passing-off action for NOW TV simply to be planned. It was necessary either to have or promote and publicise or advertise a customer base here in order to establish a goodwill protectable by law. The preparations did not establish a goodwill in the sense of acquiring a protectable exclusive right created by the attraction of custom in this country.\textsuperscript{331}

The final words of the leading judgment, however, provide the assurance that the availability of relief in a passing-off action does not depend absolutely on the claimants' enterprise making money. Moreover, a passing-off action can, in principle, succeed on the basis of goodwill acquired through preparation measures, before the business begins to provide services.

Finally, I would add that I am in agreement with the judge that a goodwill may be established in the supply of service, even though it may be made without charge or profit and even though it is supplied only to a foreign-speaking ethnic minority section of the public. I also agree that it is possible to establish a goodwill in a service by advertising it and by advance promotional activities.\textsuperscript{332}

2. United Kingdom – High Court of England and Wales – Can the sale of a garment bearing the image of a celebrity constitute an act of passing off under English law?

Yes, in the particular circumstances arising in the English High Court case of Robyn Rihanna Fenty and Others v. Arcadia Group Brands Ltd (t/a Topshop) and Top Shop/Top Man Limited.\textsuperscript{333}

\begin{footnotes}
\item[330] Id. ¶ 104.
\item[331] Id. ¶ 105.
\item[332] Id. ¶ 106.
\item[333] Robyn Rihanna Fenty and Others v. Arcadia Group Brands Ltd (t/a Topshop) and Top Shop/Top Man Limited, [2013] EWHC 2310 (July 31, 2013) (Ch.).
\end{footnotes}
This case concerned a large English fashion retailer by the name of TopShop, which, in 2012, began selling a T-shirt bearing the image of the famous pop star Rihanna. (The image was reproduced under a copyright license from the independent photographer who owned the copyright in the image). Rihanna contended that the sale of such a T-shirt without her permission infringed her rights, because shoppers would mistakenly believe that she had authorized the product.

Actions of this kind by celebrities have traditionally been problematic. Under English law, there is no “right of publicity” protecting an individual name, image, or likeness, and the courts have been somewhat cautious in extending the law of passing off to fill the gap. The law of passing-off demands that a claimant demonstrate goodwill, misrepresentation, and damage—factors that were addressed in turn by the court in this case.

The court found that Rihanna had “ample goodwill to succeed in a passing-off action of this kind.” In support of this, the court was provided with evidence demonstrating that Rihanna had, from 2008 up to 2012, secured lucrative endorsement or design contracts for fashion articles for large European fashion brands including H&M, Gucci, and River Island. Of particular importance was the agreement Rihanna had entered into with U.K. fashion retailer River Island in 2012 (during the relevant time the infringing T-shirts were being sold), which showed that “Rihanna’s identity and endorsement in the world of high street fashion was perceived in 2012 to have a tangible value by an organization well placed to know.” The court was therefore satisfied that “the scope of her goodwill was not only as a music artist but also in the world of fashion as a style leader.”

Misrepresentation was the real issue in the case. Traditionally, passing-off cases relating to the indicia of living individuals have foundered on this issue, even if the individual could establish that they have a relevant goodwill to protect. This was the case in Lyngstad and Others v. Anabas Products Ltd. and Another, where the English High Court found no misrepresentation that damaged goodwill/reputation where a merchandiser unconnected to the pop group Abba sold unauthorized clothing bearing their name and image. The court in that case held that there was no real possibility of confusion such that reasonable people might suppose that there was some sort of association between the merchandisers’ goods and Abba.

334. Id. ¶ 46.
335. Id. ¶ 42.
336. Id. ¶ 46.
However, as the Rihanna case shows, merchandising practices, and the public perception, have moved on a great deal since 1977. The particular facts were also very important.

The primary analysis in *Fenty* centered on the connection or perceived connection between TopShop and Rihanna. The judge, Mr. Justice Birss, noted that “TopShop makes a considerable effort to emphasize connections in the public mind between the store and famous stylish people. It has done so in the case of Rihanna.”338 The court held that a shopping competition launched by TopShop in which the winner won a personal shopping appointment with Rihanna showed evidence of such a connection and would have made an impact on the minds of the consumers. In addition, a tweet that TopShop had sent out to some 350,000 followers when Rihanna was in one of its stores—“Ridiculously excited! @Rihanna is in our Oxford Circus store as we tweet. Ah, wonder what she’ll buy”339—again reinforced the connection between the two.

Turning to the particular image appearing on the clothing, the court was informed that the image was taken during the video shoot for a single from the successful “Talk That Talk” album that was filmed in Northern Island and had received a great deal of press attention when the landowner had complained about parts of the video. The image showed Rihanna with a particular hairstyle and headscarf that could also be seen in the album artwork for the *Talk That Talk* album. Importantly, Mr. Justice Birss found that the “relationship between this image and the images of Rihanna for the album and the video shoot would be noticed by her fans. . . . This image is not just recognizably Rihanna, it looks like a publicity shot for what was then a recent musical release . . . to her fans who knew her work, I think this particular image might well be thought to be part of the marketing campaign for that project.”340 He therefore concluded that “the nature of the image itself seems to me to be a fairly strong indication that this may be an authorized product, an item approved by Rihanna.”341

It was therefore the combination of the image itself and the familiarity of such an image to her fans, and the public links between TopShop and famous stars in general, and more importantly Rihanna specifically, that, overall, gave an impression that the image was authorized. TopShop contended that customers would buy the garment would not be perceived by a customer as being authorized by Rihanna, and that therefore there was no misrepresentation. To advance this argument, they noted that neither the swing tag nor any other labelling contained the

338. *Id.* ¶ 56.
339. *Id.* ¶ 57.
340. *Id.* ¶ 69.
341. *Id.* ¶ 71.
trademark RIHANNA or the so-called R slash logo associated with the singer. The court held that even though there was no indication of authorization in the form of a swing tag or label bearing Rihanna’s name, logo, or registered trademarks, that was not strong enough to negate the impression that the garment was authorized.

The court found that for fans of Rihanna, “the idea that it is authorized will be part of what motivates them to buy the product” and “[m]any will buy the product because they think she has approved of it. Others will wish to buy it because of the value perceived in the authorization itself. In both cases they will have been deceived.”

The final element to be considered by the court—this being, also, an essential element of the tort—was damage. The court held that the misrepresentation would lead to damage to Rihanna’s goodwill in two ways. First, sales would be lost to her own merchandising business, which sells authorized products including T-shirts. Second, such sales by TopShop represent a loss of Rihanna’s control over her reputation in the fashion sphere.

The claim for passing off was therefore successful. The court was clear, however, that this case was successful on its particular facts, as neatly put by Mr. Justice Birss: “The mere sale by a trader of a t-shirt bearing an image of a famous person is not, without more, an act of passing off. However, the sale of this image of this person on this garment by this shop in these circumstances is a different matter.”

342. Id. ¶ 72.
343. Id. ¶ 72.
344. Id. ¶ 75.
GLOSSARY

CJEU: 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.”

Community: In EU trademark legislation, the European Community; this term is taken now to refer to the European Union.

Community trademark (CTM): 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.


essential function of a trademark: 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.

General Court: 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.”

global assessment: A 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.

Member State: A country that forms part of the European Union from time to time; a list of the Member States as of December 31, 2013, is contained in the Introduction, in Part I.
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.

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 “trade mark” 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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