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Annual Review of EU Trademark Law

2014 in Review

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I. INTRODUCTION

A. About this Review

This second Annual Review of European Union (EU) cases continues to chart the development of trademark law under the EU's two principal trademark law instruments. Background information on these two instruments—the Community Trademark Regulation (CTM Regulation) and the Trade Marks Directive (TM Directive)—is contained in the introduction to *Annual Review of EU Trademark Law: 2013 in Review*,[1] published last year, which also explains the particular role played by the EU General Court and the Court of Justice of the European Union (CJEU), formerly known as the European Court of Justice (ECJ).

This year's Review includes rulings of the CJEU in the fields of (among other things) shape marks, color marks, trademark protection in the field of retail services, and genericness. There are also significant rulings from both the CJEU and other senior courts in relation to trademarks alleged to take unfair advantage of the reputation of established marks.

The case selection necessarily focuses on cases from the national courts of EU Member States in the field of infringement and defenses. These cases, mostly from appellate courts, illustrate the generally harmonized approach that EU courts are required to take to trademark cases, but equally demonstrate a certain continuing divergence between them in the way courts deal with the problems before them—and how they weigh up the conflicting interests at stake. Despite the harmonization of substantive law, outcomes could continue to be very different among different EU Member States if the same facts were to be litigated in each.

Among cases reported this year are two cases raising issues of the allocation of jurisdiction in trademark infringement claims, as between different EU Member States. This year's cases have involved questions arising not only under the CTM Regulation, TM Directive, and the corresponding national law provisions, but also under the Brussels I Regulation,[2] the EU Enforcement Directive,[3] and the EU Customs Regulation.[4]

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1. Guy Heath, *Annual Review of EU Trademark Law: 2013 in Review*, 104 TMR 445 (2014) (http://www.inta.org/GlobalTrademark/Documents/2014%20Annual%20Review%20of%20EU%20Trademark%20Law.pdf).

2. Council Regulation (EC) No. 44/2001 of 22 December 2000.

3. Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004.

4. Council Regulation (EC) No. 1383/2003 of 22 July 2003.

B. Legislative Change

It was noted in last year's *Annual Review of EU Trademark Law* that in March 2013 the European Commission, the executive body of the EU, had proposed reforms to EU trademark law, involving amendments to (among other things) the TM Directive and the CTM Regulation. The proposed changes are aimed at (a) streamlining and facilitating registration procedures and cooperation between national registries and the Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM); and (b) reflecting case law developments and clarifying matters of outstanding uncertainty. It had been expected that the package would be adopted at some time between the fall of 2014 and the spring of 2015.

This has not happened yet, and the new laws have yet to be finalized. A final trilogue meeting between the European Parliament, the EU Presidency, and the EU Council on the reforms to the CTM Regulation and the TM Directive was scheduled for December 16, 2014. However, the meeting was postponed, and the parties released a statement saying that they need more time to finalize the reform package. A subsequent meeting took place in February 2015 and (at the time of writing) the reform package is expected to be adopted by the end of the Latvian presidency at the end of June 2015.[5]

C. OHIM's Convergence Programme

While the introduction of European Union trademark legislation has nurtured the harmonization of trademark law across Europe, there is still divergence in practice among the various trademark offices. The OHIM Convergence Programme, launched in 2011, established a collaborative network to iron out these inconsistences across the European trademark offices. The year 2014 was a particularly productive one for the Programme, which saw a number of "common practices" being agreed to among OHIM and the national offices. The Convergence Programme has been addressing a number of issues where problems have been identified in case law.

Nothing is entirely straightforward with regard to harmonization across the EU, and a number of national offices chose to either not participate in certain projects or to opt out of implementation of the common practices. For example, Italy, France, and Finland chose not to participate in the project relating

5. On April 21, 2015, the Latvian presidency reached a provisional agreement with European Parliament representatives on the reform of the European trademark system. The agreement is subject to confirmation by the Committee of Permanent Representatives of the Council.

to the scope of black and white trademarks (discussed further below); and Sweden, Denmark, and Norway opted out of implementation of the resulting common practice, as a result of legal constraints. Italy and Finland also chose not to participate in another project relating to non-distinctive/weak components of trademarks.

The Programme's first communication of 2014 concerned the Court's ruling in *Chartered Institute of Patent Attorneys v. Registrar of Trademarks*[6] (the infamous *IP Translator* case). A second communication addressed the scope of protection of black and white marks, and a third dealt with the impact of non-distinctive components on the likelihood of confusion.

Since the themes addressed by the Convergence Programme are ones that also crop up in the case law featured in this Review, it is worth saying a few words on the subject of the three communications issued in 2014.

Harmonization of Classification

Following two earlier communications relating to *IP Translator* published at the end of 2013, a third communication relating to the *IP Translator* case was published in February 2014. The CJEU held in *IP Translator* that goods and services for which trademark protection is sought must be identified by the applicant with sufficient clarity and precision to enable the competent authorities and economic operators, on that basis alone, to determine the extent of the protection conferred by the trademark. The purpose of the Common Practice on the Acceptability of Classification Terms is to assist in this assessment of "sufficient clarity and precision." The common practice sets out guidelines, which describe criteria to determine the clarity and precision of a given term.

Scope of Protection of Black and White Marks

This communication, issued in April 2014, addresses the subject of black and white trademarks in terms of priority, relative grounds for refusal (i.e., where there is conflict between trademarks), and genuine use. For example, on the question of whether or not the use of a color version of a trademark registered in black and white is acceptable for the purpose of establishing genuine use, the practice indicates that a change only in color should not be regarded as altering the distinctive character of the trademark, as long as certain specified requirements are met.

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6. Chartered Institute of Patent Attorneys v. Registrar of Trademarks, Case C-307/10, [2012] ECR I-_____, (CJEU, June 19, 2012) (*IP Translator*).

Relative Grounds—Likelihood of Confusion

A further objective of the Convergence Programme is to harmonize the approach to dealing with non-distinctive/weak components of trademarks in the context of the examination of relative grounds for refusal. A common practice on the subject was published in October 2014. According to the common practice, when evaluating likelihood of confusion, the distinctiveness of the earlier mark as a whole is first assessed, acknowledging there is to be at least a certain minimum degree of distinctiveness of this earlier mark (in line with the judgment in *Formula One Licensing BV v. OHIM*[7]). The distinctiveness of all the components of the earlier mark and of the later mark are also then assessed, prioritizing the common elements. Rules then prescribe the (limited) circumstances in which a finding of likelihood of confusion should follow in circumstances where the common element between the marks has either a low degree of distinctiveness, or none whatever.

The communications emanating from the Convergence Programme are not binding on EU courts.

D. Organization of Material in this Review

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

In each introductory section, the most relevant part of the underlying EU law has been set out in full. 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.

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

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7. Formula One Licensing BV v. OHIM, Global Sports Media Ltd intervening, Case C-196/11P, [2012] ECR I-_____ (CJEU, May 24, 2012) (F1-LIVE).

II. "SIGNS" CAPABLE OF REGISTRATION, DESCRIPTION OF MARK, AND SPECIFICATION OF GOODS AND SERVICES

A. Introductory Comments

This Part II covers the following issues confronting an applicant for EU trademark rights when preparing to file the application: is the sign that is to be put forward for registration something of which a trademark may consist, within EU norms; how is the trademark best described; and how should the specification of goods and services best be written?

The provisions that determine the kinds of sign that may be registered as a trademark are Articles 4 and 7 of the CTM Regulation and Articles 2 and 3(1)(a) of the TM Directive.

Four cases are covered in this Part II. The first is a CJEU ruling relating to the registrability of a retail store layout. The second concerns an important technicality relating to the representation of so-called "position" marks. The third case involves yet another question arising, in the aftermath of the CJEU's *IP Translator*[8] ruling, in connection with so-called "class heading" trademark specifications, and the last case returns to the retail arena—with the CJEU confirming the possibility of registering a mark in relation to the "bringing together" of services.

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;
> (. . .)

8. Chartered Institute of Patent Attorneys v. Registrar of Trademarks, Case C-307/10, [2012] ECR I-_____, (CJEU, June 19, 2012) (*IP Translator*).

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;

(. . .)

C. Cases

1. EU—CJEU—Presentation of trade premises—Is it possible to register the design and layout of a retail store as a trademark?

In 2014, the CJEU ruled on questions presented to it by the German courts, concerning the possibility of registering a retail store layout as a trademark. The content of the questions was noted in last year's *Annual Review*.[9]

In the underlying case,[10] the German Federal Patent Court had to deal with an appeal by Apple relating to an application for German protection of an international registration for a trademark identified, along with the picture below, as "distinctive design in layout of a retail store." The protection was sought in Class 35 for, inter alia, "retail store services featuring computers, computer software and demonstration of product relation thereto."

9. Guy Heath, *Annual Review of EU Trademark Law: 2013 in Review*, 104 TMR 445, 459 (2014).

10. Case No. 29 W (pat) 518/13, GRUR 932 (2013) (German Federal Patent Court (May 8, 2013)) (APPLE).

While, in general, taking a favorable view to APPLE's position (as opposed to the position of the German Patent and Trademark Office, which had rejected a request for protection), the German Federal Patent Court had considered the matter not only from the perspective of distinctiveness, but also by reference to Articles 2 and 3 of the TM Directive: can a store layout be regarded as a "sign" capable of trademark protection? Considering that this issue would have to be looked at more closely by the CJEU, the German Federal Patent Court submitted a number of questions to the CJEU,[11] including the following:

> 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 presentation in which a service is incorporated?
>
> Are Articles 2 and 3(1) of the TM Directive to be interpreted as meaning that a sign representing the presentation in which the service is incorporated is capable of being registered as a trademark?
>
> 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 CJEU's decision[12] was handed down on July 10, 2014. In its reply to the three questions, which the CJEU held to be appropriate to examine together, it recalled that, in order to be capable of constituting a trademark under Article 2 of the TM Directive, any application for registration must satisfy three conditions. First, it must relate to a sign. Second, the sign must be capable of graphic representation. And third, the sign must also be capable of distinguishing goods or services of one undertaking from those of another one.[13]

Analyzing the wording of Article 2, the CJEU concluded that it is clear that designs are among the categories of signs capable of graphic representation. The CJEU went on to hold that the layout of a retail store could, as a rule, therefore be registered provided that it is capable of distinguishing the products or services of one undertaking from those of other undertakings. This could be the case when the layout of the store departs significantly from the

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11. Apple Inc. v. Deutschen Patent und Markenamt, Case C-421/13, [2014] (CJEU, July 10, 2014).

12. *Id*.

13. Libertel Groep BV v. Benelux-Merkenbureau, Case C-104/01, [2003] ECR I-3793 (CJEU, May 6, 2003), para. 23; Dysen v. Registrar of Trade Marks, Case C-321/03, ECR I-687 (CJEU, Jan. 25, 2007), para. 28.

norm of the relevant sector.[14] Contrary to the position previously taken by the German Federal Patent Court, the CJEU felt, however, that it would not be necessary, on one hand, to attribute any relevance to the fact that the design submitted for registration did not contain any indication as to the size and proportion of the various design elements of the retail stores or, on the other hand, to examine whether or not the design could be treated in the same way as "packaging" within the meaning of Article 2 of the TM Directive.

The Court noted that the fact that a sign is, in general, capable of constituting a trademark within the meaning of Article 2 does not, of course, mean that the sign necessarily has a distinctive character in relation to the products or the services for which registration is sought[15] (see Part III.C.13 noting a decision of the Swedish Patent- och registreringsverket (Patent and Registration Office) ruling that the Apple Store design lacked the requisite distinctiveness in Sweden).

In applying general rules, the CJEU emphasized that this issue had to be assessed in the present case by the goods or services in question to and the perception of the relevant public, which is "reasonably observant and circumspect."[16]

Referring to Article 3, the CJEU finally pointed out that the assessment criteria to be used by the competent authority when determining the registrability of the layout of a retail store would not differ from those used for other types of signs. With the exception of Article 3(1), which makes special provisions regarding the registrability of the shape of goods, Article 3 makes no such distinction between different types of mark.

On the issue of whether services intended to induce the consumer to purchase the products of the applicant can constitute "services" for which a sign can be registered as a trademark, Apple argued that the CJEU had, in its previous case law,[17] already made the distinction between the sale of goods on the one hand, and services, falling within the concept of "service," intended to induce that sale, on the other hand. However, the European Commission considered that this case law could not be extended to a situation in which the sole objective of those services is to induce the consumer to purchase the products of the applicant for trademark registration itself.

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14. *See, e.g.*, Louis Vuitton Malletier v. OHIM, Friis Group International ApS intervening, Case C-97/12 P, [2014] ECR I-_____ (CJEU, June 5, 2014), para. 52.

15. Henkel KGaG v. OHIM, Joined Cases C-456/01 P and C-457/01P, [2004] ECR I-5089 (CJEU, Apr. 29, 2004), para. 32; OHIM v. BORCO, Case C-265/09P, [2010] ECR I-8265 (CJEU, Sept. 9, 2010), para. 29.

16. *Id*. paras. 32 and 35.

17. Praktiker Bau- und Heimwerkermärkte AG, Case C-418/02, [2005] ECR I-6873 (July 7, 2005), paras. 34 and 35.

The Court went on to hold that if there are no grounds for refusing registration, a sign depicting the layout of a store of a goods manufacturer can be registered not only for the goods themselves but also for services that fall within one of the international classes concerning services—where those services do not form an integral part of the offer for sale of those goods. Certain services, such as those referred to in Apple's application, which consist of carrying out demonstrations of the products that are displayed there by way of seminars, can constitute remunerated services falling with the concept of "service."

The Court distinguished the kind of services for which registration may be obtained and services relating to the goods that "form an integral part of the offer for sale of those goods."

Summarizing its considerations, the CJEU ruled that Articles 2 and 3 "must be interpreted as meaning that the representation, by a design alone, without indicating the size or the proportions, of the layout of a retail store, may be registered as a trademark for services consisting in services relating to those goods but which do not form an integral part of the offer for sale thereof, provided that the sign is capable of distinguishing the services of the applicant . . . from those of other undertakings." (para. 27).

2. EU General Court—Does use of a dotted line in the representation of a trademark filed at OHIM indicate that it is being used to show the location, on some underlying surface, of the trademark being claimed?

In *K-Swiss, Inc. v. OHIM*,[18] it fell to the General Court to consider the validity of the trademark shown here:

The mark was registered by K-Swiss, Inc. as a Community trademark in Class 25 in respect of "footwear," on August 22, 2007. The validity of the registration was challenged by Künzli SwissSchuh AG in February 2009 under Article 52(1)(a) and Article 7(1)(b) of the CTM Regulation.

18. K-Swiss, Inc. v. OHIM and Künzli SwissSchuh AG, Case T-85/13, [2014] ECR II-_____ (GC, June 13, 2014).

The outcome of the validity challenge is noted in Part III. A preliminary question, relevant to the analysis, was how to characterize the trademark.

The applicant had sought, in the proceedings before the OHIM, to characterize its mark as a "position" mark—that is to say, a claim to the five stripes, with the dotted lines in the drawing intended to indicate merely how and where the stripes would be located on the product. The Board of Appeal, however, saw it differently—considering (as noted by the General Court) that the use of the dotted line was "a minor detail which fails to draw the consumer's attention away from the fact that the sign represents a shoe." The implication is that one should consider the mark as registered to be the overall graphical representation.

The General Court concurred, holding that: "It must be noted, first, that the Community mark at issue was presented by the applicant in its trademark application as a figurative mark and, secondly, that the trademark application does not contain any description of the mark which suggests that it includes only the five parallel stripes and that the representation of the shoe serves only to provide details of the positioning of those stripes on the product."

The point arising is that applications for position marks need to be explicit in the description they provide of the mark in question. It will not be inferred from use of a dotted line that this represents merely a substrate on which the mark is to be located.

3. EU—General Court—How should one interpret a "class heading" specification used for a CTM from before June 16, 2003?

The General Court decision in *Scooters India Ltd v. OHIM, Brandconcern BV intervening*,[19] explored an important point arising from the *IP Translator* case,[20] namely, how to interpret a "class heading" specification used for a Community trademark that was applied for and registered before the date of OHIM's first communication on the subject of "class heading" specifications, No. 4/03 issued on June 16, 2003.

The Community trademark in question was LAMBRETTA, filed on February 7, 2000, and registered on August 6, 2002, for, among other things, "Vehicles; apparatus for locomotion by land, air or water," in Class 22. This wording corresponds to the Class 12 class heading.

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19. Scooters India Ltd v. OHIM, Brandconcern BV intervening, Case T-51/12, [2014] ECR II-_____ (GC, Sept. 30, 2014).

20. Chartered Institute of Patent Attorneys v. Registrar of Trademarks, Case C-307/10, [2012] ECR I-_____, (CJEU, June 19, 2012) (*IP Translator*).

The LAMBRETTA trademark was challenged in a revocation action brought by the intervener in November 2007, alleging the non-use of the mark for the goods in respect of which it had been registered. The mark's owner, Scooters India Limited, adduced evidence of sales of spare parts for scooters under the mark, but not of sales of scooters as such.

On appeal to the General Court, two questions were examined. The first was whether or not the Class 12 specification should be taken to cover spare parts for scooters, to which the evidence of use could be directly relevant. If so, the registration might be saved in respect of such products, even though they did not appear in the express wording of the specification.

The second question was whether evidence of use of the mark in respect of scooter parts might suffice to save the registration in respect of scooters as such.

The first question arose in light of the *IP Translator* decision (mentioned above, and described in more detail in the *Annual Review of EU Trademark Law: 2013 in Review*.[21] The essence of that decision, as explained in the present case by the General Court, was that "an applicant for a national trademark who uses all the general indications of a particular class heading of the Nice Classification to identify the goods or services for which the protection of the trademark is sought has to specify whether the application is intended to cover all the goods or services listed in the alphabetical list of that class or only some of those goods and services . . . ."[22] The ruling is also, effectively, applicable to Community trademarks.

The difficulty posed by the present case was that the *IP Translator* decision, imposing the requirement that a "class heading" applicant should specify its intentions, was not handed down until June 2012—twelve years after the LAMBRETTA trademark application had been filed. In the interim, in 2003 OHIM had issued a communication, considered to reflect established practice that "class heading" specifications should be taken to cover everything in the class concerned. That had been the understanding under which the trademark owner had filed its application, and which indeed reflected its own intention when it had filed the application in question, namely to cover all goods in the class—i.e., spare parts falling within the class, as well as entire vehicles.

The General Court noted it to be settled case law that a CJEU ruling of the kind handed down in *IP Translator* "may, and must,

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21. *See* Guy Heath, *Annual Review of EU Trademark Law: 2013 in Review*, 104 TMR 468 (2014).

22. Chartered Institute of Patent Attorneys v. Registrar of Trademarks, Case C-307/10, [2012] ECR I-_____ (CJEU, June 19, 2012), paras. 22 and 61 (*IP Translator*).

be applied by the courts even to legal relationships arising and established before the judgment." In view of this principle, it would be "quite exceptional" to impose a limit on the effect of the judgment, and, indeed, the *IP Translator* court had not indicated that any exception should apply.

The fact remained that the LAMBRETTA specification, which needed to be interpreted here, had been filed without any express indication, one way or another, whether it had intended to cover everything falling within the class, or only the goods to which it had expressly referred.

OHIM's position on the matter referred to its second communication on the subject of "class heading" specifications (No. 2/12), which it had issued in 2012 immediately after the *IP Translator* ruling. In this communication, OHIM indicated that for "class heading" specifications in CTMs trademarks registered from before the date of the *IP Translator* ruling, June 21, 2012, the applicant should be deemed to have intended to cover all the goods or services included in the alphabetical list relating to that class. However, OHIM justified this approach on the basis of the expectations that would have been generated among CTM applicants as a result of its earlier 2003 communication on the subject, and argued that it should not apply to CTMs, such as LAMBRETTA, pre-dating the 2003 communication. OHIM argued therefore that the LAMBRETTA specification should be interpreted to mean merely what it expressly said—i.e., to cover whole vehicles, not parts.

The General Court disagreed. In the first place, it said "it must be held that considerations relating to the principles of the protection of legitimate expectation and, a fortiori of legal certainty fully justified OHIM's extending the scope [of Communication No. 2/12] to marks registered before the publication of its earlier Communication No. 4/03." (para. 33). These considerations pertain to the protection of the interests of the public, not merely those of trademark owners. The Court went on to explain (para. 44) that the principle of legal certainty would demand the same outcome irrespective of Communication No. 2/12.

It is interesting that the Court focused specifically on "legal certainty" and downplayed the notion of "legitimate expectation." The "expectation" of a CTM applicant filing a "class heading" application at any time in the twelve years or so prior to the 2012 *IP Translator* decision would have been that this secured them coverage of all goods or services falling within the class. However, the actual position following *IP Translator* is that they ended up with a rather narrower specification, covering all the goods and services listed in the alphabetic listing for the class concerned. The practical upshot of this in the present case was that the General Court held the LAMBRETTA specification to cover items

specifically listed in the WIPO Alphabetical List for Class 12 (such as "wheels" and "pneumatic tyres"), but not to cover other Class 12 parts that did not feature specifically in the list (or, of course, to spare parts that would not fall within the class).

As for the second question, being whether or not the sale of spare parts for scooters under the LAMBRETTA mark could count as use of the mark in relation to scooters, this remained an open question to be determined on the facts. According to the General Court (para. 44): "In particular, it will be necessary to examine, first, whether the applicant has actually marketed scooters under the mark LAMBRETTA in the past, and not only in the period 19 November 2002 to 18 November 2007, and, secondly, whether the applicant actually marketed under the trademark LAMBRETTA, in the period 19 November 2002 to 18 November 2007, either parts that were integral to the make-up or structure of the scooters previously sold or goods or services that were directly related to scooters and were intended to meet the needs of customers of those goods."

4. EU—CJEU—Retail services—Can a mark be registered in relation to "the bringing together of a variety of services"?

As noted last year's *Annual Review of EU Trademark Law*,[23] the CJEU was recently asked by the German Federal Patent Court (Bundespatentgericht) to deliver a preliminary ruling as to possibility of registering trademarks in respect of a service described (broadly) as "the bringing together of a variety of services." The CJEU ruled in July 2014.[24]

The facts in the underlying case are as follows. In September 2011, Netto Marken-Discount (a well-known German retail brand) filed the following German trademark:

with the German Patent and Trademark Office ("GPTO") for services in Class 35, namely "services in the retail and wholesale

23. Guy Heath, *Annual Review of EU Trademark Law: 2013 in Review*, 104 TMR 445, 472 (2014).

24. Netto Marken-Discount AG & CO. KG v. Deutsches Patent- und Markenamt, Case C-420/13, [2014] ECR I-_____ (CJEU, July 10, 2014).

trade, particularly the bringing together for the benefit of others, of a variety of services enabling customers conveniently to purchase those services. . . ."

The application was rejected by the GPTO on the basis that the descriptions of services lacked distinction from other services in either their substance or scope. The German Federal Patent Court then had to consider this issue. Noting the EU law to be unclear as to the possibility of achieving such a registration, and also observing that the CJEU had not yet ruled on this question, the German Federal Patent Court submitted the matter to the CJEU asking, in essence (and inter alia), by its first question, whether or not services provided by a retailer that consist of bringing together services, so that the consumer can conveniently compare and purchase them, can fall within the concept of "services" referred to in Article 2 of the TM Directive.

With regard to the second question addressed to the CJEU, the German Federal Patent Court wanted to know whether the TM Directive must be interpreted as imposing a requirement that an application for registration of a trademark with respect to a service that consists in bringing together services must identify specifically and precisely both (a) the services rendered that constitute the "bringing together" service and (b) the services that are brought together in that way.

In its answer to the first question, the CJEU held that the provision of services by an economic operator consisting in bringing together a variety of services, so that the consumer could conveniently compare and purchase them, may indeed come within the concept of "services" referred to in Article 2 of the TM Directive.

Emphasizing first, that the concept of "services" had not been defined by EU legislature, the CJEU held that it would be necessary to apply a uniform interpretation of that concept.[25] For the purpose of such interpretation, the CJEU found that, following the line of reasoning in *Praktiker*,[26] services provided in connection with the retail trade of goods can themselves constitute services (for which a registration may be obtained) since the retailer's activities can include, in addition to the sale of goods as such, a number of other activities of the retail trader (e.g., selecting an assortment of goods offered for sale and various services aimed at inducing consumers to purchase goods from them and not a competitor). As a result, the CJEU went on to say that the provision of bringing together and advertising such services can,

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25. Dyson Ltd v. Registrar of Trade Marks, Case C-321/03, [2007] ECR I-687 (CJEU, Jan. 25, 2007), para. 28.

26. Praktiker Bau- und Heimwerkermärkte AG, Case C-418/02, [2005] ECR I-6873 (CJEU, July 7, 2005), paras. 34, 39 and 52.

where appropriate, fall under Class 35. That possibility is supported, the CJEU considered, by the alphabetical list of the Nice Classification, which includes "sales (promotion) for third parties" among the services in this class. Those services are therefore covered by the concept of "services" within the meaning of Article 2 of the TM Directive.

On a specific, related point of debate in the present case, the CJEU found that, even though the assortment of services offered by Netto and described in its application could include services to be provided by Netto itself (i.e., not just services that would be "brought together" from other suppliers), that would not cast doubt on the fact that the "bringing together" services described in Netto's application are capable of being categorized as a service. In its decision in *Apple* (the decision of which was on the same date as the present case) (see Part I.C.1) the Court held that a sign depicting the layout of a store of a goods manufacturer can be registered not only for the goods themselves, but also for services that fall within one of the international classes concerning services—where those services do not form an integral part of the offer for sale of those goods. The Court went on to hold that the application could not be rejected on the sole ground that the assortment of services that Netto intended to provide to the consumer could also include services offered by itself.

As far as the second question was concerned, the CJEU pointed out that registration of a mark in a public register had the aim of making it accessible to the competent authorities and to the public, including to commercial undertakings.[27] Therefore, the CJEU went on to say that the TM Directive requires the goods and services for which protection is sought to be identified by the applicant with sufficient clarity and precision, enabling the competent authorities and economic operators to determine the extent of the protection sought or obtained.

Of course, this would not require a person applying for registration of a mark with respect to a "bringing-together" service, to specify in every detail the activities making up that service.[28] As long as the application allowed the competent authorities and economic operators to understand that—as in this case—the application is made in respect of a service that consists in selecting and offering an assortment of services so that the consumer can chose between them for a single point of contact, this would suffice.

Turning to the next question, regarding the identification of the services that are *being brought together*, the CJEU considered

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27. Chartered Institute of Patent Attorneys v. Registrar of Trademarks, Case C-307/10, [2012] ECR I-_____ (CJEU, June 19, 2012) (*IP Translator*), para. 46.

28. Praktiker Bau- und Heimwerkermärkte AG, Case C-418/02, [2005] ECR I-6873 (CJEU, July 7, 2005), para. 50.

that it is necessary that the applicant should identify these services with sufficient clarity and precision. Where the person filing the application does not meet these standards, thereby not enabling the authorities to deduce from the application which services are referred to by the applicant, they cannot properly examine in particular whether the sign is the subject of the application is descriptive for one or more services which the applicant intends to select and offer.[29]

In the present case, the CJEU noted that Netto had, by and large, done no more than use the general indications included in the headings to Classes 35, 36, 39, et al. of the International Classification to describe the kinds of services that it would "bring together." For example, the application indicated that Netto's services would include the "bringing together" of "advertising; business management; business administration; office functions"—this wording having been taken straight from the Class 35 class heading. Following the line of reasoning set out in the *IP Translator* case,[30] the CJEU held that "some of the general indications in the class headings of the Nice Classification cover goods or services so variable that they are not capable of satisfying the requirement of clarity and precision"[31] (para. 49). Although the Court agreed with the position in *IP Translator* that it is not necessary that an application register a trademark for a service that consists of bringing together services to specify in detail each of the activities making up that service, the Court held that the application must be formulated with sufficient clarity and precision so as to allow the competent authorities and economic operators to determine the scope of the application.

The Court continued to note that, where an applicant, as Netto had done, uses, with respect to a particular class, all the general indications (and therefore the entire heading) of a class, he must specify whether he is referring to all of the goods or services included in the alphabetical list of that class or only to some of them. This is particularly necessary in light of the existence of different approaches within the European Union regarding the way in which the use of a Nice Classification class heading must be understood. An application which does not make it possible to establish whether, by using a particular class heading, the applicant intends to cover all or some of the goods or services thereof could not be considered sufficiently clear and precise.

The result of the case is to confirm that it is perfectly possible to obtain a registration covering the service that one provides in

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29. *Id*.

30. Chartered Institute of Patent Attorneys v. Registrar of Trademarks, Case C-307/10, [2012] ECR I-_____ (CJEU, June 19, 2012), para. 46 (*IP Translator*).

31. *Id*. para. 49.

selecting and offering a range of services to the consumer (including services that one offers oneself) provided that one is careful to adopt due care in describing the services brought together.

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

A. Introductory Comments

This Part III considers cases involving the refusal of trademark registration on the basis of the inherent characteristics of the mark. Grounds for refusal of registration on this basis (which could also support a later claim of invalidation of a mark registered in violation of them) are among those known to EU law as "absolute grounds." Part III also covers the grounds for revocation of a trademark registration on grounds other than non-use—grounds that can arise where the mark has become either generic or descriptive as a result of post-registration use.

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

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

The "absolute grounds" for refusal under Article 7(1) of the CTM Regulation and Article 3(1) of the TM Directive go on to provide 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.

The provision for the revocation for a trademark that has become generic is set out in Article 51(1)(b) of the CTM Regulation, whereby a CTM can be cancelled if, as a result of the activity or the inactivity on the part of the trademark proprietor, it has

become the common name in trade for the good or service for which it is registered.

The first few 2014 cases selected for comment fall within the core area of descriptiveness and non-distinctiveness, but several of the cases later in the selection concern the more specific provisions of the relevant articles relating to shape marks. The final two cases in Part III relate to revocation claims—one concerning an allegation that the mark had become deceptive; the other that the mark had become generic. This final case, *Kornspitz*, is required reading for brand owners struggling to prevent their marks slipping into the language of the trade, and wanting to know what the law requires of them.

The legal texts provided in Section B below include only the most relevant of the absolute grounds for refusal, followed by the grounds for revocation based on the decline of the trademark into the language of the trade or because the mark has become deceptive.

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.

(. . .)

Article 51 of the CTM Regulation

Grounds for revocation

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

(a) (. . .)

(b) if, in consequence of acts or inactivity of the proprietor, the trademark has become the common name in the trade for a product or service in respect of which it is registered;

(c) if, in consequence of the use made of it by the proprietor of the trademark or with his consent in respect of the goods or services for which it is registered, the trademark is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.

2. (. . .)

Article 12 of the TM Directive

1. (. . .)

2. Without prejudice to paragraph 1, a trademark shall be liable to revocation if, after the date on which it was registered:

(a) if, in consequence of acts or inactivity of the proprietor, the trademark has become the common name in the trade for a product or service in respect of which it is registered;

(b) if, in consequence of the use made of it by the proprietor of the trademark or with his consent in respect of the goods or services for which it is registered, the trademark is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.

C. Cases

1. Germany—German Federal Supreme Court—Descriptiveness/Non-distinctiveness—Does a mark with several descriptive meanings have the necessary distinctiveness?

Effect Management & Holding GmbH is owner of the International Registration 797 277 in respect of the figurative mark shown here:

for goods in Classes 3, 5, 16, and 25 of the international classification, including cosmetics, in particular shampoos, gels, and face lotions; sanitary preparations for medical purposes, lubricants, paper, clothing, and footwear.

The international registration was challenged, on grounds that the trademark was not distinctive. The German Patent and Trade Mark Office ("GPTO") agreed, and, by decision of March 22, 2012, canceled the registration for all goods with the exception of cleaning and polishing preparations, sanitary preparations for medical purposes, and paper. The German Federal Patent Court, upon appeal, not only confirmed the decision of the GPTO but also withdrew protection even with respect to all remaining goods referred to. The trademark owner's further appeal (on legal grounds) to the German Federal Supreme Court was not successful either.[32]

The Court confirmed the position taken by the Federal Patent Court and held that the Court had properly applied the prevailing principles. According to Sections 115(1), 54(1), 50(1) and 8(2) No. 1 of the German Trademark Act (corresponding to Article 3(1)(b) of the TM Directive) registration of an international registration trademark in Germany had to be cancelled if it is devoid of any distinctive character for the goods or services registered. Since only the absence of any distinctiveness whatsoever triggers a bar to registration, the evaluation has to be generous so that even any distinctiveness, be it only minor, is sufficient to overcome the bar.[33]

The German Federal Supreme Court ruled that these principles had been properly applied by the Federal Patent Court.

The German Federal Supreme Court held, first, that in order to regard a term as "descriptive" it was not necessary (contrary to the applicant's claim) that the term should describe a product or service in an "exhaustive fashion." Likewise, it is not necessary that the term should create a concrete conception about particular features of the goods offered under the term. In the view of the

32. Case No. I ZB 3/13, GRUR 569 (2014) (German Federal Supreme Court, Feb. 19, 2014).

33. Case No. I ZB 115/08, GRUR 1100 (2010) (German Federal Supreme Court, June 24, 2010) (TOOOR!).

German Federal Supreme Court, a term is to be considered descriptive in a case where a trademark has various meanings, where its contents are vague, or even where only one of the possible meanings (properly) describes the goods or services.[34]

In line with these considerations, which had been repeatedly confirmed by case law, the German Federal Supreme Court held that the mark HOT could not have protection on the basis of its ambiguity. It is sufficient to claim descriptiveness under Section 8(2) No. 1 of the German Trademark Act if a designation in only one of its possible meanings is descriptive. Against this background, the Supreme Court pointed out that the term "HOT" (as in "sexy, sharp, grand, lustful" in connection with fashion, shoes, perfumes, and cosmetics) would be suitable to increase attractiveness of a person. Even print products could be "HOT," that is very sexy or even sharp if they used suitable pictures. More so, the designation "HOT" in this connection could mean that these products, e.g. pin-ups or erotic products, could make the consumer "hot." And in connection with paper products the term "HOT" could be understood as a reference to the content. Further, dietetic food could have a "hot taste," other products including pharmaceutical products could be hot, etc.

Since (as pointed out) a term had be considered descriptive if it had various meanings or a vague content, it is not sufficient to establish non-descriptiveness simply by virtue of the fact that the existence of several meanings in relation to the term in question would cause a certain effort of interpretation.

The Court also held that the fact that several courts in Germany had accepted a certain distinctiveness of the term "hot" in connection with infringement cases would not help the applicant's position, since infringement courts were bound by registration. Also, a U.S. registration or even a CTM would not, as in other cases, have any binding effect upon the Supreme Court.[35]

Finally, the decorative elements of the registered trademark were not suitable to overcome the obstacle of non-distinctiveness, as these figurative elements were only simple graphic elements.[36]

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34. Case No. I ZB 68/11, GRUR 522 (2013) (German Federal Supreme Court, Sept. 13, 2012) (DEUTSCHLANDS SCHÖNSTE SEITEN).

35. Bild digital GmbH & Co. KG, formerly Bild.T-Online.de AG & Co. KG (C-39/08) and ZVS Zeitungsvertrieb Stuttgart GmbH (C-43/08) v. Präsident des Deutschen Patent- und Markenamts, Joined cases C-39/08 and C-43/08, [2009] ECR I-20 (Feb. 12, 2009) (BILD DIGITAL).

36. Case No. I ZB 32/09, GRUR 640 (2010) (German Federal Supreme Court, Jan. 14, 2010) (HEY!).

2. Austria—Austrian Supreme Court—Can "Jimi Hendrix" be considered a trademark with distinctive character—and is this true for all descriptions of goods and services?

In Austrian Supreme Court ("OGH") Case OGH 12.02.2014[37] (*Jimi Hendrix*), the OGH had to decide whether or not the trademark JIMI HENDRIX is registrable. The trademark application in question had been made by a company operated by family members of the famous musician Jimi Hendrix. The matter came before the Supreme Court following earlier findings that the trademark JIMI HENDRIX is devoid of distinctive character for certain of the goods for which registration had been sought.

The OGH noted that, according to CJEU jurisdiction (in particular, *Chiemsee*[38]), a trademark must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from goods of other undertakings. The assessment of whether or not the mark should be refused registration on grounds that it lacks distinctive character has to be based on the goods and services to which the application relates.

The CJEU has also stated that common surnames may serve the trademark function of indicating origin (*Nichols*[39]). Therefore, the OGH noted, in principle personal names are of distinctive character and can be registered as trademarks. However, according to the OGH, the necessary distinctiveness is lacking where the names are to be regarded as descriptive indications for the goods and services in question. Relevant to the question of whether or not a name of a celebrity has the requisite distinctiveness is whether the name would just be seen as an "advertiser" for the relevant goods or services or if the name can also be seen as an indication of the commercial origin of the goods or services in question. Hence, the answer may be different depending on which goods or services are being considered.

The Court's exploration of the position with regard to the different descriptions of products is fascinating. The OGH determined JIMI HENDRIX to be registrable, inter alia, for all goods applied for registration in Class 14 (e.g., jewelry, watches) and Class 25 (clothing of all sorts). With respect to the goods in Class 14, the OGH considered that these goods are regularly in a higher price segment, and therefore would not be considered

37. Case No. 4 Ob 223/12s (Supreme Court of Austria, Feb. 17, 2014) (JIMI HENDRIX).

38. Windsurfing Chiemsee Produktions- und Vertriebs GmbH (WSC) v. Boots- und Segelzubehör Walter Huber and Franz Attenberger, Case C-108/97, [1999] ECR I-2779 (CJEU, May 4, 1999).

39. Nichols plc v. Registrar of Trade Marks, Case C-404/02, [2004] ECR I-8499 (CJEU, Sept. 16, 2004).

merely as JIMI HENDRIX merchandising articles. On the other hand, clothes are often used as advertising or fan articles—but with respect to these products the OGH considered that the relevant public had become accustomed to perceiving personal names as an indication of origin, and therefore the JIMI HENDRIX trademark could be registered for goods of Class 25 as well.

However, for certain goods in Class 9 (e.g., CDs, DVDs, software, electronic publications) the OGH believed that the market would consider "Jimi Hendrix" merely as "content-based" information. For these goods, the OGH decided, "Jimi Hendrix" is not protectable.

With regard to certain goods in Class 15 (e.g., musical instruments, electronic musical instruments, guitars, basses), the OGH noted that there exists a direct link between the Jimi Hendrix name and the life image that consumers would have of Jimi Hendrix. Therefore the public would perceive "Jimi Hendrix" merely as an advertising medium for these goods, not as an indication of the trade origin of the goods.

3. Italy—Supreme Court—Composite trademark—The protection of the word "Oro" (i.e., "Gold" in English) in the food industry—Does distinctiveness acquired through use of a composite trademark concern only the composite trademark as a whole or also each of its elements?

With a very succinct decision conforming to the Italian case law interpretation, the Supreme Court confirmed that the "secondary meaning" acquired by a composite trademark as a whole does not necessarily also regard the single elements composing the same (*Barilla v. Saiwa*[40]).

This decision was the final chapter of the dispute between Saiwa and Barilla concerning the protection of the word "Oro" in the food industry. Saiwa—which owns both the trademark ORO SAIWA, which it uses for a well-known cookie selection, as well as a family of trademarks consisting of or comprising the sign ORO—challenged Barilla's use and registration, domestically and at the EU level, of the figurative trademark SELEZIONE ORO BARILLA shown below:

40. Barilla v. Saiwa, Case No. 5099 (Supreme Court, Mar. 5, 2014).

The Court of Milan, both in first instance and appeal, rejected Saiwa's claims.[41] In particular, the Court of First Instance found that the sign ORO had become customary due to "its common and generalized use in the practices of the trade and in the current language, where this sign has always been used for its very same capability of indicating a particular quality (think about the common expressions *un ragazzo d'oro, momento d'oro, sogni d'oro* [the English translation being a "good guy," a "golden moment," and "sweet dreams"], etc.)."[42] The Court of Appeal—after affirming that "it is the party who relies on acquired distinctiveness of a composite trademark who must show that this actually vests not only in the trademark considered as a whole, but also in respect to a single component of the trademark itself"[43]—concluded that ORO SAIWA is a valid trademark because "it consists of an element having distinctive character and of a customary term, even if this latter cannot be autonomously protected." However, "Selezione Oro Barilla" could not be regarded as an infringement of Saiwa's trademark because the signs were "identical only with respect to the word "Oro" which considered per se does not have any distinctive character."[44]

As mentioned above, the Italian Supreme Court fully upheld this interpretation.

The Court, which did not have the power to examine on the merits the Court of Milan's decisions regarding the lack of distinctiveness of the word "Oro," dismissed Saiwa's arguments that "distinctiveness acquired through use (so-called "secondary meaning") shall concern both the trademark considered as a whole and every single element composing the same and, thus, in the case at issue, also the word 'Oro' in itself because it is part of the trademark 'Oro Saiwa.'"

The Court clarified that Saiwa's reasoning contrasted with the principle according to which it is necessary to look at the actual use of a mark to determine if the same confers distinctive character to an otherwise merely descriptive sign. Additionally,

41. Barilla v. Saiwa, Decisions of Dec. 9, 2004, of the GC and of July 8, 2006, of the Court of Appeal.

42. Barilla v. Saiwa, Decision of Dec. 9, 2004, of the Court of First Instance.

43. Barilla v. Saiwa, Decision of July 8, 2006, of the Court of Appeal.

44. *Id.*

the Court found Saiwa's arguments contrary to the CJEU's decision in the *Nestlé* case,[45] where the CJEU had concluded that "it is only a possibility, and not a requirement, that every element of a composite trademark acquires distinctive character through use."[46]

In the *Nestlé* decision, the CJEU had also observed that "[the] acquisition of distinctive character, may be as a result both of the use, as part of a registered trademark, of a component thereof and of the use of a separate mark in conjunction with a registered trademark. In both cases it is sufficient that, in consequence of such use, the relevant class of persons actually perceive the product or service, designated exclusively by the mark applied for, as originating from a given undertaking." On this basis, the CJEU answered the interpretative question referred to it by affirming that "the distinctive character of a mark (. . .) may be acquired in consequence of the use of that mark as part of or in conjunction with a registered trademark."

The controversy between Saiwa and Barilla was brought before the EU Judges as well when Saiwa opposed registration of the CTM "Selezione Oro Barilla." The opposition was rejected with a decision confirmed by the General Court[47] in which the Court held that the word "Oro" is scarcely distinctive due to the fact that "consumers of food products who are reasonably well-informed will attach a meaning of superior quality to the word 'oro' because it hints at the positive characteristics of goods, bringing to mind quality, usefulness and superior value. In Italy, that sign has very weak distinctiveness, since that word serves primarily to define a superior range of goods as distinct from a standard range, and it is a term used very frequently by manufacturers of all types of food products to commend the high quality of their goods." The dismissal of the opposition was subsequently confirmed also by the CJEU.[48] It should be noted that the CJEU, like the Italian Supreme Court, stated that implementation of the principles set forth in the *Nestlé* decision did not necessarily imply that the word "Oro" should be considered to have distinctive character. The CJEU explained that "as clearly stated in point 30 of this decision, acquisition of distinctive character may be as a result of the use, as part of a registered trademark, of a component thereof if, in consequence of such use, the relevant class of persons actually perceive the product or service, designated exclusively by the mark

45. Société des produits Nestlé SA v. Mars UK Ltd, Case C-353/03, [2005] ECR I-6135 (CJEU, July 7, 2005).

46. Barilla v. Saiwa, Case No. No. 5099 (Supreme Court, Mar. 5, 2014).

47. Saiwa SpA v. OHIM, Barilla Alimentare SpA intervening, Case T-344/03, [2006] ECR II-1097 (GC, Apr. 5, 2006).

48. Kaatsu Japan Co. Ltd v.OHIM, Case T-567/12, [2014] ECR I-_____ (GC, Nov. 7, 2014).

applied for, as originating from a given undertaking," but in the case at issue, "it has not been ascertained that the relevant public perceives the products in question, distinguished by the sign 'oro', as originating from Saiwa."

4. EU—General Court—Should an applicant who invents a word to describe a method of physical exercise be granted trademark protection for that word?

In the case of *Kaatsu Japan Co. Ltd v. OHIM*,[49] the General Court had to consider the registrability of a word invented by an applicant to describe its own method or technique of physical exercise.

The applicant had applied for a CTM for KAATSU in Classes 9, 10, 16, 28, 41, and 44. The mark was refused for registration under Article 7(1)(b) and (c), but not under Article 7(1)(b) (that the mark had become generic), for the majority of goods and services applied for since the term was used to describe a method of physical exercise and the applicant had failed to show that the mark had acquired distinctiveness through use. The applicant's appeals were dismissed by OHIM's Second Board of Appeal and so it took the matter to the General Court.

The General Court dismissed the action. It held that, although the mark had been created by the applicant's chairman and all of the Internet articles produced by the examiner were references to the applicant's sign, the mark had been created to designate a particular exercise method or technique (indeed the applicant had obtained a patent in respect of the method, although this evidence was held to be inadmissible). The Court held that, on the basis of the research carried out as part of the examination proceedings, the sign was "presented as a particular exercise method and not as an indicator of goods and services offered by the applicant" (para. 37). It would therefore be understood as containing direct information that the goods or services in question concern that method or technique of physical exercise and the term "must, having regard to the public interest that underlies Article 7(1)(c) of Regulation No 207/2009, remain available for public use and not become the subject of a monopoly." (para. 39).

The Court rejected the applicant's argument that the mark was not currently in common use as the name for the exercise method. It held this to be irrelevant since it is sufficient for the purposes of Article 7(1)(c) that the sign could be used in a way that is descriptive of the goods or services in respect of which the application is filed. The Board of Appeal had therefore applied the correct assessment of asking "whether the sign for which registration was sought was associated at the time, in the mind of

49. *Id.*

the relevant class of persons, with the category of goods and services concerned or whether it was reasonable to assume that such an association might be established in the future" (para. 43). Since the answer to this question was affirmative, the Board of Appeal had come to the correct conclusion that the mark was descriptive in character and must be refused for registration.

5. Germany—German Federal Supreme Court—Can an application for cancellation for lack of distinctiveness be successfully countered by the defense that, by use of the trademark for many years without objection, the trademark owner has acquired vested rights in the continuity of the registration?

The defendant, Hussel, a manufacturer of fine chocolates and candies, is the owner of the German registered trademark DE 302 12 543:

The trademark translates from German into English as either "high spirits drops (or candies)" or "good mood drops (or candies)") for a wide range of goods in Class 30, including pastry and confectionery, petit fours, waffles, sweets, chocolate, popcorn, coffee, tea, and honey, and registered as of October 2, 2002. Until July 31, 2009, the defendant was also the owner of the older German registered trademark DE 399 45 872, as shown below:

again in respect of goods in Class 30 (and registered as of July 11, 2000). Protection of that trademark was not renewed.

Upon application of the plaintiff, Sheepworld AG, a company specializing in innovative gifts, the younger trademark that is the subject matter of this case was cancelled by the German Patent and Trademark Office ("GPTO") for lack of distinctiveness

pursuant to Section 8(2) No. 1 of the German Trademark Act. The defendant appealed to the German Federal Patent Court which set the decision of the GPTO partly aside. The defendant's further appeal to the German Federal Supreme Court was again only partly successful.[50]

In that respect, the German Federal Supreme Court found that the German Federal Patent Court had not disclosed a sufficient factual basis for its conclusion that the trademark lacked distinctiveness for some of the specified goods—"ice cream, chewing gum, coffee, tea, chocolate, salad dressing"—because said goods might have a candy taste. In respect of those goods, the matter was sent back to the German Federal Patent Court for reconsideration.

However, that plaintiff's invalidity claim was upheld with respect to other Class 30 products, notably confectionery and sweets. The German Federal Supreme Court held that defendant's reliance on good faith principles, in particular on the uncontested use of the trademark for such goods for many years, was unfounded. While it was true that defendant had for many years—successfully—sold and distributed its products under the designation "Gute Laune Drops," the claim that such use had created vested rights that were sufficient to overcome any possible challenge based on lack of distinctiveness of the trademark (as submitted by plaintiff) was, in the opinion of the German Federal Supreme Court, not supported by legal considerations.

As the German Federal Supreme Court first pointed out—referring to recent leading cases[51]—the grounds for refusal of a trademark for lack of distinctiveness are based on general interests of the public in keeping the register free of descriptive designations, which interests would take priority over considerations of good faith and vested interests regarding the trademark owner. Only where the precedence of individual good faith considerations over common interests were prescribed by statutory provisions could the result be different.

However, in cases such as the present one, an extension of vested interests beyond what is prescribed in Section 50(2) No. 2 of the German Trademark Act would not be in line with statutory considerations. Under Section 50(2) No. 2 (which deals, inter alia, with invalidation claims based on grounds that the trademark is descriptive or lacks distinctiveness), the "registration may . . . only be cancelled if the application for cancellation is lodged within ten years from the date of registration." As the German Federal

50. Case No. I ZB 18/13, GRUR 872 (2014) (German Federal Supreme Court, July 10, 2014).

51. Case No. I ZB 59/12, GRUR 565 (2014) (German Federal Supreme Court, Nov. 6, 2013) (SMARTBOOK).

Supreme Court pointed out, the law does not contain any reference to general principles going beyond Section 50(2) No. 2 of the German Trademark Act, which governs cancellation rights.

The German Federal Supreme Court went on to hold that there might sometimes be extraordinary circumstances permitting a different view to be taken. However, no such extraordinary circumstances had been claimed by the defendant. Also, the fact that defendant's [second] trademark DE 399 45 872 (as shown below)

had been registered until July 31, 2009, without having been attacked by third parties, could not be relied on by the defendant since that trademark had been given up voluntarily by the defendant by not requesting its renewal.

Even the fact that the GPTO occasionally had taken a favorable view on other trademarks containing the words "Gute Laune" ("High spirits") would not create a binding effect[52] In the first place, the fact that other trademarks had perhaps erroneously been registered would not permit any conclusions with respect to this case. Secondly, it would not be permissible to refrain from rendering a decision in line with the law on the basis of the defendant's claim to equal treatment.[53]

6. Benelux—Brussels Court of Appeal, Belgium—Can the yellow color be registered as a Benelux trademark for telecommunication services if it is only used in a part of Belgium?

No; although colors *per se* can be registered as trademarks, they are not distinctive as such for telecommunication services, and acquired distinctiveness must be established for the whole Benelux territory. So held the Brussels Court of Appeal in *Telenet/Benelux Office for IP, ICIP Ing.-Cons.*[54]

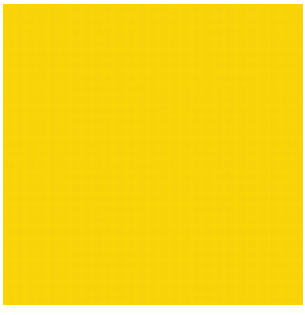
The underlying facts are as follows. Telenet NV is a Belgian telecommunication company which is active in Flanders (the Dutch-speaking part of Belgium) only. In that part of the Benelux

52. Case No. I ZB 3/13, GRUR 569 (2014) (German Federal Supreme Court, Feb. 19, 2014) (HOT).

53. Case No. I ZB 11/13, GRUR 376 (2014) (German Federal Supreme Court, Oct. 17, 2013) (GRILLMEISTER).

54. Telenet NV. v. BOIP, Case No. 2013/AR/77 (Court of Appeal of Brussels, Feb. 4, 2014), para. 128.

territory, Telenet's services are extremely popular and immediately recognizable thanks to the striking yellow color used in their marketing. Telenet applied to register the color yellow (international color code RAL 1018) shown below as a Benelux trademark for "triple-play" services:



The Benelux Office for Intellectual Property refused to register the yellow color mark. On appeal, the Brussels Court of Appeal confirmed the Office's decision. The Court recalled that it is only in exceptional circumstances that a color can be distinctive from the outset.[55] A color can acquire distinctive character through intensive use on the Benelux market. However, the applicant must show that the mark acquired distinctiveness in the entire Benelux territory. It is insufficient to show that the mark is distinctive for telecommunication services in Flanders only. The Court feared that registering the color mark for the services concerned would be contrary to the general interest in the sense that it would unduly limit the number of available colors for competitors.

7. EU—CJEU—Color Marks—Can EU national laws impose a particular high threshold for public awareness as a condition to registration of an abstract color mark?

As noted in last year's *Annual Review of EU Trademark Law*,[56] the CJEU recently received a request for preliminary ruling from the Bundespatentgericht (German Federal Patent Court) in *Oberbank et al. v. German Savings Bank Association*.[57] The CJEU has now ruled in the case.

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55. *See, e.g.*, dark blue for beers. *See*, *e.g.*, InBev Belgium v. Brouwerijen Alken-Maes, Case No. 2012/AR/1999 (Court of Appeal of Brussels, Oct. 21, 2013), para. 845 (obs. T. de Haan, "Le bleu peut être une couleur très inhabituelle.").

56. Guy Heath, *Annual Review of EU Trademark Law: 2013 in Review*, 104 TMR 445, 513 (2014).

57. Oberbank AG, Banco Santander SA and Santander Consumer Bank AG v. Deutscher Sparkassen- und Giroverband eV, Joined cases C-217-13 and C-218/13, [2014] ECR II-_____ (CJEU, June 19, 2014).

The German Savings Bank Association is owner of the abstract color trademark red as reproduced below:

After the Savings Bank Association initially failed in its attempt to register the abstract color red, it provided the German Patent and Trade Mark Office ("GPTO") with a survey indicating that 67.9% of the relevant public regarded the color red as having acquired secondary meaning for banking services of the German Savings Banks.

Following the mark's registration in 2008, Oberbank applied for a declaration of invalidity of the trademark claiming that it had not acquired distinctiveness through use. In October 2009, Oberbank was joined by Banco Santander S.A., which likewise sought a declaration of invalidity in respect of the mark. Both applications were eventually refused by the GPTO.

The parties brought an action with the German Federal Patent Court in order to overturn the decision by the GPTO.[58] The Court felt that, considering the specific features of the case, only a degree of public recognition of over 70% would permit the conclusion that the mark at issue ("Sparkassen-Rot") had acquired a distinctive character through use. As the Court pointed out, the fact that red is a color *per se* made it hard to believe that it was suitable to serve as an indication of origin. Also, the expenditure incurred by the Banking Association on advertising would not offer any indication as to whether it had been able to generate public recognition of the color red as a trademark on its own for the services offered.

As the CJEU had so far not ruled on the question of what the degree of acceptance in trade circles must be for a color mark to be regarded as having a distinctive character, the German Federal Patent Court referred the issue to the CJEU asking, in particular, whether Article 3(1) and (3) of the TM Directive must be interpreted as precluding an interpretation of national law according to which, in the context of proceedings raising the

58. Case No. 33 W (pat) 33/12, GRUR 844 (2013) (German Federal Patent Court, Mar. 8, 2013) (SAVINGSBANK—RED).

question whether a contourless color mark has acquired a distinctive character through use, it is in every case necessary that a consumer survey indicates a degree of recognition of that mark of at least 70%.

The CJEU did not follow the German Federal Patent Court's approach.

Not surprisingly, the CJEU first pointed out that a color mark per se is capable of constituting, under certain conditions, a trademark within the meaning of Article 2 of the TM Directive. In order to register it as a trademark, however, it must have a distinctive character, either inherent or acquired through use.

As to the question on how to determine whether a mark had acquired a distinctive character through use the CJEU emphasized, in line with settled case law, that the relevant trademark office had to carry out an examination by reference to the actual situation, followed by an overall assessment of the evidence that the mark has come to identify the goods or services concerned as originating from a particular undertaking.[59] In the context of that assessment, the trademark office may have to take into account the market share held by the relevant trademark, the intensity (both as to time and geography) of the use of the mark, investments made to promote the trademark, statements of Chambers of Commerce, etc.[60]

If, as the CJEU went on to hold, it is particularly difficult to assess the distinctive character acquired by the color mark, national authorities were free to have recourse to an opinion poll as guidance for its decision. In such a case, if the national authority deems it necessary to resort to an opinion poll, it must determine for itself what the required percentage of consumers in the poll is, to be sufficiently significant to determine whether there is sufficient public recognition.

Even the fact that it can prove to be more difficult to establish the distinctive character of a mark, including distinctiveness acquired through use, of trademarks in certain categories than that of those in other categories does not, in the view of the CJEU, justify laying down, in the case of color trademarks, stricter criteria supplementing or derogating from application of the criterion of distinctiveness as required by the case law on other categories of marks.[61] This is because Articles 2 and 3 of the TM Directive make no distinction between different categories of trademarks.

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59. Société des produits Nestlé SA v. Mars UK Ltd, Case C-353/03, [2005] ECR I-6135 (CJEU, July 7 2005), para. 25.

60. *Id*. para. 31; Libertel Groep BV v. Benelux-Merkenbureau, Case C-104/01, [2003] ECR I-3793 (CJEU, May 6, 2003), para. 27-42.

61. Henkel KGaA, Case C-218/01, [2004] ECR I-1725 (CJEU, Feb. 12, 2004), para. 52.

All of these considerations led the Court to conclude that the question whether or not a trademark has acquired distinctive character through use under the TM Directive cannot be answered conclusively by reference to general, abstract data such as predetermined percentages. Accordingly, the result of a consumer survey cannot be the only decisive basis on which to support the conclusion that the color mark has achieved the requisite distinctiveness.

Therefore, Article 3(1) and (3) of the TM Directive must be interpreted as precluding an interpretation of national law according to which it is necessary in every case that a consumer poll indicate a degree of recognition of at least 70%.

The CJEU answer is not at all surprising in EU countries like the United Kingdom which have never adopted a numbers-based regime for assessing distinctiveness (and, in any event, distrust survey evidence). But EU countries have differed markedly in their approach. This ruling should promote greater harmony.

8. United Kingdom—English High Court—Are "hybrid findings" sufficient to deny registration to shape marks?

In *Société des Produits Nestlé SA v. Cadbury UK Limited*,[62] the English High Court determined that two aspects of EU law—one relating specifically to shape marks; the other to the more general issue of acquired distinctiveness—required a definitive ruling from the CJEU. The High Court's decision containing details of the proposed reference to the CJEU was handed down on January 17, 2014.

The case concerned the application by Nestlé to register, as a U.K. trademark in relation to (among other things) chocolate-coated wafer biscuits in Class 30, the three-dimensional sign shown here:

62. Société des Produits Nestlé SA v. Cadbury UK Limited, [2014] EWHC 16 (Ch) (High Court of England and Wales, Jan. 17, 2014).

The shape in question is that of Nestlé's "Kit Kat" chocolate wafer, a product familiar to U.K. consumers, who collectively spend about US $45 million annually on the product. Launched in 1935, the "Kit Kat" product accounts for about 1 to 2% of the U.K. chocolate market.

Cadbury, a rival manufacturer of chocolate products, successfully opposed Nestlé's application. In respect of the products for which Nestlé used the shape, the U.K. Intellectual Property Office's Hearing Officer held that the shape lacked inherent distinctiveness, and should therefore be refused registration under Article 3(1)(b) of the TM Directive. He also found that, despite a very wide public recognition of the product shape, Nestlé had not established that it had acquired the distinctive character necessary to secure registration under Article 3(3) of the TM Directive.

Having reviewed the evidence, the Hearing Officer decided that consumers "associate the shape with KIT KAT (and therefore with Nestlé), but no more than that. Therefore, if it is necessary to show that consumers have *come to rely on the* shape mark in order to distinguish the trade source of the goods at issue, the claim of acquired distinctiveness fails." (para. 26 of HC judgment, quoting para. 106 of Hearing Officer's decision) (emphasis added).

The Hearing Officer considered that a finding of acquired distinctiveness *did* require the applicant to show that the public had come to rely on the shape as an indicator of origin, not merely that the public overwhelmingly recognized it as the shape of the Nestlé product. Noting that relatively little use had been made of the product shape by Nestlé in marketing the product, and that the shape was not visible until the product was unwrapped, the Hearing Officer considered that there was no evidence of such reliance. (He did not think that the public would, having unwrapped the product, rely on the product shape at that stage to validate the authenticity of the product.)

As well as determining that the shape should be refused registration on distinctiveness grounds, which apply to all types of trademarks, the Hearing Officer also considered registrability by reference to the provisions of Article 3(1)(e) of the TM Directive, which apply uniquely to shape marks.

The relevant part of Article 3(1)(e) provides:

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

. . .

Unlike objections based on lack of distinctiveness, it is not possible for an application to overcome objections based on Article 3(1)(e) by demonstrating that the shape in question has acquired distinctive character through use.

The Hearing Officer considered the application on both Article 3(1)(e)(i), relating to shapes that result from the nature of the product, and Article 3(1)(e)(ii), relating to shapes necessary to obtain a technical result. He identified three "essential features" of the shape, and analyzed them as follows:

i) the rectangular "slab" shape, including its relative proportions—which he considered to result from the *nature of the goods* (i.e., molded chocolate bars);

ii) the presence, position and depth of the three grooves running down the products, which divide it and enable its four individual fingers to be snapped off separately—which he considered necessary to obtain a *technical result*; and

iii) the number of these grooves, which determine the number of fingers and, thus, the size of the individual consumable portions—which he also considered necessary to obtain a *technical result*.

The Hearing Officer concluded that the application should be refused on Article 3(1)(e)(ii) grounds—technical result—and that "there is therefore no need to give any further consideration to the [Article 3(1)(e)(i)] ground." (Hearing Officer, para. 89; HC para. 30).

On appeal by Nestlé, the law as applied by the Hearing Officer was challenged in relation to acquired distinctiveness and as to the application of Article 3(1)(e). The High Court, tending (for itself) to prefer Cadbury's counter-arguments on both issues, nevertheless conceded that the points at issue had not been clearly determined by previous CJEU authorities, and therefore required the CJEU's determination in each case.

On acquired distinctiveness, the High Court ran through a number of propositions representing settled law—including the proposition that a sign should be considered to have achieved a distinctive character when at least a significant proportion of the relevant public identifies goods or services as originating from a particular business because of the sign in question; and that this identification of the goods or services by the public by reference to the sign in question must be as a result of the use of the sign as a trademark.

The High Court went on to observe that, so far as the English courts have been concerned to date, it has not been regarded as

sufficient to show that the relevant public (or a significant part of it) recognize the sign in question and associate it with the applicant's goods "in the sense that, if they were to be asked who marketed goods bearing that mark, they would identify the applicant. . . ." What the English courts have required in addition is that the applicant should establish that those who identify the mark with the applicant in this way "rely upon the trademark (as opposed to any other marks which may also be present) as indicating the origin of the goods."

The question of whether or not this is in fact to be considered a relevant and necessary part of establishing acquired distinctiveness has been referred to the CJEU by the English courts before, but never yet received an answer. The question has therefore been referred again. It would be useful on this occasion not only to receive an answer, but also that the answer should be clear on what is meant by reliance on the sign "as opposed to" any other marks which may be present, since in practice the issue will often arise in situations where there are several marks being used at once, the roles of which might have greater or lesser importance at different times (i.e., before, at, and after the sale takes place).

As to the Article 3(1)(e) issue, two main points were taken by Nestlé. The first was that the Hearing Officer had included, within this analysis of features determined by technical function, reference to features—namely the angle of the sides of the fingers—which he considered to be determined by constraints in the method of manufacture. Nestlé argued that shapes dictated by technical results with regard to the method of manufacture were (unlike shapes dictated by the manner in which the product is to function) not precluded from registration by Article 3(1)(e).

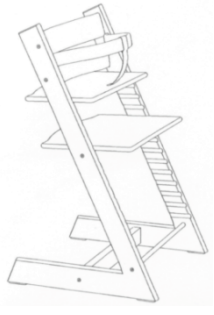
Second, Nestlé objected to what it called the Hearing Officer's "hybrid finding," that is, a finding against the registrability of the shape under Article 3(1)(e) based on a mixture of "nature of the goods" objections and "technical results" findings. According to Nestlé, a sign could only be precluded from registration under Article 3(1)(e) if all of its essential features were objectionable on a "nature of the goods" basis under Article 3(1)(e)(i), or if all of its essential features were objectionable on a "technical results" basis, but not where there was a mixture of the two.

The interpretation of Article 3(1)(e) proposed by Nestlé could have the result that a shape may be registered as a trademark despite the fact that it is dictated entirely by a combination of the essential nature of the product and the functionality it offers. However, the High Court felt unable to say that the interpretation was necessarily wrong and therefore this point, too, has been put to the CJEU for clarification.

9. EU—CJEU—When does a shape "give substantial value" to the products?

As noted in last year's *Annual Review of EU Trademark Law*, in the *Hauck/Stokke* case[63] 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 CJEU gave its ruling in the case on September 18, 2014, in *Hauck GmbH & Co. KG v. Stokke A/S and others.*[64]

The case concerned a challenge to the validity of a Benelux trademark registration in respect of the shape shown here, in relation to "chairs, especially high chairs for children." The shape corresponds to that of the trademark owner's very successful "Tripp Trapp" children's chair. The design of the chair, which has been marketed since 1972, has won a number of prizes.



The Hague Court of Appeal had, among other things, ruled that the (very) attractive appearance of the chair gives substantial value to the product, and that its shape makes 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.

On appeal to the Dutch Supreme Court (the Hoge Raad der Nederlanden), 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 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 trademarks may not

63. FIRMA HAUCK GMBH & CO. KG v. Stokke A/S et al., Case No. 11/04114 TT/EE (Dutch Supreme Court, Apr. 12, 2013). *See* Guy Heath, *Annual Review of EU Trademark Law: 2013 in Review*, 104 TMR 445, 526 (2014).

64. Hauck GmbH & Co. KG v. Stokke A/S and Others, Case C-205/13, [2014] ECR I-_____ (CJEU, Sept. 18, 2014).

consist exclusively of a shape which results from the nature of the goods themselves, refer to a shape which is indespensible to the function of the goods, or can it also refer to the presence of one or more substantial, functional characteristics which the consumer may possibly look for in the products of competitors?

1.b. If neither 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 [three-dimensional] trademarks may not consist exclusively of a shape which gives substantial value to the goods, involve consideration of the motive(s) underlying the relevant public's purchase decision?

2.b. In order for a shape to give "substantial value to the goods" within the meaning of Article 3(1)(e)(iii), 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 reliability, in the case of baby chairs)? Or can a shape also be held to 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 opinion of the majority of the relevant public decisive for the answer to questions 2.a and 2.b, or may the Court hold that the opinion of a part of the public is sufficient to justify viewing the value in question as "substantial" within the meaning of the 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)?

The CJEU ruling on the questions was, following a now well-trodden path, broadly anti-shape mark.

Unusually, the CJEU answered the questions that had been put to it in more or less the same way as they had been framed, giving the ruling particular clarity.

The first question explored the meaning and scope of the prohibition in Article 3(1)(e)(i) on registration of shapes "resulting from the nature of the goods." As the Court noted, this part of Article 3(1)(e) sits alongside a separate prohibition, under Article 3(1)(e)(ii) on shapes "necessary to obtain a technical result." CJEU law on this latter provision states that its rationale is to prevent

brand owners from using trademark protection to achieve a monopoly on technical solutions or functional characteristics of shapes. The EU legislature has provided for other forms of intellectual property protection (of a limited duration) for functional shapes, as well as for aesthetic designs, and the CJEU believes that trademark registrations should not encroach inappropriately into this territory.

According to the CJEU, the ground for objection to shape marks under Article 3(1)(e)(i) (shapes reflecting the nature of the goods) should be interpreted in a manner consistent with the approach to functional shapes, and this analysis is to be based on an identification and analysis of their essential characteristics—i.e., their most important elements. According to the CJEU, this analysis may be "based either on the overall impression produced by its sign or on examination of each of the components in turn." (The CJEU cited its earlier ruling in *Lego Juris v. OHIM*.[65])

The Court noted that the ground for refusal cannot apply where "another element, such as a decorative or imaginative element, which is not inherent to the generic function of the goods, plays an important or essential role." However, the CJEU then went on to say that the objective of this ground for refusal would not be met if it were applied only to marks comprising exclusively of shapes that are indispensable to the goods' function. According to the CJEU, this would effectively confine the ground of objection to just two types of shape—"natural" products which have no substitute, and regulated goods which have a shape prescribed by law.

Accordingly the CJEU chose the second of the alternative interpretations mooted by the Dutch Supreme Court, holding that Article 3(1)(e)(i) of the TM Directive "must be interpreted as meaning that the grounds for refusal of registration set out in that provision may apply to a sign which consists exclusively of the shape of a product with *one or more essential characteristics* which are inherent to the generic function or functions of that product and which consumers may be looking for in the products of competitors" (emphasis added).

The Dutch Supreme Court's second question related to the ground of objection/invalidation under Article 3(1)(e)(iii)namely, that the mark presented for registration consists of a shape which "adds substantial value." The question posed by the Dutch court concerned the relativity of the value contributed by shape, as against value contributed in other ways. The question also explored the perspective from which the value should be judged, with the CJEU considering that "the concept of a 'shape which

65. Lego Juris A/S v. OHIM, Mega Brands Inc. intervening, Case C-48/09P, [2010] ECR I-8403 (Sept. 14, 2010), paras. 52-72.

gives substantial value to the goods' cannot be limited purely to the shape of products having only artistic or ornamental value, as there is otherwise a risk that products which have essential functional characteristics as well as a significant aesthetic element will not be covered." On the first aspect, the CJEU ruled that the ground for objection/invalidity could be established even if there were other characteristics of the product, besides its shape, which give the product substantial value. On the second aspect, the CJEU had been invited by the Dutch Supreme Court to consider the extent to which the perceptions of, or from among, the purchasing public should be determinative.

Strikingly, in a field of law generally characterized by attempts on the part of courts and authorities to put themselves into the minds of the consumer, the CJEU held "regarding the impact of the target public, the Court has observed that, in contrast to the situation referred to in Article 3(1)(b) of the [TM Directive], where the perception of the target public must be taken into account since it is essential for the purposes of determining whether the sign filed for registration as a trademark enables the goods or services concerned to be recognised as originating from a particular undertaking, such an obligation cannot be imposed in the context of [Article 3(1)(e) of the TM Directive] (see, to that effect, judgment in *Lego Juris v. OHIM*, EU:C:2010:516 *Paragraph 75*)."

"The presumed perception of the sign by the average consumer is not a decisive element when applying the ground for refusal set out [Article 3(1)(e)(iii) of the TM Directive], but may, at most, be a relevant criterion of assessment for the competent authority in identifying the essential characteristics of that sign (see, to that effect, judgment in *Lego Juris v. OHIM*, EU:C:2010:516 *Paragraph* 76)."

The third question, which picks up one of the points raised in the *KitKat* case (see Part III.C.8 above) asked whether the grounds for refusal based on "nature of goods" and "adds substantial value" may be applied in combination. They may not, ruled the CJEU. It held that they are to be applied independently; that it suffices if any one of them is made out; and that they "may not be applied in combination." This is the only arguably pro-shape mark aspect of the ruling, and even this is of limited value to aspiring registrations of shape marks given what the CJEU had been saying about the circumstances in which the individual grounds for objection need apply.

10. EU—General Court—When is a trademark to be considered indistinguishable from the product to which it is applied?

As noted above at Part II.C.2, in *K-Swiss, Inc. v. OHIM*,[66] it fell to the General Court to consider the validity of the trademark shown here:

The mark, a figurative sign, was registered by K-Swiss, Inc. as a Community trademark in Class 25 in respect of "footwear," on August 22, 2007. The validity of the registration was challenged by Künzli SwissSchuh AG in February 2009 under what are now Articles 52(1)(a) and 7(1)(b) of the CTM Regulation—alleging that the mark lacked distinctive character.

The General Court cited a body of case law establishing the proposition that "the average consumer does not usually make assumptions as to the commercial origin of products which are indistinguishable from the appearance of the products themselves"—the consequence of which being, of course, that "shape marks" struggle to satisfy the requirement for inherent distinctiveness.

A critical question was, therefore, whether the mark at issue here was "indistinguishable from the appearance of the product designated or whether it is, on the contrary, independent of it."

As mentioned above in Part II.C.2, it was determined that the trademark featured in the application was a two-dimensional representation of the shape of a shoe with five parallel stripes on its side. This was, for K-Swiss, an unhelpful starting point. The General Court, equally unhelpfully to K-Swiss, went on to say that, "even if the mark for which protection is sought is limited to the five parallel stripes—which should be positioned on the side of shoes, it is nevertheless presented in the form of a design intended to be placed on part of the products designated and thus it is indistinguishable from the appearance of the products."

On this analysis, the K-Swiss design was to be considered, either way, to be a shape mark, subject to the body of adverse case law mentioned above.

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66. K-Swiss, Inc. v. OHIM and Künzli SwissSchuh AG, Case T-85/13, [2014] ECR II-_____ (GC, June 13, 2014).

The General Court was unpersuaded by arguments that consumers are familiar with branding of this kind on training shoes. There was no evidence that the five-stripe design used by K-Swiss had acquired distinctiveness in the market. The focus was therefore on whether the K-Swiss design had the requisite inherent distinctiveness.

Having aligned the K-Swiss design to the body of case law concerning shape marks, the General Court noted two hurdles that it would need to overcome: first, the K-Swiss design would have to "depart significantly from the norms or customs of the sector," and second, "it must also be independent of the appearance of the product it designates in order, in particular, not to be perceived by the relevant public merely as a decorative element."

The General Court went on to say, "In order to be conceded distinctive character, a design applied to the surface of a product must be capable of being apprehended without the product's inherent qualities being perceived simultaneously, so that the design can be easily and instantly recalled by the relevant public as a distinctive sign." For this proposition, which is difficult to understand as stated, the Court cited as authority *Glaverbel v. OHIM*[67] (surface of a plate of glass). The Court of First Instance (now known as the General Court) in *Glaverbel* had been examining the registrability of a trademark composed of countless tiny strokes etched into the surface of a plate of glass. The *Glaverbel* court had found that the trademark being claimed "embodies obvious characteristics of the product, such that it is perceived primarily as a technical means of rendering the glass opaque." (*Glaverbel*, para. 26). The design was considered not to be immediately recognizable as an indication of trade origin, but to be perceived as a functional aspect of the product. The *Glaverbel* court had gone on to deal with the applicant's argument that the complexity of the etching design rendered it distinctive—disagreeing with that proposition. The *Glaverbel* court found that, in fact, the complexity of the etching and the fact that it covered the whole surface area meant that the design's individual details could not be committed to memory (as an identifier of trade origin), and would prevent the design being perceived as a trademark without the product's inherent qualities—i.e., the functional and decorative contribution of the etching—being perceived (or "apprehended") simultaneously.

The General Court in the present case held that K-Swiss had not proven that its design could be "apprehended" as a trademark in the way contemplated in the *Glaverbel* case. It followed that the mark lacked the requisite distinctive character.

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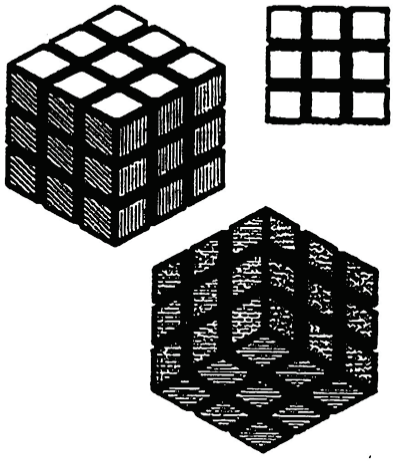
67. Glaverbel v. OHIM, Case T-36/01, [2002] ECR II-3887 (GC, Oct. 9, 2002)

11. EU—General Court—Is the shape of a cube a valid trademark registration in respect of "three-dimensional puzzles"?

The case of *Simba Toys GmbH & Co.KG v. OHIM Seven Towns Ltd intervening*[68] considers the registrability of the well-known RUBIK'S CUBE as a three-dimensional Community trademark. The intervener is a U.K. company that controls, manages and administers all RUBIK copyright and trademark matters worldwide.

The case concerned the applicant's eight-year battle to invalidate the intervener's registration for the following three-dimensional mark, which had been applied for on April 1, 1996, covering "three-dimensional puzzles" in Class 28:



Both the Cancellation Division and OHIM's Second Board of Appeal rejected the applicant's request for a declaration of invalidity so it took the case to the General Court.

The applicant contested the Board of Appeal decision on eight separate grounds, but the pleas centered around two claims: (i) that the mark consisted exclusively of the shape of the goods that was necessary to obtain a technical result (Article 7(1)(e)(ii) of the CTM Regulation); and (ii) that the mark was both devoid of distinctive character and descriptive in relation to the relevant goods (Articles 7(1)(b) and (c) of the CTM Regulation).

In relation to Article 7(1)(e)(ii), the General Court agreed with the Board of Appeal that the essential characteristics of the contested mark, i.e., "the 'cubic grid structure', namely (i) the cube per se and (ii) the grid structure which appears on each surface of

68. Simba Toys GmbH & Co. KG v. OHIM, Seven Towns Ltd intervening, Case T-450/09, [2014] ECR II-_____ (GC, Nov. 25, 2014).

that cube" (para. 45) did not perform the technical function of the goods concerned. The Court felt that the applicant's arguments were essentially based on its knowledge of the rotating capability of the Rubik's Cube and not from an assessment of the mark itself.

The applicant had argued that the mark's black lines perform a "separability" function, which is a "precondition" for the movability of the individual elements of the cube and that there is a "correlation" between the technical solution concerned and the black lines. The Court rejected this as irrelevant since "what is necessary to establish that Article 7(1)(e)(ii) of [the CTM Regulation] may be applicable is that the essential characteristics of the mark at issue themselves perform the technical function of the goods at issue and have been chosen to perform that function, and not that those characteristics are the result of that function" (para. 53). In any case, there was no essential link between the black lines or grid structure and a possible rotating capability. These features had the effect of dividing visually the surface of the cube, but this did not constitute a technical function and they were not suggestive of the cube being movable.

The Court also distinguished the cases of *Philips*[69] and *Lego Juris v. OHIM—Mega Brands*,[70] which the applicant had sought to rely on as examples of marks which, although their technical function was not directly apparent from their graphical representation, were nevertheless rejected on the grounds that they performed a technical result. The Court held that, in fact, the technical function of the electric razor and toy brick was clear from the graphical representation of the marks in those cases, whereas in this case it was not clear whether the contested mark involves any technical function at all.

In relation to Article 7(1)(b) and (c), the Court rejected, for substantially the same reasons, any argument that the contested mark lacked distinctive character or was descriptive of the relevant goods. The burden was on the applicant to show the alleged absence of distinctive character and its reliance on a single example of a "dissection" puzzle consisting of seven different pieces which, when assembled, form a 3 x 3 x 3 cube was insufficient since "the mere fact that there exists on the market a puzzle which resembles the intervener's does not suffice to demonstrate that the shape of the contested mark is the norm in the sector of three-dimensional puzzles" (para. 106). The Court held that the shape would not "be spontaneously—namely, without prior knowledge of its purpose—perceived by the average consumer as representing a

69. Koninklijke Philips Electronics NV v. Remington Consumer Products Ltd, Case C-299/99 [2002] ECR I-5475 (CJEU, June 18, 2002).

70. Lego Juris A/S v. OHIM—Mega Brands, Case T-270/06, [2008] ECR II-3117 (GC, Nov. 12, 2008).

three-dimensional puzzle" (para. 107). The cube bore no letters or numbers which could obviously be turned and the shape of a cube itself was not commonplace for three-dimensional puzzles which could take on a multitude of shapes.

The Court held that the mark was not a mere variant of an ordinary three-dimensional puzzle and displayed sufficient characteristics to be seen as inherently distinctive, stating that "the presence, on each surface of the cube in question, of a grid structure gives the contested mark, taken as a whole, the appearance of a 'black cage'. Those characteristics are sufficiently specific and arbitrary to confer on that mark an original aspect which is capable of imprinting itself easily on the mind of the average consumer and of enabling him to distinguish the goods covered by that mark from those of another commercial origin" (para. 110).

The Court therefore dismissed the applicant's action as being unfounded in its entirety.

12. Benelux—Brussels Court of Appeal, Belgium—For the purposes of registration, what species of trademark is Louboutin's red shoe sole, and can it be validly protected in that way?

In the Brussels Court of Appeal, the Louboutin red sole trademark was held to be validly registered as a position mark.

French designer Louboutin is the holder of the following Benelux registration in which the color red applies to the sole of high heels only:

On the basis of this Benelux registration, Louboutin started infringement proceedings before the Brussels courts against a Dutch company selling women's shoes with red soles.

The validity of the registration was challenged by the defendant, in a counterclaim, on no less than four separate grounds: that it did not satisfy the test for graphical representability under Article 2 of the TM Directive; that it fell foul of the special rules on shape marks under Articles 3(1)(e)(i) and 3(1)(e)(ii) of the TM Directive; that it lacked distinctive character (Article 3(1)(b) of the TM Directive); and that it was

generic (customary in the course of trade, under Article 3(1)(d) of the TM Directive).

The Brussels Court of Appeal rejected all heads of the counterclaim, and confirmed the validity of the mark.[71] The Court spent little time on the genericness challenge, and held that the red sole mark had both inherent distinctiveness and acquired distinctiveness. In terms of graphical representability, the Brussels Court of Appeal held the mark to be sufficiently clear, precise, self-contained, objective and intelligible to meet the standards laid down by the CJEU in *Sieckmann*,[72] *Libertel*,[73] and *Heidelberger Bauchemie*.[74] Unlike the court at first instance, the appeal court regarded the mark not as a shape mark (thus disposing of challenge under Article 3(1)(e)(i) and Article 3(1)(e)(ii)) but as a figurative position mark.

The Brussels Court of Appeal ruled that the indication of the international color code "Pantone 18-1663TP" used in the registration and the depiction of the position of the color on the shoes were sufficiently clear and objective to perfectly understand the mark. The Court added that the mark departed significantly from the norms or customs of the fashion industry and functioned perfectly as an indication of origin.

13. Sweden—The Swedish Court of Patent Appeals—Does an ultra-modern store layout have the necessary distinctive character to be registered as a trademark?

The Swedish case *Apple Inc. v. The Swedish Patent- och registreringsverket (Patent and Registration Office)*[75] has addressed the registrability of store layouts from the perspective of distinctiveness.

As noted in Part I.C.1 above, Apple Inc. had filed international trademark applications covering services in Class 35. The trademarks (below) consisted of the layout of Apple's flagship stores. As separately reported in Part I.C.1, consideration of this international registration in Germany had led the German court to question [at a fundamental level] the registrability of this kind of trademark, resulting in the CJEU ruling discussed in Part I.C.1.

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71. Christian Louboutin v. Van Dalen Footwear BV, Case No. 2014/AR/843 (Court of Appeal of Brussels, Nov. 18, 2014), para. 672.

72. Ralf Sieckmann v. Deutsches Patent- und Markenamt, Case C-273/00, [2002] ECR I-11737 (CJEU, Dec. 12, 2002).

73. Libertel Groep BV v. Benelux-Merkenbureau, Case C-104/01, [2003] ECR I-3793 (CJEU, May 6, 2003).

74. Heidelberger Bauchemie GmbH, Case-49/02, [2004] ECR I-6129 (CJEU, June 24, 2004).

75. Joined Cases Nos. 13-097 and 13-098 (The Swedish Court of Patent Appeals, Dec. 12, 2014).

In that ruling (*Apple Inc. v. Deutsches Patent- und Markenamt*[76]), the CJEU held that a trademark consisting of the layout of a store, *may* in principle be registered as a trademark, but it would remain to be determined in any individual case whether the particular shop layout proposed for registration would be capable of distinguishing the applicant's services from those of other undertakings.

When this question came before the Swedish Patent and Registration Office (which had to consider registrability in connection with the Swedish designation under the international registration), the Office denied Apple its registration for the trademarks in Sweden. Apple then appealed the decisions to the Swedish Court of Patent Appeals, arguing that the trademarks were inherently distinctive and that, in any event, they had acquired distinctiveness.

Trademark No. 1

Trademark No. 2

The Swedish Court of Patent Appeals concluded that an average consumer of electronic goods pays particular attention not only to the actual goods, but also to the services offered in connection with those goods. This does not necessarily mean, held the Court, that the same consumer pays as much attention to the layout and interior of the store in which the goods are purchased

76. Apple Inc. v. Deutsches Patent- und Markenamt, Case C-421/13, [2014] ECR I-_____ (July 10, 2014), para. 27.

and the services provided. The Court concluded that the trademarks lacked inherent distinctiveness. It considered that the style of the interior, although it was minimalistic, was common in stores selling electronic goods. Therefore, it did not, in the Court's opinion, significantly differ from the layout of stores of other undertakings in the same field of business.

Apple adduced a market survey in order to show that the trademarks had at least acquired distinctiveness. The survey showed that only 12% of the respondents recognized the trademarks as a layout of a store. By a second question, the respondents were asked if they thought that the layout represented a *specific* or *any* company's store. Thirty-seven percent believed the trademarks showed a specific company's store. When asked what company they associated the layout of such a store with, 9% answered "Apple Store," while 22% could not say and 7% responded "Ikea." Although a greater number, 23%, answered "Apple," when then asked what electronic goods suppliers they associated such a store with, it was noted that the respondents had been given a list of various electronic goods suppliers, including Apple, to choose from.

Apple noted that it had had three Apple retail stores in Sweden since 2012 and 2013. Additionally, Apple also adduced sales figures showing a turnover on SEK 140 billion for 426 stores worldwide. The Court stated that none of the information presented showed that a significant part of the relevant public in Sweden recognized the layout of Apple's flagship stores or could distinguish the trademarks from stores of other undertakings. Apple has appealed the Swedish Court of Patent Appeals' decisions.

14. Italy—Court of Milan, April 8, 2014—Specialized Division in Corporate Matters—When a trademark consisting of a fashion designer's patronymic continues to be used by a company that has ceased to employ the designer without informing consumers of this fact, is the trademark liable to revocation on the ground that it would mislead the public?

No, it is not. The Court of Milan has ruled on this issue in the litigation instituted by fashion designer Alviero Martini against the company Alviero Martini S.p.A.[77] (hereinafter, the "First Company").

Mr. Alviero Martini—known for his handbags and luggage bearing his design of a historical map (the so-called "Geo" pattern)—left the First Company, selling all his shares, and

77. Mr. Alviero Martini vs. Alviero Martini S.p.A. (Court of Milan, Company and IP Specialized Division, Apr. 8, 2014).

started a new business on his own. The parties entered into a settlement agreement setting forth the terms of their future relationship, whereby they agreed that the First Company would own both the trademarks including the patronymic "Alviero Martini" (in particular, "1° Classe Alviero Martini") as well as the rights to the "Geo" pattern.

Following the execution of the settlement agreement, the First Company instituted litigation before the Court of Naples, claiming that Mr. Martini was illegitimately using his patronymic in connection with his new business. In response to this claim, both Mr. Martini and his new company sued the First Company before the Court of Milan to obtain a declaratory judgment of non-infringement and the revocation of the trademark registrations containing the name "Alviero Martini" for having become misleading.

In particular, the fashion designer based his revocation claim on the argument that, since the First Company had not informed consumers of his departure, they would erroneously continue to link the First Company's activity to him and, therefore, would be misled.

The Court of Milan rejected the designer's claim, arguing that "with specific regard to the fashion industry, where trademark assignments are more common," it is necessary "to find a balance between, on one hand, the protection of the system of free assignment of distinctive signs, which obviously includes both the goodwill and the reputation acquired by these signs over time, and, on the other hand, the need to avoid misleading consumers as to the quality of products, given the inherently evocative power of the assigned trademarks."

In the Court's view, the assessment of the above balance should not be based on "whether or not consumers are aware of the separation of the designer from his trademarks by way of their assignment." This assessment should focus rather on the assignee's actual use of the assigned trademarks and the information provided to consumers "so as to establish whether the assignee has actively sought, through specific and concrete acts, to encourage a perception among consumers that the assigned trademarks maintain a connection with the designer and his activities" despite the fact that the designer is no longer related to those trademarks.

Therefore the Court of Milan established that in assessing whether a trademark has become misleading there is no "generic and unspecified duty of the assignee to inform consumers on a permanent basis . . . but rather a duty not to use the mark in a misleading way."

The decision at issue is in line with the principles set forth by the CJEU in the *Emanuel*[78] case. In this decision, the Court of Justice maintained that "even if the average consumer might be influenced in his act of purchasing a garment bearing the trademark 'ELIZABETH EMANUEL' (i.e., the designer's patronymic) by imagining that the appellant in the main proceedings was involved in the design of that garment, the characteristics and the qualities of that garment remain guaranteed by the undertaking which owns the trademark. Consequently, the name Elizabeth Emanuel cannot be regarded in itself as being of such a nature as to deceive the public as to the nature, quality or geographical origin of the product it designates" (paras. 48 and 49). Similarly, the General Court's decision in *Fiorucci*[79] stated "it must also be held that a trademark consisting in the first name and surname of the designer and first manufacturer of the goods bearing that mark is not, by reason of that feature alone, liable to revocation on the ground that the mark would mislead the public, where the proprietor of that mark has lawfully acquired, by assignment, a mark consisting of just the family name of the designer and all the creative assets of the business making the goods to which the mark relates." (para. 34).

15. EU—CJEU—Should registration be revoked where a trademark becomes generic as a result of its owner's failure to promote good trademark use practices among trade intermediaries?

Genericness cases are relatively rare. The CJEU had to deal with a request for preliminary ruling from the Supreme Patent and Trademark Senate (Austria) concerning the alleged slide of the trademark "KORNSPITZ"[80] into the language of the trade. The case is important because it focuses on the role of the trademark owner in properly policing and nurturing the proper use of its mark.

The case involved the application of Article 12(2)(a) of the TM Directive, which provides that a trademark registration should be revoked where, as a result of the acts or inactivity of the trademark owner, the mark has become the common name for the product.

Backaldrin is the owner of the Austrian trademark "KORNSPITZ" registered for goods in Class 30, including: "flour,

78. Elizabeth Florence Emanuel v. Continental Shelf 128 Ltd, Case C-259/04, [2006] ECR I-3089 (CJEU, Mar. 30, 2006).

79. Elio Fiorucci v. OHIM, Edwin Co. Ltd intervening, Case T-165/06, [2009] ECR II-1375 (GC, May 14, 2009).

80. Backaldrin Österreich the Kornspitz Company GmbH v. Pfahnl Backmittel GmbH, Case C-409/12, [2014] ECR I-_____ (CJEU, Mar. 6, 2014).

and preparations made from cereals; bakery goods, baking agents, pastry confectionery, also prepared for baking; pre-formed dough . . . for the manufacture of pastry confectionery."

Under that trademark, the trademark owner produces a baking mix which it supplies primarily to bakers. They turn that mix into a bread roll which is oblong in shape and has a point at both ends. The bakers are licensed to use the trademark in the sale of the bread roll.

Pfahnl, a competitor of Backaldrin, claimed that the word sign "KORNSPITZ" is perceived by end users as a common name for a bakery product and therefore vulnerable to revocation. Pfahnl alleged that this was because the bakers using the baking mix provided by Backaldrin do not inform their customers that the sign "KORNSPITZ" is a registered trademark. Pfahnl therefore filed an application for revocation which was granted by the Austrian Patent Office. Backaldrin filed an appeal against this decision with the Austrian Supreme Patent and Trademark Senate. Since the Senate felt that it could not decide on the appeal without first seeking a preliminary ruling by the CJEU, it submitted in particular two questions for review.

By its first question, the Senate asked whether Article 12(2)(a) of the TM Directive had to be interpreted as meaning that a trademark is liable to revocation if, due to acts or inactivity of the owner, that trademark has become a common name for the product from the point of view of end users only.

The CJEU answered the first question in the affirmative. It pointed out that, among the various functions of a trademark, the function as an indication of origin is an essential one which had been incorporated into Article 2 of the TM Directive—requiring that trademarks be capable of distinguishing their owners' goods or services—and was given effect to in (among other provisions) Article 12(2)(a)[81] that provides that, where the trademark has become a common name and has lost its distinctive character, with the result that it no longer fulfills the function as an indication of origin, it may be revoked.

Looking at the facts of the present case, the CJEU (as had the Austrian Senate) took into consideration that fact that the end users of the bread rolls known as "Kornspitz" perceive the designation as a common name for that product, and that perception is [also] due to the fact that the bakers (i.e., the sellers of the bread rolls) do not generally inform the customers that "Kornspitz" is a [registered] trademark. In concluding that the trademark had lost its essential function as indication of origin and therefore was liable to revocation, the CJEU held that the fact

81. Budějovický Budvar, národní podnik v. Anheuser-Busch Inc., Case C-482/09, [2011] ECR 1-8701 (CJEU, Sept. 22, 2011), para. 71.

that products under the designation "Kornspitz" were sold through bakers (i.e., intermediaries) who would know that "Kornspitz" is a registered trademark, would not change the position. As the CJEU emphasized, even in such a case, the perception of consumers would play the decisive role.

By its second question the Austrian Senate asked whether Article 12(2)(a) would have to be interpreted as meaning that it may be classified as "inactivity" if the proprietor of the trademark remains inactive notwithstanding the fact that traders do not inform customers that the name is a registered trademark.

This question too was answered by Court in the affirmative.

The CJEU emphasized that the trademark owner must be vigilant and inform sellers that the sign used to designate the product has been registered as a trademark; furthermore, the trademark owner's failure to take the initiative to "encourage" sellers to make more use of that mark may be considered as failure to take action. The CJEU deliberately did not provide guidance as to what owners have to actually do to "encourage" sellers, nor did it elaborate on situations where an owner encourages the sellers to make more use of the mark but the sellers choose to do nothing, leaving these questions "for the referring court to examine."

In taking this position the Court emphasized that it already had held in the past[82] that the concept of "inactivity" may (also) cover a failure on part of the owner of the trademark to have recourse to the exclusive rights of Article 5 of the TM Directive at the appropriate time, e.g., to enforce its exclusive rights. However, that concept cannot be restricted to the enforcement of rights alone, but also extends to other duties to preserve the distinctive character of the trademark, including the duty to be sufficiently vigilant in that respect.

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

A. Introductory Comments

This Part 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

82. Levi Strauss & Co. v. Casucci SpA, Case C-145/05, [2006] ECR I-3703 (CJEU, Apr. 27, 2006), para. 19.

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):

(a) where the mark applied for is identical to the earlier mark, and the goods for which the applicant seeks to register it are identical to those for which the earlier mark is protected. The rules on "double-identity" cases of this kind are contained in Article 8(1)(a) of the CTM Regulation and Article 4(1)(a) of the TM Directive;

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

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

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

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

Almost all the cases in this Part are from the General Court and CJEU, and they deal in the main with CTM oppositions. The cases, which follow the Legal Texts below, are set out in the following order: first, cases under Article 8(1)(b) of the CTM Regulation—starting with cases that focus on the similarity of the

marks, and then moving on to look at cases which examine the similarity of goods or services; secondly, cases concerning earlier unregistered rights under Article 8(4) of the CTM Regulation; and, thirdly cases under Article 8(5) of the CTM Regulation. There are certain themes in the courts' examination of the issues in these cases. These include the particular way in which the rulings examine similarity and likelihood of confusion, as between marks composed largely of descriptive elements, and the way in which the Court explores the EU public's grasp of different languages—and how this impacts of their perceptions. Important cases under Article 8(5) explore the (minimal) degree of similarity required to establish a case on unfair advantage or dilution grounds.

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—CJEU Court—Does the public's identification of one word in a two-word trademark as the name of a company active in the market mean that a finding of likelihood of confusion is more likely, or less likely, where the other word present in the mark in question corresponds to the other trademark involved in the dispute?

In last year's *Annual Review of EU Trademark Law*, we commented[83] briefly on the January 2014 Opinion delivered by Advocate General Mengozzi in *Bimbo SA v. OHIM, Panrico SA intervening*.[84] On May 8, 2014, the CJEU handed down its decision in that case.

The case involved an attempt by the appellant, Bimbo SA, to register the mark BIMBO DOUGHNUTS as a Community trademark in Class 30 for "pastry and baking products, specially doughnuts." The application was opposed by the intervener,

83. Guy Heath, *Annual Review of EU Trademark Law: 2013 in Review*, 104 TMR 445, 539 (2014).

84. Bimbo SA v. OHIM, Case C-591/12 P, [2014] ECR I-_____ (CJEU, May 8, 2014).

Panrico SA, on the basis of its earlier rights in the mark DOGHNUTS.

The case, although extraordinary to the eyes of English-speakers familiar with the generic term "doughnut," turns on the perspective of the average Spanish consumer. Among the earlier rights asserted by Panrico in its "DOGHNUT" mark was a Spanish registration, also in Class 30, and it was established that, for most Spanish consumers, "doughnut" would be a meaningless term.

The grounds of the appeal to the CJEU concerned the approach taken by the General Court to the assessment of likelihood of confusion as between DOGHNTUS and BIMBO DOUGHNUTS. The case raised, in particular, questions as to the interpretation and significance of the CJEU's earlier ruling in *Medion*,[85] which deals with the possibility of confusion in cases involving "composite" marks. The *Medion* ruling was summarized by the CJEU in the present case in the following terms (para. 24): "In this connection, the Court of Justice has stated that it is possible that an earlier mark used by a third party in a composite sign that includes the name of the company of the third party retains an independent distinctive role in the composite sign. Accordingly, in order to establish the likelihood of confusion, it suffices that, on account of the earlier mark still having an independent distinctive role, the public attributes the origin of the goods or services covered by the composite sign to the owner of that mark."[86]

Presumably recognizing that the application of *Medion* in the present case was leading to a rather extreme result, Advocate General Mengozzi undertook a detailed case law review in his Opinion, noting that the *Medion* principles had frequently been misunderstood, and should not be treated as setting up an exception to the general requirement for a global assessment of likelihood of confusion, on the facts of each individual case.

The Court of Justice, in its May 2014 ruling, followed suit—although without any further case law analysis or any restatement of the *Medion* principles. The Court rejected the appellant's contention that the General Court had determined there to be a likelihood of confusion between the marks merely because it had concluded that the "DOUGHNUTS" element of BIMBO DOUGHNUTS had an "independent distinctive role." On the contrary, the Court was satisfied that the General Court had correctly considered the overall impression that would be made on the (Spanish) target public by the BIMBO DOUGHNUTS mark—

85. Medion AG v. Thomson multimedia Sales Germany & Austria GmbH, Case C-120/04, [2005] ECR I-8551 (CJEU, Oct. 6, 2005).

86. *Id.*, paras. 30 and 36, and order in Perfetti Van Melle SpA v. OHIM, Cloetta AB intervening, Case C-353/09 P, [2011] ECR I-12 (CJEU, Feb. 15, 2011), para. 36.

which necessarily included an analysis of the mark's two component parts, and of their relative weight in the public's perception—and had then applied these finding as part of an assessment of the likelihood of confusion.

The Court rejected the notion that a finding of likelihood of confusion in this kind of case represents an exception to the general rule that marks should be compared as a whole (para. 35):

> The determination of which components of a composite sign contribute to the overall impression made on the target public by that sign is to be undertaken before the global assessment of the likelihood of confusion of the signs at issue. Such an assessment must be based on the overall impression produced by the trademarks at issue, since the average consumer normally perceives a mark as a whole and does not proceed to analyze its various details, as has been stated in paragraph 21 above. Therefore, this does not involve an exception, that must be duly substantiated, to that general rule.

The appellant submitted that the wide recognition that its BIMBO house mark already enjoyed among the relevant public should be regarded as a factor that ought normally to prevent confusion between the composite mark BIMBO DOUGHNUTS and the earlier mark DOGHNUTS. However, the failure of the appeal illustrates again that the identifiability and recognition of the differentiating component as a corporate or other name will tend to work strongly against, not for, the trademark applicant in a case of this kind.

2. EU—General Court—What degree of similarity should be considered to exist between word marks, each comprising two words of equal importance, which share the same first word?

In the opposition case *Beyond Retro Ltd v. OHIM, S&K Garments intervening*[87] the General Court examined the extent to which a correspondence between the first part of the marks in question is to be considered important in determining similarity.

The intervener, S & K Garments, Inc., had obtained an international registration of the mark BEYOND VINTAGE, designating the European Community. The registration was obtained in Classes 14, 18, and 25, covering a range of clothing, accessories, watches, and jewelry. Beyond Retro Ltd opposed registration in the European Community on the basis of its earlier CTM BEYOND RETRO, registered for clothing, headgear and footwear in Class 25.

87. Beyond Retro Ltd v. OHIM and S&K Garments Inc., Case T-170/12, [2014] ECR II-_____ (GC, Apr. 30, 2014).

OHIM's Fourth Board of Appeal found against the opponent in relation to all three classes. Although it considered that, regarding Classes 18 and 25, the parties' respective goods were identical or similar, it considered the marks to be insufficiently similar. It held the respective marks BEYOND VINTAGE and BEYOND RETRO to have only a low degree of visual and phonetic similarity. Regarding conceptual similarity, the Board of Appeal considered that for non-English speakers the marks would both be meaningless, whereas English speakers would attach a different meaning to each of the marks.

The opponent applied to the General Court for the annulment of the Board of Appeal's decision. Concerning Class 14, the opponent's application failed. The opponent was unable to persuade the General Court that watches and jewelry in Class 14 should be regarded as similar to clothing on grounds of complementarity. The General Court held:

> . . . it must be pointed out that the search for a certain aesthetic harmony in clothing is a common feature in the entire fashion and clothing sector and is too general a factor to justify, by itself, a finding that all the goods concerned are complementary and, thus, similar (see SISSI ROSSI, para. 62, and Case T116/06 Oakley v. OHIM—Venticinque (O STORE) [208] ECR II2455, para. 86). (para. 34).
>
> . . . To conclude that there is a similarity between the goods, consumers must also consider it unusual that those goods are marketed under the same trademark, which normally implies that a large number of the producers or distributors are the same (SISSI ROSSI, para. 63, and TOSCA BLU, paragraph 37). (para. 35).

For the General Court, it was insufficient that both clothing and watches/jewelry may be promoted in the same websites and magazines, and may be sold under the same brands, for "the fact remains that not all producers follow that practice" (para. 43), and it remains the case, noted the Court, that it is customary to find watches and jewelry in dedicated specialist stores.

On the question of assessing the similarity between the marks, the General Court disagreed with the Board of Appeal's decisions in relation to both aural/visual similarity and conceptual similarity. So far as the latter was concerned, the General Court noted that even in non-English speaking countries the terms "vintage" and "retro" were in sufficiently common usage to describe aesthesic styles that the public, or at least a large part of it, would pick up the connection between those two words as an evocation of the past—even though the public's grasp of the English language would not enable them to understand the meaning of "beyond." As for English-speakers, the General Court differed from the Board of

Appeal in regarding the similarity in meaning between the marks taken as a whole—i.e., in that both referred to a "style of clothing based on a recollection of the past" (para. 74)—as being more important than what the Court saw as the slight difference in meaning between them (i.e., in that "retro" implies an imitation of a past style; whereas "vintage" indicate a genuine, high-quality product from the past). For the General Court, there was a conceptual similarity between the marks for English-speakers.

On the question of visual and aural similarity, the General Court's assessment differed from that of the Board of Appeal in an aspect that has frequently been addressed in case law—the relative importance of the first part of a trademark as against its other components.

In the present case the Board of Appeal had—correctly, in the General Court's view—found the two word elements of each of the marks to be of equal overall importance, such that neither of the two elements was dominant in relation to the other. The Board of Appeal had then gone on to hold that there was a low degree of visual and phonetic similarity between the two marks, and that the presence of the word "BEYOND" in a location at the beginning of each of the marks could not give that word more weight than the other term (i.e., "RETRO," or "VINTAGE," respectively).

The General Court noted that the two marks in question had the same structure, and were of similar length. It considered that the common element "BEYOND" was the element, in each mark, more likely to attract the public's attention. The Court cited case law to the effect that the first part of the mark tends to have a greater visual and phonetic impact than other parts of it, and establishing the principle that consumers are more likely to take note of a word placed at the beginning of a mark than the rest of it. The Court went on to say "although it is admittedly true that the principle is not absolute, . . . it has not, however, been shown that the second component of the signs should be regarded as the more distinctive component, or, consequently, that the relevant public will attach more importance to it. This cannot therefore neutralise the existence of a certain degree of similarity caused by the identity of the first part of the signs in the overall impression created by the marks at issue." (para. 57).

The Court considered it to follow that the degree of similarity between the marks at issue, in both visual and phonetic items, could not be regarded as low, despite the difference in the second parts of the marks.

Having decided that the Board of Appeal had incorrectly calibrated the degree of similarity between the two marks, the General Court undertook its own new appraisal of the likelihood of confusion in Classes 18 and 25 and determined that there was a likelihood of confusion.

3. EU—General Court—Can two word marks be considered visually/phonetically similar when they differ markedly in their first parts, but share the same suffix?

In *Farmacentisk Laboratorium Ferring A/S v. OHIM, Tillots Pharma AG intervening*,[88] the General Court had to consider an opposition by the owner of various Class 5 registrations for the trademark PENTASA against a Class 5 CTM application for OCTASA. (A broadly parallel General Court case, brought by Ferring BV, based on a number of other PENTASA registrations, proceeded under case reference T-502/12 and resulted in a similar ruling on the same day.)[89]

The OCTASA CTM application was for "preparations and substances for preventing and treating diseases and disorders of the gastro-intestinal tract." The earlier PENTASA marks were registered either for a wider variety of pharmaceutical preparations, or more specifically for products relating to gastroenterological diseases. For present purposes, both marks can be considered to relate to identical products.

Much of the argument revolved around whether the "-ASA" suffix would be considered by all sections of the relevant public to be a descriptive reference to 5-aminosalicylic acid, or "5-ASA," the active ingredient in the products for which the PENTASA mark was actually used. The General Court considered that the evidence did not support this conclusion, a finding which led it, in turn, to reconsider the Board of Appeal's decision that the marks were dissimilar, visually and aurally from the perspective of end-users.

Having noted that the first sections of each mark, namely "OC" and "PEN" was dissimilar but that the "TASA" suffix in each was identical, the Court went on:

> 58. . . Admittedly, the first component of word marks may be more likely to catch the consumer's attention than the following components. However, that consideration cannot apply in all cases. It cannot, in any event, undermine the principle . . . that the examination of the similarity between the marks must take account of the overall impression given by them, since the average consumer normally perceives a mark as a whole and does not examine its individual details. . . .
>
> 59. . . In the present case, the differences between the first sections of the signs at issue, "pen" and "oc", despite their

88. Farmaceutisk Laboratorium Ferring A/S v. OHIM, Tillotts Pharma AG intervening, Case T-501/12, [2014] ECR II-_____ (Apr. 9, 2014).

89. Ferring BV v. OHIM, Tillots Pharma AG intervening, Case T-501/12, [2014] ECR II-____ (Apr. 9, 2014).

> position at the beginning of the marks, are incapable of negating a certain degree of visual and phonetic similarity in the overall impression given by those signs as perceived by the end-users of the goods in question, for which the descriptive character of the suffix "asa" has not been established. That similarity arises from the fact that, visually, the marks at issue are of a similar length—seven and six letters respectively—and, phonetically, they are identical in length each having three syllables. The similarity also arises from the fact that the marks are absolutely identical as regards their last sections, namely "tasa", which consist of four letters and two syllables in the same order. . . .

(paras 58, 59).

The Court therefore concluded that the Board of Appeal had been wrong on visual and aural similarity, although it did not offer any opinion as to this extent of the similarity.

Finding also (again, contrary to the Board of Appeal's opinion) that the marks shared a certain (weak) conceptual similarity in that both "penta" and octa" refer to Greek numbers, the General Court concluded that the Board of Appeal ought to have moved into an examination of the likelihood of confusion, which it had failed to do. It therefore annulled the Board of Appeal decision.

4. EU—General Court—Do consumers have a "visual dictionary" that might lead them to make a link between an invented word and a highly reputed trademark?

In the case of *Volvo Trademark Holding AB v. OHIM*,[90] the General Court had to consider the similarity of the sign LOVOL with the well-known trademark VOLVO.

Volvo had opposed Community trademark applications for the following figurative signs in Classes 7 and 12:

LOVOL and

The oppositions were dismissed on the grounds that the marks were not sufficiently similar for the purposes of Article 8(1)(b) and Article 8(5) of Regulation No. 207/2009, and the opponent's appeals were dismissed by OHIM's First Board of Appeal. The opponent took the matter to the General Court in relation to Article 8(5) only, arguing that OHIM had erred in concluding that that the similarity between the two marks was insufficient to cause the relevant public to make a connection between them.

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90. Volvo Trademark Holding AB v. OHIM, Hebei Aulion Heavy Industries Co. Ltd intervening, Case T-524/11, [2014] ECR II-_____ (GC, Nov. 12, 2014).

The General Court dismissed the action. It held that although the signs share four out of their five letters, there were a number of visual and oral differences between the marks. The opponent sought to argue that the first syllable of "lovol" was "lov" and that this is a reversal of the first syllable of "volvo" such that the findings of similarity in the cases involving the marks "InvestHedge vs. HEDGEINVEST" and "meeting metro v. Metromeet" should be applied. The Court held that, in fact, the rules of English, German, French, Italian, Spanish, Polish, Dutch, and Hungarian dictate that "lovol" would be split into "lo" and "vol." Even if the sign were split into "lov" and "ol," the cases relied on did not apply as the signs in question in this case are not composed of words with any particular meaning that can be understood by the relevant public and there is no reason why the average consumer would divide them and look at them separately.

The Court held that in both oral and visual terms "the mere fact that the signs at issue contain the letters 'v', 'l', and 'o' and include the letter combination 'vol' is not enough to cause the relevant public to make a connection between those signs" (paras. 37 and 45). There was therefore no oral or visual similarity which could be taken into account for the purposes of applying Article 8(5).

In terms of the conceptual comparison, although the opponent accepted that neither mark has any meaning, it sought to raise an novel argument by submitting that "consumers who come across the 'invented trademark' LOVOL will be intrigued by that new trademark for cars, especially since the number of car manufacturers is relatively limited. Accordingly, those consumers will ask themselves whether that new trademark for cars has any connection with a very old and highly reputed trademark for cars and will then be led to associate it with the trademark VOLVO" (para. 48). The opponent relied on a scientific article to argue that consumers could make a connection between the marks because there is a 'visual dictionary' in the human brain which people develop when learning to read. However, the Court dismissed this, pointing out that "the authors of the article stress that, even where several letters in two words coincide, the differences between the remaining letters mean that reading those words activates different neurons in the human brain. For example, from the point of view of an experienced reader, the distance between the English words 'hair' and 'hare' is the same as between the words 'hair' and 'soup', despite the fact that 'hair' and 'hare' are pronounced identically" (para. 53).

The Court therefore concluded that it was not possible to carry out a conceptual comparison and, in light of the visual and oral dissimilarities, the Board of Appeal was entitled to conclude that, for the purposes of Article 8(5), the signs at issue were dissimilar.

5. EU—General Court—Is the "dominance" or the (lack of) distinctiveness of a descriptive element within a trademark the more important factor, when the mark is being compared with another trademark?

The General Court case *Investronica, SA v. OHIM, Olympus Imaging Corp. intervening*,[91] is one of a number of rulings from 2014 involving a conflict between marks which coincide solely in that they share a descriptive word element.

The case involved an application by the intervener, Olympus, to register the mark shown here as a CTM in Class 9:

The application was made in respect of "Photographic apparatus and instruments, digital cameras, interchangeable lenses, and parts and accessories therefor as far as included in class 9."

The opponent, Investronica, SA, contested the application on the basis of its earlier Spanish registered trademark shown here:

The opponent's mark was also registered in Class 9, for a specification of goods that included photographic apparatus and instruments. The goods of the two parties were therefore considered identical.

The opposition was brought on Article 8(1)(b) grounds—likelihood of confusion. OHIM's Opposition Division sided with the opponent, but an appeal by Olympus was upheld by OHIM's Fourth Board of Appeal, relying heavily on the descriptiveness of the common element "MICRO."

The General Court annulled the Board of Appeal decision, and allowed the opposition. The General Court had a number of things

91. Investrónica, SA v. OHIM and Fasel Srl, Case T-149/12, [2014] ECR II-_____ (GC, Jan. 16, 2014) (MICRO).

to say with regard to the comparison of the two marks, and the descriptive character of the common element "MICRO."

The first point was that, in an opposition procedure at OHIM, the earlier mark (here, the opponent's figurative MICRO mark) must be taken to have a minimum of inherent distinctive character. One cannot argue that it has no distinctive character at all, other than in a separate cancellation procedure. However, in the present case, the Board of Appeal had not said that the mark as a whole lacked distinctiveness. It had said that the word "micro" was descriptive, and that the earlier mark therefore derived its distinctiveness from its combination of specific colors.

Having noted that, when considering the overall impression of a composite trademark, one must in particular bear in mind their "distinctive and dominant components," the General Court went on to rule, "it is settled case law that the public will not generally consider a descriptive element forming part of a composite mark as its dominant element." However, "certain circumstances may justify that a descriptive element has a dominant character." (para. 51).

In the present case, the Court noted that the eye of the consumer would be attracted by the word element ("the position of which is predominant") in the mark being opposed, rather than its design elements. As for the earlier mark, "given its standard font and the slight difference between the letters in dark blue and those in light blue, the attention of the relevant public will be drawn primarily to that word and not, as wrongly found by the Board of Appeal, to the particular combination of colors and letters that constitute it." (para. 53). It followed that the word "micro" was also the dominant visual component of the earlier mark owned by the opponent.

This being the case, the two marks were to be considered "highly visually similar" (para. 54).

The Court went on to hold the two marks aurally identical. As for conceptual similarity, "[i]n so far as the word element 'micro' is the dominant visual element of the mark applied for, it is clear that, notwithstanding the descriptiveness of the word element and contrary to the view of the Board of Appeal, there is a large degree of conceptual similarity between the signs at issue." (para. 60).

Thus the marks were conceptually and phonetically identical and had a strong visual similarity. Given also that the goods were identical, the Court was clear that the Board of Appeal had it wrong; it ought to have found that there was a likelihood of confusion.

This rather remorseless approach by the General Court seemed to find no room for a discussion about the distinctive (as opposed to dominant) characteristics of the word element of the marks—or how the obviously weak distinctive character of the

verbal element should be taken into account when assessing likelihood of confusion. OHIM's contention "that marks, such as the earlier mark, which are registered only because of the particular way the word element in them is represented, are marks that are incapable of indicating the commercial origin of the goods and services for which they are registered either phonetically or conceptually" fell on deaf ears. The Court displayed no interest in discounting the aural/phonetical identity of the marks on this basis when considering likelihood of confusion.[92]

6. EU—General Court—What are the implications for a CTM applicant facing an opposition by the owner of an earlier mark that the applicant considers to be generic, if he fails to bring cancellation proceedings to assert that claim and merely attempts to defend the opposition?

The practical effect of the rule, noted in Case T-149/12 (MICRO),[93] that an earlier mark relied upon in CTM opposition proceedings must be considered to have at least a minimum of distinctiveness, was starkly demonstrated in a case involving the trademark F1. *Formula One Licensing BV v. OHIM, ESPN Sport Media Ltd intervening*,[94] is the second General Court ruling in a case that started with a CTM filing made by the intervener's predecessor in title in April 2004.

The CTM filing was for the mark shown here:

The application was made in Classes 16, 38, and 41 in relation to a range of print and online media products and services, all relating to "the field of formula 1."

The opponent, Formula One Licensing BV, brought opposition proceedings under Article 8(1)(b) and Article 8(5) of the CTM

92. It is interesting to consider this decision in light of the European Trade Mark and Design Network's Common Practice on Relative Grounds of Refusal—Likelihood of Confusion (Impact of non-distinctive/weak components)—published on October 2, 2014. Paragraph 5.3 of the Common Practice notes "a coincidence in an element with a low degree of distinctiveness will not normally *on its own* lead to [likelihood of confusion]."

93. Investrónica, SA v. OHIM and Fasel Srl, Case T-149/12, [2014] ECR II-_____ (GC, Jan. 16, 2014) (MICRO).

94. Formula One Licensing v. OHIM, ESPN Sports Media Ltd intervening, Case T-10/09 RENV, [2014] ECR II-_____ (GC, Dec. 11, 2014).

Regulation by reference to (a) its earlier word mark registrations for "F1" and (b) the figurative mark shown here:

The present General Court case relates to the Article 8(1)(b) claim. The first General Court ruling, in 2011, had found against the opponent, upholding an earlier Board of Appeal decision which had held (among other things) that the public perceived "f1" to be "the generic designation of a category of racing car and, by extension, of races involving such cars." The CJEU, in an appeal ruling in 2012, had set aside this 2011 judgment of the General Court on grounds that it improperly impugned the validity of the earlier registrations of "F1" on which the opponent was relying.

The CJEU therefore referred the matter back to the General Court for examination of the question "whether without a finding of a lack of distinctive character of the "f1" element in the earlier trademarks, it may be found that Article 8(1)(b) of [the CTM Regulation] does not apply" (para. 20).

The General Court explained that the rationale for the rule under which earlier national trademarks cannot be held, in opposition proceedings, to lack distinctive character is to avoid effectively eliminating the protection given to those national marks. This is necessary for the harmonious coexistence of the EU's national registration systems with the CTM system.

Application of the rule here, however, had the rather odd result that the General Court was effectively required to ignore the earlier finding that "F1" is generic, and could go no further than saying that the term had weak distinctive character.

On the assessment of similarity, the General Court determined that, although the respective marks had distinguishing elements, there was also a certain degree of similarity between them. It was therefore necessary to consider the likelihood of confusion, and on this the Court ruled, "although the distinctive character of the earlier mark must be taken into account when assessing the likelihood of confusion . . . it is only one factor among others involved in that assessment. Thus, even in a case involving an earlier mark of weak distinctive character, there may be a likelihood of confusion on account, in particular, of a similarity between the signs and between the goods or services covered." (para. 49).

When assessing the possibility of confusion, the Court noted that the components of the mark applied for, other than "F1," namely the word "Live" and the circle device "[suggest] the

broadcasting of sporting events in real time and a racing circuit" (para. 51) and would therefore help "anchor in the minds of the relevant public" the image of Formula 1 motor racing. Had "f1" been considered generic, this would presumably not have been an issue, but as "f1" fell to be considered as a term with distinctive character (albeit weak), this worked against the CTM applicant.

The General Court concluded that the Board of Appeal had been wrong to rule out the likelihood of confusion, and annulled its decision.

7. EU—General Court—To what extent do graphical differences have the capacity to distinguish marks with similar, but not identical, descriptive verbal content?

A similar issue arose in General Court opposition case *Fereinhäuser zum See GmbH v. OHIM, Sunparks Groep NV*.[95] A CTM application for a figurative mark SUN PARK HOLIDAYS (as shown below):

was opposed on the basis of an earlier CTM for the figurative mark SUNPARKS HOLIDAY PARKS (as shown below):

Both marks covered identical services—connected to the provision of campsite and holiday center activities. The General Court again noted that, for the purposes of the opposition proceeding, the word elements of the marks could not be held to have *no* distinctive character—despite their descriptive quality—since the words were the "main element" of the mark (Rather obscurely, the Court said: "it must be held that . . . the Board of Appeal could not deny that those word elements had a distinctive character. In view of the fact that the word elements in question are the main elements of the earlier mark, such an approach would be tantamount to denying that *those word elements* have any distinctive character, something which the Board of Appeal

95. Ferienhäuser zum See GmbH v. OHIM and Sunparks Groep NV, Case T-383/12, [2014] ECR II-_____ (GC, Jan. 16, 2014).

could not do" (emphasis added). Presumably, the General Court had meant to refer to the mark *as a whole*). On the other hand, in terms of the overall impression created by the two marks in question, the word elements were more important than the graphical elements of each mark. When it came to assessing likelihood of confusion, "[a]lthough the distinctive character of the earlier mark must be taken into account when assessing the likelihood of confusion, it is only one factor among others involved in that assessment. Thus, even in a case involving an earlier mark of weak distinctive character, there may be a likelihood of confusion on account, in particular, of a similarity between the signs and between the goods or services covered." The similarities between the marks were found to give rise to a likelihood of confusion. In cases like this, the relative dominance of descriptive word elements vis-à-vis the marks' graphical element seems to be of much greater weight than the potentially countervailing factor that they have minimal distinctiveness.

8. EU—General Court—How should the degree of similarity between two marks be calibrated when the main element shared between them is descriptive, and how does this feed into the likelihood of confusion analysis?

A case that may be both compared and contrasted with the decision in the MICRO case is *Novartis AG v. OHIM, Dr Organic Ltd intervening.*[96] The case concerned the intervener's application to register BIOCERT for a wide range of goods in Class 5, including pharmaceutical preparations. The CTM application was opposed by Novartis on the basis of its rights in the earlier Austrian trademark BIOCEF, also registered for pharmaceutical preparations in Class 5.

The opposition failed, and an appeal to OHIM's Fourth Board of Appeal by the opponent also failed. Novartis took the case to the General Court.

The General Court agreed with the Board of Appeal, and its own previous decisions, that the "BIO" element of the marks should be regarded as descriptive for pharmaceuticals. It differed, however, from the Board of Appeal with regard to the significance of this finding—attaching a lesser importance to it than the Board of Appeal had done, and recalibrating upward the Board of Appeal's findings on similarity. Thus, the "low visual similarity" attributed to the marks by the Board of Appeal was upgraded to "at the very least, an average degree of visual similarity" and the aural similarity was likewise recalibrated from "low" to "average."

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96. Novartis AG v. OHIM and Dr Organic Ltd, Case T-605/11, [2014] ECR II-_____ (GC, Dec. 10, 2014).

As for conceptual similarity, the Board of Appeal had noted that the signs coincided in the element "bio," but had held that as a result of the descriptive character of the term, this was not enough to establish a conceptual similarity (para. 47). The General Court disagreed, holding, as it had done in relation to the assessment of visual similarity, that the common element "BIO" must be taken into account when assessing conceptual similarity, despite its descriptiveness. The two marks had, on this basis, a "certain degree of conceptual similarity." (para. 51).

With the assessment of similarity upgraded in every respect, the Court considered the resulting likelihood of confusion afresh. In this regard, unlike the Court in the MICRO case, the General Court reflected on the significance of the fact that the similarities it had found to exist between the marks resided primarily in the descriptive element bio: "the conceptual similarity between the marks at issue results only from their common element 'bio' and the same element also plays a role with regard to the visual and phonetic similarities. Therefore, those similarities should be considered in the light of the fact that that element has a weak distinctive character, in so far as it describes certain characteristics of the goods covered." (para. 55).

This, however, made no difference to the outcome. The Court noted that there can be certain instances where the assessment of similarity can be carried out exclusively on the basis of the marks' dominant components, but, "it cannot be deduced from that case law [i]n exceptional situations that only the distinctive element of a mark composed of a descriptive element and a distinctive element is decisive when the likelihood of confusion is assessed." (para. 57).

With the Court therefore leaning toward a finding in favor of the opponent in the present case, it took comfort from the fact that such a finding would not result in the opponent receiving a monopoly in the descriptive term "BIO," since only the particular combination of elements comprising the mark would be protected by the decision. Moreover, said the Court, "it should be noted that the visual and phonetic similarities between the marks at issue do not arise only from the presence of the element 'bio' in the marks at issue, but also other factors, such as the almost identical length of the signs and the fact that their first five letters match" (para. 59).

The General Court annulled the Board of Appeal decision.

9. EU—General Court—What basic knowledge of the English language may be imputed to Europeans with other mother tongues, and does "SMS language" transcend linguistic boundaries?

Aloe Vera of America, Inc v. OHIM, Detimos—Gestão Imobiliária, SA, intervening,[97] concerned an opposition filed against a CTM application based solely on an earlier Portuguese trademark. The CTM application was for the trademark:

The earlier Portuguese trademark was:

The opposition required consideration of the trademark conflict from the perspective of the average Portuguese consumer, the relevant product category being juices in Class 32.

Before the General Court, to which the CTM applicant had brought the case after an adverse Board of Appeal decision, one of the issues was the assessment of phonetic and aural similarity between the marks. The underlying question was, whether or not the consumer would recognize the numeral "4" as standing for the word "four" or "for," and thus recognize a similarity with the "for" in "forever."

The Board of Appeal's analysis, so far as concerns phonetic similarity, was as follows: "A part of the public, that part having a certain knowledge of English will pronounce the two marks identically. Just that part of the Portuguese public not familiar with English will pronounce the two marks differently, as CU/A/TRO/E/VER and FO/RE/VER. In the first case the marks are aurally identical; in the second case, simply similar to a medium degree." (para. 30 of the Board of Appeal's decision; para. 63 of General Court decision).

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97. Aloe Vera of America, Inc. v. OHIM, Detimos—Gestão Imobiliária, SA intervening, Case T-528/11, [2014] ECR II-_____ (GC, Jan. 16, 2014) (FOREVER).

The CTM applicant disputed this approach, arguing that where a CTM is opposed purely on the basis of a national trademark the likelihood of confusion should be assessed by reference to the linguistic rules and rules of pronunciation of the language of the target public—that of the relevant EU Member State. In other words, one should consider this purely in terms of Portuguese.

The General Court held this to be incorrect. Drawing on earlier cases regarding the facility of the Portuguese public with the English language, the General Court noted, "a knowledge of that language, admittedly to varying degrees, is relatively widespread in Portugal. Although it cannot be claimed that the majority of the Portuguese public speaks English fluently, it may, however, reasonably be presumed that a significant part of that public has at the very least a basic knowledge of that language which enables it to understand and to pronounce English words as basic and everyday as 'forever' or to pronounce numbers below 10 in English" (para. 68).

The General Court also picked up on the widespread use of the number "4" in text-speak:

> Furthermore, it may also reasonably be presumed, having regard, in particular, to the very widespread use of the language known as "SMS language" in the course of communication on the Internet by means of instant messaging or electronic mail, in Internet forums and blogs or even in online games, that the number 4, if it is associated with an English word, will itself generally be read in English and understood as referring to the English preposition "for". . . . As the intervener rightly points out, a Portuguese trademark which includes a number will generally be read in Portuguese only when that number is accompanied by one or more Portuguese words as is the case, for example, with the Portuguese trademark Companhia das 4 Patas. The word "ever" in the earlier mark is not part of the vocabulary of the Portuguese language.

(para. 69).

The Board of Appeal had therefore been correct in its assessment of phonetic similarity. As for conceptual similarity, the Court also looked to the perspective of those Portuguese with a "sufficient knowledge of the English language" and noted that, for that section of the public, a conceptual link would clearly be established between "4ever" and "forever."

The action before the General Court was dismissed.

10. EU—General Court—To what extent may the public in EU Member States be expected to recognize, in a trademark, a name associated with important historic events in another EU Member State, and to impute meaning to the mark accordingly? What difference does this make?

The case *Advance Magazine Publishers, Inc. v. OHIM, Montres Tudor SA intervening*,[98] is an illustration of how linguistic issues across the EU can complicate the assessment of similarity between marks.

Advance Magazine Publishers had applied to register the word mark GLAMOUR as a Community trademark in Classes 12, 14, and 18. The intervener, Montres Tudor SA, opposed the grant in Class 14 (for jewelry; precious stones; costume jewelry; cuff links; tie pins; horological and chronometric instruments) on the basis of its earlier rights in an international registration for TUDOR GLAMOUR. This international registration designated the European Community, and was registered for a range of watches, clocks, jewelry, and related items. The opposition was based on grounds of likelihood of confusion under Article 8(1)(b) of the CTM Regulation.

The opposition was upheld, and the applicant's appeal was dismissed by OHIM's Second Board of Appeal. The applicant took the matter to the General Court, arguing that OHIM had incorrectly protected each individual word element of the TUDOR GLAMOUR mark.

The General Court dismissed the action. The Court noted that the parties' respective goods were identical. It noted that the relevant public, for the purposes of its assessment, was composed of average consumers throughout the European Union, since both marks covered the whole EU. And it noted that the public would pay a high level of attention to their purchase decision, given the importance of the decision to buy jewelry or a watch.

Turning to an assessment of the similarities of the marks, the Court held that the presence of "GLAMOUR" in each mark meant that they were visually and phonetically similar—irrespective of the fact that one contained the word TUDOR and that this was the first element of the mark.

On this, the General Court referred to the GLAMOUR element as being "as important visually and phonetically as the element 'tudor,' in view of its size [presumably a reference merely to the length of the word] and the number of letters and syllables of which it consists." (para. 31).

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98. Advance Magazine Publishers v. OHIM, Montres Tudor SA intervening, Case T-1/13, [2014] ECR II-_____ (GC, July 4, 2014).

The assessment of conceptual similarity was more interesting. The Court noted that "glamour" had a meaning in English that would be relatively widely known, whereas "Tudor" had a meaning in English that would be known to those who knew English history. It distinguished the situations of the following categories of EU citizen:

a) English-speakers with a knowledge of English history—who could perceive the mark TUDOR GLAMOUR as a whole to mean "the glory or magic of the Tudor royal family," and thus consider it conceptually different from "GLAMOUR";

b) people with some knowledge of English, but no knowledge of English history—who may understand the meaning of "glamour", but not "Tudor", and therefore consider the marks conceptually similar "to some degree"; and

c) people with no knowledge of English or English history (for example, the Court indicated, parts of the Czech and Slovak public) who would attribute no meaning to either mark and therefore see the respective marks as being neither conceptually different nor conceptually similar.

For some reason, the Court did not consider the position of people who might know little or no English but might still know the name "Tudor" from a general historical perspective. (By comparison, for example, names such as "Medici" would be well known to people in the United Kingdom as the name of a political dynasty in Italy despite the fact that very few can speak Italian.) This seems a flaw in the structured way the Court went about its analysis.

Flawed or not, the analysis led the Court to the view that, since for a "non-negligible" portion of the European public the two marks could not be said to be distinguishable in conceptual terms, their aural and phonetic similarities carried the day, and gave rise to a likelihood of confusion.

Despite the above analysis of the meaning to be attributed (or not attributed) to "TUDOR," a significant portion of the EU public would in fact recognize the (heavily advertised) word "TUDOR" as an established house brand of a watch manufacturer. The judgment in *Medion*[99] had discussed in some detail the treatment of trademark conflict involving situations like this, where one of the marks (here, "GLAMOUR") is contained wholly within the other mark, and the other element of the latter mark (here, "TUDOR") is known to be a house brand. (See Part IV.C.1 for further discussion.) The ruling in *Medion* favors the senior rights

99. Medion AG v. Thomson multimedia Sales Germany & Austria GmbH, Case C-120/04, [2005] ECR I-8551 (CJEU, Oct. 6, 2005).

owner, but has often been misapplied and, arguably, over-applied. The CTM applicant argued that the Board of Appeal had misapplied the *Medion* ruling in the present case. Not so, said the general Court, holding that the decision on likelihood of confusion was derived, as above, without the need to apply *Medion* thinking.

11. EU—General Court—In assessing the similarity of marks, where the earlier mark is a compound of two English words, may the comparison nevertheless be made from the perspective of those who speak a different language?

Endoceutics, Inc v. OHIM, Merck KGaA intervening,[100] is a General Court opposition case between a Canadian CTM applicant and a German opponent using earlier rights covering the whole EU. OHIM's Fourth Board of Appeal annulled the decision of the Opposition Division, which had been in favor of the CTM applicant, having assessed the likelihood of confusion from the perspective of the Spanish-speaking public.

The mark applied for was the word mark FEMIVIA, filed in Class 5 for "pharmaceutical preparations for the prevention and treatment of the menopause." The opponent's earlier marks included the figurative mark shown below, an international registration designating the European Community and registered for pharmaceutical preparations in Class 5:

The Board of Appeal decision was based solely on this earlier mark, which, because it covered all pharmaceutical preparations, was considered to cover goods identical to the CTM applicant's more specific menopause treatments.

The CTM applicant argued before the General Court that (among other things) the Board of Appeal had been wrong to look at the matter from the perspective of the Spanish speaker. It noted that the earlier mark was a contraction of two English words, "feminine" and "tribion," and submitted that the assessment should have been concluded from the English language perspective.

The General Court put that argument firmly in its place:

> It must be noted, as the Board of Appeal did, that, insofar as the marks at issue cover all EU Member States, the relevant public consists in the present case of professionals and average

100. Endoceutics, Inc. v. OHIM, Merck KGaA intervening, Case T-324/13. [2014], ECR II-_____ (GC, July 16, 2014).

> European consumers. The relevant public should not therefore be limited to the English-speaking public. As to the assessment of the likelihood of confusion in the present case in relation to the Spanish-speaking public, it should be borne in mind that the principle laid down in Article 7(2) of [the CTM Regulation], according to which it suffices, in order for registration of a trademark to be refused, that an absolute ground for refusal exists only in part of the European Union, also applies by analogy to a relative ground for refusal under Article 8(1)(b) of that regulation. It follows that, insofar as the Board of Appeal was right to find that there existed a likelihood of confusion between the marks at issue on the part of the relevant Spanish-speaking public, it could, for reasons of procedural economy, restrict the assessment of such a likelihood of confusion to that part of the relevant public.

(para. 26).

Since the Spanish language includes the word "femenino," meaning "feminine," this conclusion did not entirely sink the CTM applicant's argument that the consumer would see the "FEMI-" prefix of both marks as descriptive, especially in the case of treatments designed specifically for women. However, this did not, in the Court's view, prevent the marks being held similar. It found that they were similar, that the distinctiveness of the earlier mark was "normal," and that there was a likelihood of confusion.

The Spanish angle to the assessment of similarity proved particularly important in the case of phonetic similarity. The Court noted the Board of Appeal's findings that the trademarks "had an identical number of syllables and that, according to the pronunciation rules of the Spanish language, the only difference lay in the last syllable of those signs, because in Spanish the letter "v" is pronounced like a "b." (para. 40).

The General Court endorsed the view of the Board of Appeal that, as a result, the marks had a high degree of phonetic similarity—a conclusion that could not have been reached from an English-speaker's perspective.

12. EU—General Court—What are the difficulties in running a "family of marks" argument?

The opposition case *Debonair Trading Internacional Ld v. OHIM, Ibercosmetica, SA de CV intervening*,[101] illustrates some of the difficulties in using a "family of marks" argument.

The intervener had applied to register the word mark SÔ : UNIC as a CTM for a range of toiletries, cosmetics and personal care products in Class 3.

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101. Debonair Trading Internacional Ldª v. OHIM, Ibercosmetica SA de CV intervening, Case T-356/12, ECR II-_____ (GC, Apr. 3, 2014).

The opponent, Debonair, opposed the SÔ : UNIC application on the basis of certain registered and certain unregistered trademarks, also relating to a range of toiletries, cosmetics and personal care products. The marks included the CTM SO . . .?, and twenty-three other registered marks including SO . . .?ONE and SO . . .?CHIC. The other earlier rights generally followed a similar format.

Having been unsuccessful, for various reasons, before both the Opposition Division and OHIM's Fourth Board of Appeal, the opponent sought annulment of the appeal decision by the General Court. Among the findings being challenged was the Board of Appeal's holding that the SÔ : UNIC mark could not be considered to form part of the family of marks relied on.

The General Court noted, from case law, that a family of marks argument can strengthen an opponent's case, in the following way:

> . . . when the opposition to a Community trademark application is based on several earlier marks and those marks display characteristics which give grounds for regarding them as forming part of a single 'series' or 'family', which may be the case, inter alia, either when they reproduce in full a single distinctive element with the addition of a graphic or word element differentiating them from one another, or when they are characterized by the repetition of a single prefix or suffix taken from an original mark, such a circumstance constitutes a relevant factor for the purpose of assessing whether there is a likelihood of confusion . . . . In the case of a family or series of trademarks, a likelihood of confusion results from the fact that the consumer may be mistaken as to the provenance or origin of goods or services covered by the trademark applied for and form the view, erroneously, that the latter trademark is part of that family or series of marks.

(para. 19).

The General Court went on to note that, to plead a likelihood of confusion attaching to a family of marks, the opponent must establish not only that it uses a number of marks capable of constituting a family or series, but also that the contested mark is similar to the marks belonging to the series and displays characteristics capable of associating it with the series.

As noted above, the case law has established that the defining characteristics of a family of marks include (although are not limited to) two particular situations: where a number of marks contain a single distinctive element; or where a number of marks repeat a single prefix or suffix from an original mark. The General Court held that it had been permissible for the Board of Appeal to have regard to the same factors when determining whether or not

the public was liable to regard the contested mark as being part of the opponent's family.

The Board of Appeal considered that, when applying these factors, the element "SO . . .?" which defined the family, did not correspond to the element "SÔ." The General Court agreed. Thus the opponent could not show that the contested mark should be considered to come within the family on either of the two bases described in the previous paragraph, and it had therefore been incumbent on the opponent to point to some other basis for considering that the contested mark should be considered to belong to the family. This, the opponent had not done.

The General Court held that the Board of Appeal had been justified in finding that the contested mark did not fit the pattern characterizing the family of marks relied on. According to the General Court: "That pattern consists of the beginning of a question, expressed by the element "SO . . .?," followed, in the majority of cases, by a word or expression which exists in everyday English and which constitutes a sort of response to that question. By contrast, in the mark applied for, first, the element " SÔ :" does not refer to the beginning of a question, on account of the absence both of the question mark and of the suspension points and because of the presence of the colon and the addition of the circumflex over the letter "O," which does not exist in the English word "SO," which itself may introduce a question. Secondly, the element "UNIC" is not a word which exists in English. Even if, as the applicant claims, that element may refer to the English word "unique," the failure to observe English spelling differentiates further the mark applied for from those of the family of marks relied on." (para. 29).

The case indicates a relatively strict approach to assessing "family of marks" arguments. It is worth noting that this case examined only one aspect of the family of marks test: whether, if there were in fact a family of marks, the contested mark would be found to fall within it. It is quite possible for opponents running this kind of argument to fail at an earlier stage, by not establishing that they have, in fact, used, and educated the market to recognize that they use, a family of marks.

13. EU—CJEU—Similarity of marks—Is the acquired distinctiveness of an earlier mark a relevant consideration when the signs at issue are held to be dissimilar overall?

In *OHIM v. riha WeserGold Getranke GmbH & Co. KG, Lidl Stiftung & Co. KG intervening*,[102] the CJEU was required to assess

102. OHIM v. riha WeserGold Getranke GmbH & Co. KG, Lidl Stiftung & Co. KG intervening, Case C-588/12 P, [2014] ECR I-_____ (CJEU, Jan. 23, 2014).

the General Court's finding that there is a duty to examine the acquired distinctiveness of an earlier mark even where the signs at issue have been held to be dissimilar overall.

The Board of Appeal had held that there was no likelihood of confusion between an earlier mark WESERGOLD and an application for WESTERN GOLD, stating that, while there was a medium degree of visual and phonetic similarity, they were conceptually different. When assessing the likelihood of confusion, the Board of Appeal held the distinctiveness of the earlier marks to be slightly below average, owing to the presence of GOLD, a term that was considered laudatory.

The opponent, WeserGold, brought the matter to the General Court, arguing that the Board of Appeal decision should be annulled because the Board of Appeal had failed to take account of the evidence it had submitted as to the enhanced distinctiveness that had accrued to its mark through use. (This had been raised by the appellant before the Opposition Division but not expressly before the Board of Appeal). The General Court concurred, but held that, so far as concerned the similarity of the marks, the conceptual differences between them counteracted the aural and visual similarities to such an extent that "the signs are different overall, despite their visual and phonetic similarities" (para. 58 of GC judgment). In the circumstances, the General Court held that it was the Board of Appeal's duty to carry out a new comprehensive examination of the merits of the claim, having regard to (among other things) acquired distinctiveness.

OHIM then appealed to the CJEU, arguing that in view of the General Court's finding that the marks were different overall, there was simply no basis for going through another assessment of the likelihood of confusion. If the marks were not similar, that would be an end of the matter. The CJEU agreed with OHIM, holding that "the reasoning followed by the General Court is based on a misinterpretation of Article (8)(1)(b)" (para. 46) since, following its finding of dissimilarity, it called for OHIM to make an assessment of a factor that was not relevant.

At paragraph 42 of the judgment, the CJEU held that "the Court has held on numerous occasions that, *where there is no similarity* between the earlier mark and the mark applied for, the enhanced distinctiveness of the earlier mark and the fact that the goods or services are identical or similar are not sufficient for it to be found that there is a likelihood of confusion between the marks at issue" (emphasis added). At paragraph 43, the Court went on to say that, where "the marks in question *could in no way be regarded as similar* by the relevant public, the Board was entitled to infer that there was no likelihood of confusion, without first, in the course of an assessment of the likelihood of confusion, to

examine, in particular, the possible highly distinctive character of the earlier mark" (emphasis added).

Although it is clear that a finding of similarity between the marks is a condition to application of Article 8(1)(b) it works oddly in a case like this, where the General Court had not disagreed that the marks were of at least average similarity in phonetic and visual terms. This is particularly so as the applicant's goods were non-alcoholic beverages—the kind of fast-moving product sold in supermarkets, to which the visual component of the comparison is considered very relevant. In this case, the difference between the marks was a conceptual one. (Moreover, it seems possible that in practice the conceptual difference between the marks could have been eroded by the effect of the meaning invested in the earlier mark through the use made of it, but this could not be tested.)

The CJEU's conclusion that "by holding that the Board of Appeal's failure to examine the enhanced distinctiveness of the earlier marks, acquired through use, meant that the contested decision was invalid, the General Court called for the Board of Appeal to examine a factor that was of no relevance to the assessment as to whether there was a likelihood of confusion" (para. 48) is evidently correct, but stemmed from the insertion by the General Court of its own "overall" assessment of similarity. The practice over the making of "overall" assessments does not appear to be very uniform from case to case.

The judgment of the General Court was set aside insofar as it required the Board of Appeal to assess the distinctiveness of the earlier marks acquired through use and the case will be heard again by the General Court.

14. EU—General Court—Can a "likelihood of confusion" claim be defeated on the basis that each of the marks in question is well known as being the name of a particular, separate, company?

In *Eni SpA v. OHIM, EMI (IP) Ltd intervening*,[103] the General Court was required to consider an opposition case brought by the owners of the mark EMI against an application to register ENI as a Community trademark.

The opponent is an intellectual property holding company of the EMI Group, one of the world's leading music recording and publishing companies and electronics systems manufacturer based in the United Kingdom. Its recorded music operations are owned by Universal Music Group and its music publishing business is owned by a Sony/ATV consortium. The applicant, Eni SpA, is a multinational oil and gas company and is the largest company in

103. Eni SpA v. OHIM, EMI (IP) Ltd intervening, Case T-599/11, [2014] ECR II-_____ (May 21, 2014).

Italy by revenue, listed on the Italian and New York stock exchanges. Eni SpA's brand is easily recognizable to a reasonable proportion of the European population, as it operates a vast network of service stations along roads in a number of European countries. The case in hand, however, involved an attempt by Eni SpA to register its mark ENI in respect of goods for which neither the EMI group nor Eni SpA had earned its reputation. The application was made in Class 25 for "clothing, footwear, headgear," and was opposed on the basis of a CTM registration for a figurative form of "EMI" in Class 35 in relation to "the bringing together, for the benefit of others, of a variety of goods, enabling customers to conveniently view and purchase clothing, footwear and headgear."

OHIM's Cancellation Division upheld the opposition in Class 25, and an appeal by Eni SpA failed. Eni SpA subsequently brought an action before the General Court, requesting the annulment of the appeal decision. Various points were taken before the General Court, including the question of whether or not retail services connected with the sale of a particular description of product should be considered similar (for purposes of trademark law) to products of that description—a question answered in the affirmative, in line with previous case law.

On the questions of similarity and likelihood of confusion, the applicant raised interesting arguments based on the special public recognition that each mark enjoys. As regards similarity, the applicant did not contest the Board of Appeal's finding that the two marks were visually and phonetically similar, but did contest the Board of Appeal's finding that, since neither "EMI" nor "ENI" had a meaning, it would be impossible to make a conceptual comparison between them.

The applicant argued, to the contrary, that "the mark applied for and the earlier mark have each developed their own identity in the market and that, as their 'personality' sufficiently differentiates one from the other, they will be perceived by consumers as containing conceptual differences irrespective of the original meaning of the three-letter sequences 'e,' 'n,' 'i,' and 'e,' 'm,' 'i.'" (para. 66).

This argument was rejected, although it is not entirely clear whether the rejection was as a matter of principle or on the basis that it was not supported on the facts. The latter seems more likely. The Court noted:

> 67. . . conceptual differences can in certain circumstances counteract the visual and phonetic similarities between the signs concerned. For there to be such a counteraction, however, at least one of the signs at issue must have, from the point of view of the relevant public, a clear and specific meaning so that the public is capable of grasping it

> immediately (see, to that effect Ruiz-Picasso v. OHIM Case T185/02 *Ruiz-Picasso and Others v. OHIM—DaimlerChrysler (PICARO)* [2004] ECR II739, para. 56 and the case law cited).
>
> 68. . . The applicant refers, in that regard, to the concept of a well-known fact, which is distinct from that of a well-known mark (Case C16/06 P *Les Editions Albert Rene v. OHIM* [2008] ECR II0053, paragraph 96), in order to claim that the signs at issue have clear conceptual meaning.
>
> 69. . . It must, however, be held that that concept is not applicable in the present case, having regard to the signs at issue and the definition of the relevant public.
>
> 70. . .
>
> 71. . . It cannot reasonably be claimed that, for the general public of the European Union, the terms "eni" and "emi" are well known, as the painter Pablo Picasso (see, to that effect, *PICARO*, paras. 55 and 56) or the comic strip character Obelix (see, to that effect, Case T336/03 *Editions Albert Rene v. OHIM—Orange (MOBILIX)* [2005] ECR II4667, para. 79) may, for example, be.

(paras 67-71).

On the question of likelihood of confusion, the applicant argued, similarly, that confusion could not arise as both EMI and ENI were "long standing trademarks recognised by end users and were each leaders in their sector." (para. 74). The General Court rejected this, too, on the basis that the proposition had not been substantiated and, in any event, the proposition related to the parties' respective core business activities rather than to the goods and services at issue in the present case.

15. EU—General Court—Can a U.S.-style "Morehouse" defense succeed in CTM opposition proceedings?

In *Argo Group International Holdings Ltd v. OHIM, Arisa Assurances SA intervening*,[104] the General Court dealt with a number of co-existence arguments, including an attempt to bring a U.S.-style "Morehouse defense" to bear in a CTM opposition case. The defense failed.

The applicant, Argo, had applied to register the figurative mark ARIS, shown here, as a Community trademark for services in Class 36, including insurance services:

104. Argo Group International Holdings v. OHIM, Arisa Assurances SA intervning, Case T-247/12, [2014] ECR II-_____ (GC, May 20, 2014).

An opposition was filed by the intervener, Arisa Assurances, based on its rights in the CTM shown here, which was registered for insurance and reinsurance services in Class 36.

Argo, the applicant, had previously registered the word mark ARIS as a Community trademark. This was, of the three marks, the one with the earliest priority date.

The Board of Appeal concluded that the contested figurative ARIS mark was similar to the intervener's figurative ARISA ASSURANCES mark, and that there was a likelihood of confusion between them. This finding was contested by Argo, which submitted that the Board of Appeal had failed to take account of the ARISA ASSURANCES mark's co-existence on the register with (a) Argo's earlier ARIS word mark; and (b) a similar mark that Argo had registered in the United States. Asserting that the Board of Appeal did not properly assess the evidence submitted in that regard, the applicant asked the General Court to apply the principle of American law known as the "Morehouse defense," in accordance with which a person opposing the registration of a trademark cannot be considered harmed by that registration where a trademark that is identical or substantially similar to the mark applied for has already been registered in respect of identical or substantially similar goods or services by the person who has filed the trademark (para. 55).

The General Court first, as is commonplace, asserted the autonomy of the Community trademark regime against the attempt to impart the American law doctrine.

The Court went on to note, again in familiar terms, that although in certain cases "the co-existence of earlier marks on the market could reduce the likelihood of confusion," such a possibility could be taken into consideration only if it were "demonstrated that such co-existence was based upon the absence of any likelihood of confusion on the part of the relevant public between the earlier mark upon which the [applicant] relies and the [opponent's] earlier mark on which the opposition is based, and provided that the matters concerned and the marks at issue are identical."

This standard formulation of the rule on co-existence arguments is so narrowly drawn down as to kill even the most determined attempt to rely upon it, as was the case here. The General Court held the earlier ARIS word mark to be irrelevant, as it was different from the two marks in issue, both of which were figurative. As for the evidence of use of a similar mark registered in the United States, this was irrelevant since it "concerns only the sign applied for and does nothing to indicate the presence of that sign in the EU market . . . nor a fortiori, does it give any indication of how the relevant public has been exposed to the marks at issue on that market" (para. 58).

16. EU—General Court—Are "chemicals for pharmaceutical use" in Class 5 to be regarded as similar to "pharmaceutical preparations for the reduction of pain and fever"?

According to the General Court, "chemicals for pharmaceutical use" may in fact be regarded as identical to "pharmaceutical preparations for the reduction of pain and fever," since the latter may be regarded as a sub-category of the former.

The issue arose in *Boehringer Ingelheim Pharma GmbH & Co. KG v. OHIM, Nepentes Pharma sp. z o.o. intervening.*[105]

The case involved a wider dispute relating to a CTM application by the intervener for the mark MOMARID, covering "chemicals for pharmaceutical use," along with pharmaceutical and veterinary preparations and a host of individual product descriptions in Class 5. The opponent relied on its earlier mark LONARID, which was subject to the proof of use requirement. Use was proven in relation to "pharmaceutical preparations for the reduction of pain and fever."

Much of the debate before the General Court concerned the level of attention liable to be paid by the relevant public—which the General Court confirmed to be high or above average for pharmaceutical products, even for members of the general public buying products such as painkillers without prescription, or for members of the public buying dietetic products for medical use—and the degree of similarity to be attributed to pharmaceutical products that have, respectively, different therapeutic indications. So far as the goods in question were concerned, the General Court held that the evidently different therapeutic indications of the two types of pharmaceutical products rendered the levels of similarity between them of a low order—albeit noting that the assessment could be different from case to case.

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105. Boehringer Ingelheim Pharma GmbH & Co. KG v. OHIM, Nepentes Pharma sp. Z o.o. intervening, Case T-75/13, [2014] ECR II-_____ (GC, Dec. 2, 2014).

The findings above favored the CTM applicant, but the decision relating to "chemicals for pharmaceutical use" went the opponent's way. The General Court considered that the relevant public for such products was different from the relevant public for pharmaceuticals, since they were "aimed solely at pharmacists or laboratories, which use them for further processing into finished products." (para. 75). And it considered the two types of product to be dissimilar.

The General Court disagreed with both findings. It noted first that there was an overlap between the relevant public for each product type, since pharmaceuticals were sold to pharmacists as well as the general public. The Court went on to say, "furthermore, it must be pointed out that the expression 'chemicals for pharmaceutical use' is, as OHIM admits in its response, rather vague and may lead to different interpretations. That expression is therefore too imprecise to deduce from it, as the Board of Appeal did in the contested decision, first, that the goods thus designated are solely raw materials that are included in the composition of medicines and not finished goods and, secondly, that those goods are aimed only at pharmacists or laboratories and not at end consumers.

"It must therefore be held that the 'chemicals for pharmaceutical use' covered by the mark applied for may fall within the category of the pharmaceutical preparations. Furthermore, in as much as the pharmaceutical preparations for the reduction of pain and fever covered by the earlier mark are included in the broader category of 'chemicals for pharmaceutical use', those goods may be regarded as identical." (para. 77).

The General Court went on to annul the Board of Appeal decision in relation to this description of product.

17. EU—General Court—Should "research and development" services in Class 42 be considered similar, for trademark law purposes, to computer and communications products in Class 9?

The opposition case of *Galileo International Technology LLC v. OHIM, the European Commission and European Space Agency (ESA) intervening*,[106] concerns a CTM application made by the EU's executive body, the European Commission. The European Space Agency (ESA) subsequently took an ownership interest in the CTM application. The ESA is an intergovernmental organization that exists to, as the agency puts it "shape the development of Europe's space capability and ensure that

106. Galileo International Technology LLC v. OHIM, the European Commission and European Space Agency (ESA) intervening, Case T-450/11, [2014], ECR II-_____ (Sept. 11, 2014).

investment in space continues to deliver benefits to the citizens of Europe and the world."[107]

The application was for the figurative mark GALILEO shown below:

The application, as revised, covers "Research and development in the field of satellite radionavigation" in Class 42.

The opponent, Galileo International Technology LLC, is a subsidiary of Travelport Inc., which provides distribution, technology, payment, and other services for the global travel and tourism industry.

It based its opposition on two earlier CTM registrations for the word mark GALILEO in, among other classes, Class 9.

The opponent's CTM number 170167 covers, or covered, the following specification of goods in Class 9:

> —Class 9: Electrical and electronic apparatus and instruments; computers, word processers; data processing apparatus; electrical and optical data processing apparatus; apparatus and instruments, all for the retrieval, storage, input processing and display of data; semiconductor memory apparatus; micro processors; computing apparatus; keyboard apparatus for use with computers; printers for use with computers; computer programmes and computer software; punched (encoded) cards and punched (encoded) tapes, magnetic tapes and discs; disc drives; modems; electrical and electronic communication apparatus; computer communication apparatus; parts and fittings for all the aforesaid goods; all included in class 9.

(Some of the goods in question were the subject to an order for partial revocation order in 2011, which was under appeal at the time.)

The opponent's CTM number 2157501 covers the following specification of goods to Class 9.

> —Class 9: Computers, computer software, data processors, computer screens, computer printers, and parts therefor; computer software for use in the travel industry, network

107. http://www.esa.int/about_us/welcome_to_ESA.

> linking, travel and business expense accounting and reporting; computer programmes for use in connection with travel, transportation, travel and entertainment reservation and booking, car hire, data base access, interactive display, real time access for reservation and booking, marketing data, travel management, inventory management, market research for the travel industry, booking records, advertising, on-line information storage and retrieval, office and business management in the travel field, ticketing, hotel and accommodation reservation and description; computerised travel directories and maps; computer utility software and computer software for use by travel agencies for making transportation arrangements for customers, spreadsheets, accounting, word processing and business management applications; modems and telecommunication apparatus and instruments; computer software and programmes for business expense reporting.

The opposition was based on likelihood of confusion grounds under Article 8(1)(b) of the CTM Regulation. The opposition was dismissed by OHIM's Opposition Division, and an appeal failed. The opponent subsequently brought an action in the General Court for the annulment of the appeal decision, in which OHIM's First Board of Appeal had held the services covered by the contested application to be dissimilar to the goods and services covered by the earlier marks.

Before the General Court, battle lines were drawn chiefly between the opponent's Class 9 goods and the CTM applicant's Class 42 research and development services. According to the General Court, the opponent's complaint was that "the Board of Appeal did not take into account the fact that some of the relevant goods and services could be complementary, as well as the fact that they could be aimed at the same consumer and have the same purpose." (para. 44).

The Board of Appeal found (and it was not contested) that "the research and development in the field of satellite radionavigation covered by the mark applied for was aimed at a specialist public of undertakings engaged in research and development in the field of satellites and highly sophisticated localisation software and, thus, that those services were not aimed at the general public—even though the product resulting from that research could, in the long run, be used by the general public. . . ." (para. 42).

The main theme of the ruling was to explore the extent to which "research and development" might extend toward the production of goods. The General Court started with the proposition that, "although it may be accepted, as does OHIM, that successful research and development may lead to the production of prototypes or models and to the testing and analysis of such

working prototypes or models in the field concerned, that does not mean that the actual focus of research and development activities also includes the conception and manufacture of goods." (para. 47).

The General Court concluded by finding, "the Board of Appeal did not make any error of assessment in finding, in paragraph 27 of the contested decision, that the activity of research and development in the field of satellite radio navigation is not an industrial activity or a service aimed at the production of goods, but is focused on scientific innovation." (para. 55).

In its analysis of this issue, the General Court referred to the OECD's definition of "research and development," noting that it refers to increasing the stock of knowledge, and the use of this knowledge to devise new applications, but that it does not refer to the production or marketing of tools. The Court considered that "experimental development" would at most extend to the testing of prototypes, without the intention of marketing them.

The General Court also referred to a definition of "research and development" in an EU regulation that applies competition law (anti-trust rules) to certain categories of R&D agreement. This definition extends to experimental production and testing of products and processes, but the Court also noted that it specifically excludes from its scope of the industrial application of the new technologies so developed.

Further, having commented that many R&D projects are not focused on specific product development, and do not necessarily have the manufacture of products as one of their goals, the Court went on to refer to what the European Commission was doing, itself, with its GALILEO project: "the Court has indeed already held that the Commission's Galileo project is limited to the launching of a satellite radio navigation project as the European response to the American GPS and Russian Glonass systems, to providing financial support for the project's research, development and deployment phases, as well as to establishing the appropriate framework for the subsequent economic operational phase. In doing so, the Commission is not undertaking an economic activity since it is not offering goods or services on the market (see, to that effect, Case T-279/03 *Galileo International Technology and Others* v. *Commission* [2006] ECR II-1291, paras. 116 and 117)." (para. 54). The Court noted that opponent had not stated anywhere how the European Commission or the ESA, which both hold rights in the mark applied for, were engaged in the production or marketing of GPS-type devices, as the opponent had seemed to imply. (para. 52).

This discussion about the particular aspirations and activities of the European Commission and the ESA, the current owners of the contested trademark application, is an unusual feature of the case, and does not really assist in an objective understanding of

what "research and development in the field of satellite radionavigation" should be taken to mean. Moreover, the Court did not comment on the incongruity of its comments that the European Commission "is not undertaking an economic activity" and "is not offering goods or services on the market" in the context of a trademark application.

In any event, what the Court has upheld is a finding that "research and development in the field of satellite radionavigation" is not an industrial activity; is not a service aimed at the product of goods; and is a service focused on scientific innovation. Although every case will be decided on its facts, the impact of this may be, as a general matter, to make it unexpectedly hard to persuade the EU trademark authorities of the nexus between a Class 42 R&D service, on the one hand, and goods (whether in Class 9 or elsewhere) that are connected with the relevant field of activity, on the other—unless some specific language is chosen, for inclusion in the trademark specification, to describe any near-market product development activity intended.

The Court commented, rather oddly, that "as the ESA correctly states, the purpose of research and development services in the field of satellite radionavigation is not to develop or improve a computer, a piece of software or an electronic apparatus as such but to accumulate knowledge on the basis of which independent undertakings could perform their own research and development in order to develop devices that allow a person's exact position to be determined and to develop associated services that make use of such positioning capabilities." (para. 69). It is not clear why the Court considered that the services as specified in the contested CTM application did not themselves include the latter kind of research and development—i.e., R&D that would develop location-finding devices. The rather limited interpretation given to the wording used in the specification might result from the Court's knowledge of what the Commission and the ESA were actually doing (and not doing) themselves in the Galileo project, or it might perhaps derive from the wording "in the field of satellite radionavigation," if that language were taken to indicate a rather abstract, scientific endeavor rather than a more focused product development activity. This again suggests that some particular care should be taken over the wording of the specifications for R&D services.

Even then, the GALILEO case indicates that it will be hard to bridge the gap, in a trademark opposition case, between R&D services in a particular field, and goods in the same field. The General Court withstood arguments by the opponent, in the present case, that Class 42 research and development services should be considered complementary (and, thus, similar) to the opponent's Class 9 goods such as "electrical and electronic

apparatus and instruments, computers, computer software and electronic communication apparatus."

The General Court noted that "complementary goods and services are those which are closely connected 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 same undertaking is responsible for manufacturing those goods or for providing those services. By definition, goods or services intended for different publics cannot be complementary." (para. 56). The General Court went on to say:

> 65 . . . it is necessary to uphold the Board of Appeal's finding in paragraphs 26 and 27 of the contested decision that, whereas the services covered by the mark applied for are aimed at a specialist public in the field of research and development of satellite radio navigation, the goods in Class 9 covered by earlier Community word mark No. 170167, which are electrical and electronic apparatus and instruments, computers and electronic communication apparatus are aimed at the general public.
>
> 66 . . . Admittedly, such goods may also be aimed at and used by a specialist public, but for different purposes. The goods in Class 9 may be used or be necessary for research purposes, but they do not constitute the actual purpose of that research. Furthermore, a specialist public knows that undertakings and institutions engaged in research and development do not themselves manufacture any end products.

(paras. 65, 66).

The Court added that the notion of complementarity requires that the one product/service should be indispensable for the use of the other product/service, and that logically this could not be the case as between a product, and a research and development service relating to that kind of product. (That is, you don't need to do R&D to develop a product that already exists.)

The General Court's ruling applied to both computer products and to communications/ telecommunications products, but the General Court added some particular comments relating to computer products, reflecting a special caution in this regard: ". . . it has already been held that to acknowledge similarity in all cases in which the earlier right covers computers and where the services covered by the mark applied for may use computers clearly exceeds the scope of the protection granted by the legislature to the proprietor of a trademark (see, to that effect, Case T-336/03 *Éditions Albert René* v. *OHIM—Orange (MOBILIX)* [2005] ECR II-4667, paragraph 69)." (para. 67).

The case overall is rather unsatisfactory in the sense that it draws into the discussion particular known facts about the

European Commissions and ESA's aspirations in the GALILEO project. However, it is significant for the way it positions Class 9 technology products and Class 42 research and development services away from each other. Technology companies quite frequently cover Class 42 as well as Class 9 for their new product lines and, in light of this decision, may usefully think carefully about the role that Class 42 plays.

18. EU—General Court—Can a Class 39 "distribution" service be considered similar to a Class 35 retail service?

Basic AG Lebensmittelhandel v. OHIM, Repsol YPF, SA intervening,[108] is an opposition case involving a conflict between two trademarks that each comprise a figurative presentation of the word "BASIC." The applicant, Basic AG, sought registration of its mark as a CTM in Classes 35 and 39.

In Class 35, the applicant's services included "retail and wholesale services in relation to . . . foodstuffs . . . fresh fruits and vegetables . . . alcoholic and non-alcoholic beverages and syrups, effervescent tablets and other preparations for making beverages; mail order (except transport) or internet retail services, all in relation to beverages and foodstuffs." In Class 39, the opponent's services included "distribution of staple foodstuffs, pastry and confectionery, ices, prepared meals . . . ."

OHIM's First Board of Appeal held the description of Class 35 wholesale and retail services given above to be similar to the description of Class 39 distribution services. The CTM applicant contested this, and took the case to the General Court.

The parties agreed that, in the case of services of this kind, one needs to compare both the nature of the services and the nature of the goods with which they are concerned. In the latter respect, the goods were held to be either identical or similar. But what of the respective services?

It was common ground that the Class 39 services were addressed to a professional public. The case does not discuss who should be considered the relevant public as regards the Class 35 wholesale services, but does deal with the issue in relation to retail services. The CTM applicant argued that retail services are addressed solely to the end user. The General Court, surprisingly, disagreed, holding "although it is true that such services are directed at the end consumer, it is also true that they are additionally directed at the manufacturer of the product and at any business intermediaries operating upstream of the final retail sale, as services enabling those economic operators to carry out the

108. Basic AG Lebensmittelhandel v. OHIM, Repsol YPF, SA intervening, Case T-372/11, [2014] ECR II-_____ (June 26, 2014).

final marketing of the product" (para. 29). The Court therefore decided that both retail and distribution services were addressed to the same, professional, public.

As to the assessment of similarity between the two sets of services, the General Court brushed aside arguments by the CTM applicant based on the wording of Class 39 of the Nice Classification ("Transport; packaging and storage of goods; travel arrangements") and its Explanatory Note. The classification, it held, is to serve purely administrative purposes and "cannot determine, in itself, the nature and characteristics of the services at issue in the present case" (para. 43). The Court did not seem prepared to concede that the opponent's decision to apply for its "distribution" service within the confines of Class 39 should limit the understood meaning of the term "distribution" and pull it away from Class 35.

Dealing with the question of similarity between distribution services and wholesale services, the Court noted that both types of services "enable a product to be marketed and have an intermediate function between the production and final consumption of a product. Those two categories of services contribute to the attainment of the same ultimate objective which is the sale to the end consumer . . . . [T]he Court further notes the close link between those two categories of services since a wholesaler may use distribution services and a distributor may also use wholesale services. Moreover, a wholesaler may offer distribution services, just as wholesale may form part of the services offered by a distributor." (para. 47).

Taking things a step further, the General Court also upheld the view that retail services are similar to distribution services. The Court upheld the Board of Appeal's approach of looking at the services from the position of the manufacturer and held, "retail and distribution services are complementary. Suppliers of retail services are generally dependent on the services of distributors to carry out their activities, in particular insofar as distributors dispatch goods to their sales outlets. Moreover, since distribution and retail activities pursue the same objective and occur at a relatively advanced stage of the marketing process, it is possible that the relevant public will think that those services are carried out by the same undertaking." (para. 56.)

The concept of a "retail service" as something identifiable per se, and for which a brand may be protected by means of the trademark registration system, is relatively new to EU law and practice, and is based on the notion of the bringing together of the goods in a manner convenient to the consumer. The notion that retail services should be lumped together with distribution services as being complementary to each other, and both be eyed

from the perspective of the manufacturer, is quite a striking conclusion.

19. Germany—German Federal Supreme Court—Similarities of goods—Are the products "copying paper" on the one hand and "print media, namely printed matter, newspapers, magazines and books" on the other hand similar to each other?

The Bundesgerichtshof (German Federal Supreme Court) had to deal with the appeal by trademark owner, Stora Enso Oyj, Finland (one of the world's largest paper manufacturers) against a decision of the German Federal Patent Court holding that there was no likelihood of confusion between the trademark (as shown below):

registered for print media and the trademark ZOOM for copying paper, since the consumer would not expect that the conflicting products would have been produced and distributed by the same company or by companies economically related to each other.

The German Federal Supreme Court confirmed[109] the position taken by the German Federal Patent Court for the following reason. In line with leading cases, the likelihood of confusion must be decided by evaluating all circumstances of a particular case whereby there is an interrelationship among various factors: the identity or similarity of the marks, the identity or similarity of the goods or services, the degree of distinctiveness of the trademarks, and the strength of distinctiveness of the older mark. In this connection it is accepted that a lower degree of similarity between goods and services may be offset by a higher degree of similarity of the marks or by an increased distinctiveness of the older trademark, and vice versa. Where, however, there is absolutely no similarity between the goods or services even identity of the trademarks and an increased distinctiveness of the older trademark will not be sufficient to overcome this gap.[110]

The German Federal Supreme Court held, against this background, that the Patent Court had correctly concluded that the conflicting goods were absolutely not similar or identical. It

109. Case No. I ZB 77/13, GRUR 176 (2015) (German Federal Patent Court, July 3, 2014).

110. Case No. I ZB 63/12, GRUR 488 (2014) (German Federal Supreme Court, Nov. 6, 2013) (DESPERADOS / DESPERADO).

had properly applied the rule that a finding of similarity between the parties' respective goods follows only where, on consideration of all relevant factors (including the nature, origin, regular distribution channels, and the intended use of the goods, as well as whether they compete with or are complementary to each other), the respective goods are so close that relevant consumers would come to conclude that these products originate in the same company or economically related companies.

In the opinion of the Supreme Court, the appellant was correct to point out that the intended use of the goods is relevant.[111] This may indicate that the two types of goods have a complementary nature because the trademark owner would, to the extent possible, want to use its know-how and goodwill in one area to be used in another area. In the given case, however, as the German Federal Patent Court ruled and as the Supreme Court confirmed, there was no such functional relationship. The intended use of "copying paper" was, when compared with "paper" in general, limited, and there was no evidence that producers of print media (in particular newspapers, magazines or books) would regularly use copying paper.

Additionally, the appellant's claim that copying paper could be used to duplicate print media such as newspapers, magazines, or books was of no avail, as it is consumers who may use copying paper to copy (and duplicate) newspapers, not the producers of print media.

Contrary to the appellant's argument, the fact that copying paper and print media, such as newspapers or magazines, may often be sold in the same stores would not help since it is hard to believe that the consumer would regard the possibility of buying these products in the same store as an indication that the manufacturer of these products is the same. Following this reasoning, the fact that the two products share the same distribution channels has been of minor significance in leading cases.[112]

20. EU—General Court—Is the use of a sign as a domain name and a product name sufficient to show "use in the course of trade of more than mere local significance" for the purposes of Article 8(4)?

The case of *Out of the blue KG v. OHIM*[113] considers the interpretation of "use in the course of trade of more than mere

111. Case No. I ZR 172/01, GRUR 594 (2004) (German Federal Supreme Court, Feb. 19, 2004) (FERRARI PFERD).

112. Case No. I ZB 63/12, GRUR 488 (2014) (German Federal Supreme Court, Nov. 6, 2013) (DESPERADOS/DESPERADO).

113. Out of the blue KG v. OHIM and Frédéric Dubois, Case T-344/13, [2014] ECR II-_____ (GC, Nov. 19, 2014).

local significance" laid down in Article 8(4) of the CTM Regulation.

Out of the blue KG had opposed a Community trademark application for FUNNY BANDS in Classes 14, 17, and 35 on the basis of its alleged earlier rights in the German nonregistered trade name FUNNY BANDS and the Internet domain name www.funnybands.com, in relation to the provision of rubber bracelets that the applicant argued were, in essence, the same goods and services as those covered by the trademark application. The opposition was dismissed and the opponent's appeal was dismissed by OHIM's Second Board of Appeal. The opponent took the matter to the General Court, arguing that OHIM had incorrectly interpreted the requirement of "use in the course of trade of more than mere local significance" inasmuch as it held that the evidence provided by the opponent did not meet the requisite legal standard.

The General Court dismissed the action. It reinforced the interpretation of Article 8(4) as requiring not just the mere fact of the presence or creation of an earlier right, but as requiring evidence relating to the economic dimension of the use. It conducted its own analysis of the evidence submitted, including screen shots of the website www.funny-bands.com and 11 invoices, and held that OHIM had not erred in finding that the evidence was insufficient.

In respect of the website, the Court held that, although it was apparent that the site was intended for the marketing of goods under the name FUNNY BANDS, "it is not possible to deduce the existence of actual business activities, and even less activities which have a certain economic dimension, from the mere presence of an Internet site. The existence of a website that is established by the submission of screen shots does not establish the intensity of the alleged commercial use of the rights relied on, which may be shown by, inter alia, a certain number of visits to the site, the emails received via the site or the volume of business generated" (para. 29).

In respect of the invoices, although they referred to a product called "silicone bracelet 'Funny Bands'" they did not refer to the website www.funny-bands.com or to the trade name FUNNY BANDS, but referred instead to the opponent's company name and its website at www.ootb.de. This was held to be insufficient to satisfy the requirement of use in trade of more than mere local significance in relation to a trade name for the purposes of paragraph 5(2) of the Markengesetz (German Law on Trademarks).

The opponent was unable to rely on its use of the product name FUNNY BANDS because the Board of Appeal had found its appeal based on that earlier right inadmissible on the grounds

that it had not been relied upon in the initial opposition. Rather, it was only raised in the opponent's substantiation of its rights, after the expiry of the opposition period. The Court rejected the opponent's submission that the use of FUNNY BANDS for the goods concerned showed that it had been using the sign in the German market as an Internet Domain name and an identifier of its business because, in the absence of any reference to the website or trade name, "the mere fact that the applicant markets a product under the name FUNNY BANDS does not establish the intensity of the rights relied on and does not therefore in any way prove 'use of more than mere local significance' in relation to those rights" (para. 34).

The Court therefore held that the Board of Appeal did not err in finding that the evidence provided by the opponent was insufficient to prove use in trade of more than local significance and dismissed the appeal in its entirety.

21. EU—CJEU—Opposition—Does Article 8(4) of the CTM Regulation require that, in order to successfully oppose a trademark application, the older (unregistered) trade name under national law extends to the entire national territory of an EU Member State?

Peek & Cloppenburg (Duesseldorf) ("PCD") and Peek & Cloppenburg (Hamburg) ("PCH") are two legally independent and unrelated fashion department stores with the same historical roots. Under the terms of an agreement between the parties, PCD may run retail stores only in the west, middle, and south of Germany, whereas PCH is limited to the north and east.

Late in 2000, PCD filed an application for two Community trademarks "Peek & Cloppenburg" in Classes 25 and 35, respectively. PCH, in turn, filed an opposition based on the (unregistered) trade name "Peek & Cloppenburg" used by PCH for the production and distribution of Class 25 products.

PCH prevailed not only in the opposition proceedings before OHIM but also in General Court.

In its appeal to the CJEU, PCD claimed that the General Court had erroneously applied Article 8(4) of the CTM Regulation because this opposition ground should apply only where the protection afforded to the older right extended, under the provisions of national law, to the entire national territory. This requirement followed, from the perspective of PCD, from the interpretation of the first sentence in Article 8(4) (Relative grounds for refusal), which reads " . . . that the trademark applied for shall not be registered where and to the extent . . . the (older) sign confers on its proprietor the right to prohibit the use of the (younger) trademark." PCD submitted that its view was also supported by the requirement in Article 8(4) that the older sign

must be "of more than mere local significance." PCD's action was unsuccessful.[114]

The Court held that Article 8(4) of the CTM Regulation, the Court held that it needed to be examined, in line with applicable national laws, to determine the extent to which a protected trade name conferred the right to prohibit the use of the younger trademark. The Court considered that, in addition to the applicable provisions, particular attention needs to be given to national leading cases. It is upon this basis that the opposing party must prove that the earlier designation is covered by the national law allowing it to prohibit the use of the younger designation.

Against this background, the CJEU held that OHIM had correctly concluded that PCH had proved that the trade name "Peek & Cloppenburg" conferred the right to prohibit use of the younger trademark "Peek & Cloppenburg" in accordance with Sections 5, 6, and 15 of the German Trademark Act.

In accordance with Section 5(1) of the German Trademark Act, "company symbols . . . shall enjoy protection as commercial designations." And Section 5(2) continues: "Company symbols are signs used in the course of trade as a name, company name or special designation of a business operation." Section 6 governs priority and seniority between commercial designations and trademarks. According to Section 15, which acknowledges the exclusive right to a commercial designation, "third parties shall be prohibited from using the commercial designation or a similar sign in the course of trade without authorization in a manner liable to cause confusion with the protected designation."

Contrary to PCD's position, the CJEU ruled that, Article 8(4) of the CTM Regulation cannot be interpreted as requiring that the right of prohibition must extend to the entire German national territory in order to prevent registration of the (younger) Community trademark. In the opinion of the Court, it followed from the wording and the structure of Article 8(4) that the owner of the older designation may only successfully prevent registration of the younger Community trademark if the use of older designation is "of more than mere local significance." This requirement had, without question, been met by PCH.

In the CJEU case *Anheuser-Busch v. Budejovicky Budvar*,[115] it had been held that, in the application of the Article 8(4) opposition ground, "the sign relied upon in opposition must actually be used *in a sufficiently significant manner* in the course of trade and its geographic extent must not be merely local . . ." (emphasis added).

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114. Peek & Cloppenburg KG v. OHIM, Joined Cases C-325/13 P and C-326/13 P, [2014] ECR I-_____ (CJEU, July 10, 2014).

115. Anheuser-Busch Inc. v. Budějovický Budvar, národní podnik, Case C-96/09 P, [2011] I-2131 (CJEU, Mar. 29, 2011).

The Court in *Peek & Cloppenberg* held the "sufficiently significant" test to be an independent requirement, to ensure that the mark relied upon is actually really present in the relevant market. On the other hand, with regard to geographical reach, the requirement is no more than that the older sign must be "of more than mere local significance."

There is no suggestion in the wording of Article 8(4) that stricter requirements should apply where (as here) two identical designations are protected in the territory of one and the same Member State. To require that the right granted under national law to prohibit the use of a younger trademark needs to extend to the entire national territory would be tantamount to enabling the owner of the older designation to prohibit the registration of a Community trademark by any third party, without taking into consideration if the relevant designation is actually and really present on the relevant market.

In addition, as the CJEU pointed out, in view of the fact that the Community trademark system is an autonomous system, it would also be necessary to ensure that the interpretation of Article 8(4) of the CTM Regulation must not be dependent on national considerations and, in particular, on the ways and means in which the Member States of the European Union have converted into national laws provisions of the TM Directive.

22. EU—CJEU—Similarity of marks—What is the threshold of similarity for Article 8(5) to apply?

In *Intra-Presse SAS v. OHIM, Golden Balls Ltd* (a case that was noted last year in respect of the EU General Court's decision), the CJEU was required to determine whether the General Court had correctly assessed[116] the degree of similarity required between trademarks for the purposes of applying Article 8(5) of the CTM Regulation.

The General Court had held that the applicant's application for GOLDEN BALLS was different from the earlier CTM registration for BALLON D'OR in both visual and phonetic terms. The General Court held that 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. It held that there were clear differences between the marks, such as 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

116. Golden Balls Ltd v. OHIM, Intra-Presse intervening, Case T-448/11, [2013] ECR II-_____ (GC, Sept. 16, 2013) (GOLDEN BALLS).

the word "gold" has a different linguistic origin from the French word "or." This meant that, overall, the marks had "no visual or phonetic similarity . . . and, at most, a weak conceptual similarity, requiring prior translation" (para. 51).

The General Court therefore held that there was no likelihood of confusion between the marks for the purposes of Article 8(1)(b). In relation to Article 8(5), the General Court simply referred to its assessment of similarity under Article 8(1)(b) to support the finding that "the signs at issue lack the similarity required for the purposes of applying Article 8(5)" (para. 72 of the General Court judgment).

The CJEU confirmed the General Court's analysis of Article 8(1)(b). The General Court's had not, as the appellant alleged, reduced the relevant public to the average francophone consumer, ignoring the average anglophone consumer. In relation to the General Court's assessment of conceptual similarity, the CJEU confirmed that this was not something it was entitled to review since it was a question of fact. Finally, in relation to Article 8(1), the CJEU held that the General Court, in finding that the distinctiveness of BALLON D'OR would not affect the overall assessment of the likelihood of confusion, had correctly considered the impact of the distinctiveness of BALLON D'OR as it was required to do.

However, the CJEU disagreed with the General Court's findings on the reputation-based grounds of the opposition and upheld the appeal in that regard. The CJEU confirmed that case law consistently demonstrated that Article 8(5) required a lesser degree of similarity than Article 8(1)(b). For the purposes of Article 8(5), "if there is some similarity, even faint, between the marks at issue . . . the General Court must carry out an overall assessment to ascertain whether, notwithstanding the low degree of similarity between them, there is, on account of the presence of other relevant factors such as the reputation or recognition enjoyed by the earlier mark, a likelihood of confusion or a link made between those marks by the relevant public" (para. 73). Since the General Court had found a low degree of conceptual similarity between the marks, it had not "ruled out all possibility that the marks at issue were similar" (para. 75).

The General Court was therefore wrong to rule out the possible application of Article 8(5) without first ascertaining whether that low degree of similarity was sufficient, on account of the reputation or recognition enjoyed by the earlier mark, for the relevant public to make a link between the marks. Its judgment on that ground was therefore set aside.

23. EU—General Court—What is the (very) lowest level of similarity required to get an Article 8(5) claim off the ground?

The General Court decision in *The Coca-Cola Company v. OHIM*,[117] reinforces the point made in GOLDEN BALLS (see Part IV.C.22) concerning the need reappraise similarity as one moves from an Article 8(1)(b) likelihood of confusion case to an Article 8(5) dilution or "unfair advantage" case. It stands in stark contrast to the WESER GOLD case (see Part IV.C.13) in its outcome, in that the General Court's round-up of overall similarity played in favor of the opponent despite striking dissimilarities between the marks. The approach taken by the Court reinforces how important Article 8(5) may be as a flexible tool for established brand owners.

The applicant, Mitico, had applied to register the trademark shown immediately below as a CTM in a number of classes, including in Class 32 for a range of soft drinks, among which were colas.

The application was opposed by The Coca-Cola Company on the basis, primarily, of these four marks:

Trade mark No 8 792 475	Trade mark No 3 021 086	Trade mark No 2 117 828	Trade mark No 2 107 118

117. The Coca-Cola Company v. OHIM, Modern Industrial & Trading Investment Co. Ltd (Mitico) intervening, Case T-480/12, [2014] ECR II-_____ (Dec. 11, 2014).

Coca-Cola's opposition was based on likelihood of confusion under Article 8(1)(b) and unfair advantage under Article 8(5) of the CTM Regulation. The opposition failed, and was taken to appeal. OHIM's Second Board of Appeal dismissed the appeal under Article 8(1)(b) on grounds, inter alia, that the marks were not at all similar. The Board of Appeal went on to dismiss Coca-Cola's appeal case under Article 8(5) on the basis of the findings it had made as to lack of similarity in the course of its Article 8(1)(b) analysis.

Coca-Cola then brought the matter to the General Court, solely in relation to its claim under Article 8(5). That is to say, it no longer pursued the claim that the respective marks were *confusingly* similar. The claim under Article 8(5) was that the use of the mark applied for would take unfair advantage of the famous Coca-Cola script marks (shown above). Coca-Cola argued that the Board of Appeal had wrongly conflated the assessment of similarity under Article 8(1)(b) with the assessment, under Article 8(5), as to whether or not a link would be made between the respective marks.

The General Court noted that the existence of a similarity between the marks is a precondition to the application of Article 8(5). It went on to say, based on case law, that "the types of injury referred to in Article 8(5) of the CTM Regulation are the consequence of a certain degree of similarity between the earlier mark and the mark applied for, by virtue of which the relevant section of the public makes a connection between those marks, that is to say, establishes a link between them even though it does not necessarily confuse them. The existence of a link between the mark applied for and the earlier mark with a reputation, which must be assessed globally, account being taken of all factors relevant to the circumstances of the case, is therefore an essential precondition for the application of that provision." (para. 26).

The Court pointed out that, whether one were assessing similarity for the purposes of Article 8(1)(b) or Article 8(5), one was looking for the existence of elements of visual, aural, or conceptual similarity. There was nothing to suggest that the assessment should be carried out in a different way, depending on which provision one was applying.

However, the two provisions differ in terms of the degree of similarity required: under Article 8(5) there is no requirement to establish similarity of a degree that is liable to lead to confusion, and "the types of injury referred to in Article 8(5) may be the consequence of a lesser degree of similarity between the earlier and later marks, provided that it is sufficient for the relevant section of the public to make a connection between those marks, that is to say, to establish a link between them." (para. 32).

But there must be some similarity to get an Article 8(5) case off the ground: "It can be clearly seen from the case law of the Court of Justice that the identical nature of the marks at issue or their similarity—however faint—is a precondition for the application of Article 8(5) of the CTM Regulation and not merely a factor to be taken into consideration when assessing whether there is a link between those marks for the purposes of that provision." (para. 34).

If the marks at issue were "not similar, but different" then, the Court noted, no further analysis would be required and the Article 8(5) case should fail. The question was, therefore, whether, in the Article 8(5) context, the marks should be considered "not similar" (as the Board of Appeal had held), or to have the (minimal) degree of similarity required.

It was not disputed that the marks were both aurally dissimilar and conceptually dissimilar. The case therefore focused, initially, on the question of visual similarity.

The General Court noted that there was no textual overlap between the marks, and that there were additional "clear visual differences" between the marks—including the number of words of which each was composed and, to some extent, the form of the figurative elements. On the other hand, each of the marks had a "signature flourish"—the tail flowing from their respective first letters.

Having noted that case law routinely regards the verbal elements as being more distinctive than the figurative elements of a trademark, the Court noted that there are exceptions, and felt that this was one of them because the product in question was of the kind typically purchased by people moving quickly through a supermarket, "letting themselves by guided more by the overall visual impression produced by the labels or packaging. In those circumstances, for the purposes of assessing whether there is a likelihood of confusion or a link between the signs in question, the result of the analysis of the visual similarity between those signs becomes of greater importance than the result of the analysis of their aural and conceptual similarities. Moreover, in that assessment, the figurative elements of a mark are deemed to play a more important role than its word elements from the relevant consumer's point of view" (para. 50).

With this in mind, the Court reached the decision that, for purposes of determining whether or not there was (and, if so, to what degree) visual similarity between the marks, the presence of the "tail" in both marks was at least as important as the fact that the verbal elements were completely different. There was, however, more to the similarity than just the "tail," in that both marks used the so-called "Spensarian" script—a font not commonly used in contemporary business life. The General Court concluded

that, on a "global assessment" of the visual similarities and the visual differences, there was a low degree of visual similarity between them because "differences in their details are partly offset by their overall similarities." (para. 65).

The Court then set itself the task of conducting a further "global assessment" of similarity; this time an overall assessment that would determine "whether the aural and conceptual differences between [the respective marks]—which are not disputed by Coca-Cola—are of such a kind as to preclude any similarity between the signs at issue, or whether those differences are instead cancelled out by the low degree of visual similarity between the signs." (para. 66).

For this purpose, the Court applied a weighting exercise, again using the nature and characteristics of the market to determine the relative importance of visual, aural, and phonetic factors. Since the products were of the kind selected by the consumers themselves in a self-service environment like a supermarket, the elements of visual similarity and dissimilarity should be regarded as more important than the aural and conceptual aspects. And, in conclusion, the Court found that "despite the elements of visual dissimilarity, their aural and conceptual differences are cancelled out by the elements of overall visual similarity."

The Court then considered whether, in the circumstances of the case, the similarity could lead to the public making a "link" between the respective marks—and concluded that "given the degree of similarity, however faint, between [the respective] marks, there is a risk that the relevant public might establish such a link. Although the signs at issue are only slightly similar, it is not altogether inconceivable that the relevant public could make a link between them and . . . be led to transfer the image and the values of the earlier marks to the goods bearing the mark applied for." (para. 74).

A second part of the decision explained whether, in a consideration of Coca-Cola's case on "unfair advantage," the Board of Appeal should take into account certain evidence that Coca-Cola produced of how the CTM applicant, Mitico, used the contested mark in practice. The evidence in question included the website screen shots shown below, which give a good indication of the level of underlying concern likely to have been experienced by Coca-Cola:

The General Court noted that, in a case relating to allegations that the applicant's mark was intended to "free ride" on the back of the earlier mark's reputation, the "case law . . . in no way limits to the mark applied for the relevant evidence to be taken into consideration for the purposes of establishing a risk of free-riding (the risk that unfair advantage will be taken of the distinctive character or the repute of the earlier trademarks), but allows account also to be taken of any evidence intended to facilitate [the] analysis of the probabilities as regards the intentions of the proprietor of the trademark applied for, and—a fortiori—any evidence relating to the actual commercial use of the mark applied for." (para. 88).

24. EU—General Court—What is required to establish an Article 8(5) unfair advantage claim where the respective marks address different specialist markets?

The General Court case *EI du Pont de Nemours and Company v. OHIM, Enrique Zueco Ruiz intervening*,[118] illustrates the limitations of Article 8(5) of the CTM Regulation as an opposition ground.

The intervener, Mr. Enrique Zueco Ruiz, had applied to register as a CTM the mark shown here:

The application was made in respect of the following goods and services in Classes 9, 12, and 37:

118. EI du Pont de Nemours and Company v. OHIM, Enrique Zueco Ruiz intervening, Case T-288/12, [2014] ECR II-_____ (GC, Apr. 9, 2014).

- Class 9: "Apparatus and instruments for producing, conducting, switching, transforming, accumulating, regulating or controlling electricity, used for renewable energies, and parts and fittings included therein";
- Class 12: "Vehicles and apparatus for locomotion, electric vehicles and apparatus for locomotion, parts and fittings included in this class";
- Class 37: "Installation, assembly and maintenance of motor vehicles and electric vehicles, and apparatus and instruments for producing, conducting and switching electricity in motor vehicles."

The application was opposed by EI du Pont de Nemours ("du Pont"), which held earlier rights in the word mark ZYTEL, including a CTM dating from 1998, in respect of goods in Classes 1 and 17 as follows:

- Class 1: "Synthetic resin plastics in the form of powders and granules";
- Class 17: "Plastics in extruded form for use in the manufacture of artificial and synthetic resins, nylon resins and glass fibre reinforced nylon resins."

A claim under Article 8(1)(b) failed on the grounds that the respective goods and services were not similar. The attention therefore turned to the claim under Article 8(5), namely, that the use of the figurative ZYTEL mark applied for in respect of the claimed goods and services in Classes 9, 12, and 37 would take unfair advantage of the distinctive character or reputation of du Pont's ZYTEL mark.

In respect of Article 8(5), du Pont claimed the enhanced protection that is available to an EU trademark with an established reputation, but had failed to convince OHIM's Second Board of Appeal that there was any real risk, in the circumstances of the case, that the use of the applicant's ZYTEL mark would take advantage of that reputation. The General Court took the same view.

The General Court noted that an opponent in du Pont's position is not required to show that there is any "actual or present" taking of advantage of its trademark's established reputation. However, the opponent "must adduce prima facie evidence of a future risk, which is not hypothetical, of unfair advantage or detriment (see *VIPS*, para. 46 and the case law cited). Such a conclusion may be established, in particular, on the basis of logical deductions made from an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case (judgment of 25 March 2009 in Case T21/07 *L'Oreal v.*

OHIM—Spa Monopole (SPALINE), not published in the ECR, para. 38)." (para. 59).

The issue confronting du Pont was in persuading the OHIM, or the Court, that there was a sufficiently close nexus between its own goods (and those in the market for them) and the goods and services claimed in the trademark application (and those in the market for them). It is not necessary in a case like this for there to be similarity in the respective goods/services, but to create the foundation for an Article 8(5) claim there does have to be at least an overlap in the public being addressed by the two brands, and some proper reason for thinking that the public likely to be addressed by reference to the junior trademark would call the established senior trademark to mind when they are so addressed.

Referring to *Intel Corporation v. CPM United Kingdom Ltd*,[119] the Court noted that "[i]t is conceivable that the relevant public as regards the goods or services for which the earlier mark was registered is completely distinct from the relevant public as regards the goods or services for which the later mark was registered and that the earlier mark, although it has a reputation, is not known to the public targeted by the later mark. In such a case, the public targeted by each of the two marks may never be confronted with the other mark, so that it will not establish any link between those marks. Furthermore, even if the relevant public as regards the goods or services for which the marks at issue are registered is the same or overlaps to some extent, those goods or services may be so dissimilar that the later mark is unlikely to bring the earlier mark to the mind of the relevant public. Accordingly, the nature of the goods or services for which the marks at issue are registered must be taken into consideration for the purposes of assessing whether there is a link between those marks."

In the present case, the Court noted that du Pont's ZYTEL products were raw materials aimed at a specialist market composed of molders and converters. The applicant's ZYTEL products and services, on the other hand, would be aimed at a different public, comprising both the general public and specialist buyers in the field of renewable energies or in the automotive sector.

For the Board of Appeal and, ultimately, the General Court, it was insufficient for the opponent to demonstrate merely that its ZYTEL brand name enjoyed a leading position and an outstanding recognition in the automotive and electric industries. The General Court noted that the general public, for its part, would have no

119. Intel Corporation Inc. v. CPM United Kingdom Ltd, Case C-252/07, [2008] ECR I-8823 (CJEU, May 29, 2007).

interest in the raw materials supplied by the opponent under its established ZYTEL brand and that, whereas the specialist market also likely to be targeted by the applicant's trademark might interact with the molders and converters targeted by the du Pont product, this point of connection between them was overridden by other factors—i.e., that the two types of product would have different distribution channels; that the goods/services at issue were very different in description; and that the specialist buyers of each product type, respectively, would pay a high degree of attention to their purchase decision.

Overall, the General Court concluded, it is unlikely not only that the public targeted by either one of the two marks would ever be confronted with the other mark, but also that a link would be established between the goods and services covered by the mark applied for and the goods covered by the earlier mark. Therefore, it was difficult to conceive that the mark applied for might take unfair advantage of any reputation of the earlier mark (para. 75).

The case shows the potential difficulty of establishing an Article 8(5) case in relation to specialist goods, even where the earlier mark has a high degree of inherent distinctiveness and a strong reputation, where there is a considerable gulf between the products at issue and the specialist markets that they address. A convincing explanation of how the reputation of the earlier mark could realistically influence buyer behavior in the market addressed by the junior mark will be required.

V. BAD FAITH

A. Introductory Comments

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

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

The situation is more complicated when a trademark is 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 chose 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).

Three cases are noted in this Section. The first concerns an action to cancel a CTM. The other two, from Austria and Ireland, respectively, relate to challenges to national registrations under national laws of the general kind referred to in Article 3(2)(d) of the TM Directive.

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—General Court—Can it be bad faith to apply to register a trademark belonging to another company that has fallen into disuse but retains a market recognition and has been maintained on the register?

In *Simca Europe Ltd v. OHIM, GIE PSA Peugeot Citroën intervening*,[120] the General Court dealt with an invalidation claim based on allegations that the resurrection of an old automobile mark by a would-be new market entrant constituted bad faith.

The appellant in the case was the assignee of the contested registration, SIMCA, registered as a Community trademark in Class 12 for "Vehicles; apparatus for locomotion by land, air or water" following an application made on December 5, 2007. The applicant and former owner of the mark was Mr. Joachin Wöhler, and it was Mr. Wöhler's actions and intentions that were under scrutiny, even though he was not party to the action.

The intervener, Peugeot Citroën, is one of Europe's leading car companies. SIMCA is one of its stable of brands, a vehicle name that had been introduced in France in 1934 and remained in extensive use in Europe and elsewhere until the end of the 1970s. Although the mark had been unused since then, Peugeot Citroën had maintained registrations of SIMCA marks in the EU though regular renewal, including a French national and an international registration for figurative SIMCA marks that were live and uncontested at the time of Mr. Wöhler's application. The mark continued to enjoy a wide, if diminishing, recognition and reputation despite the lengthening period of disuse.

Mr. Wöhler had worked for Peugeot Citroën for about 18 months as what the General Court describes as an "independent entrepreneur in the software field." He was aware of the history of the SIMCA mark. Even before he filed his application for the contested mark, he was in contact with an Indian company regarding a motor vehicle development project. He indicated that he was searching for a mark that "was no longer used or which had not been registered."

Peugeot Citroën commenced invalidity proceedings shortly after the mark was registered. It is noteworthy that the company delayed action until after registration, in order that it could use bad faith grounds, eschewing the possibility of an earlier opposition based on its prior registered rights. The implication is that the company would have been unable to satisfy the "proof of use" requirements necessary to prevail in an action based on

120. Simca Europe Ltd v. OHIM, GIE PSA Peugeot Citroën intervening, Case T-327/12, [2014] ECR II-_____ (GC, May 8, 2014).

earlier rights per se. Nevertheless, the existence of the earlier rights formed the backbone of the bad faith claims.

The invalidation claim failed in the OHIM Cancellation Division, but that decision was overturned by the Board of Appeal. The General Court rejected a further appeal by the new trademark owner.

The main issue in the appeal was whether or not the criteria set out in CJEU's famous 2009 bad faith decision in *Lindt*[121] had a limiting effect, precluding a bad faith finding in the very different circumstances of the present case. In *Lindt*, the CJEU had noted three factors, in particular, relevant to a bad faith claim, these being (broadly):

- the applicant knows, or should know, that a third party is using an identical/similar mark for an identical/similar product;
- the applicant's intention to prevent that third party from using the mark in question; and
- the degree of legal protection enjoyed by the third party's mark and by the mark for which registration is sought.

However, the CJEU has made plain that all of the factors relevant to each particular case have to be taken into account. The General Court was therefore clear that the three factors cited above are "only examples drawn from a number of factors which can be taken into account in order to decide whether the applicant was acting in bad faith at the time of filing the application" (para. 38).

According to the General Court, it was proper, in the context of the overall analysis required in a bad faith claim, to take account of the origin of the word/sign that comprises the contested mark; of the earlier use that had been made of that word/sign as a trademark, particularly by competing businesses; and of the commercial logic underlying the filing for registration of the word/sign in question.

The SIMCA case presented difficulties because the claim was based on what were quite obviously unused trademarks, and the General Court accepted that there could be no justification for protecting a Community trademark unless it was actually being used. The implication was that the position of the owner of the contested SIMCA mark would have been much stronger had Mr. Wöhler applied to cancel the earlier Peugeot Citroën SIMCA marks at the time of, or before, filing his own application. However, relevant to the General Court's view was (a) that he had not done so; and (b) in any event, this was not a case merely of an

121. Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH, Case C-529/07, [2009] ECR I-4893 (CJEU, June 11, 2009).

application having been filed in the knowledge of earlier conflicting rights, but a situation in which Mr. Wöhler's specific aim in filing his application had been to "free ride" on Peugeot Citroën's known registered marks and to take advantage of their reputation.

According to the General Court "the evidence in the present case establishes that registration of the sign at issue was deliberately sought in order to create an association with the earlier marks and to take advantage of their reputation on the motor vehicle market, even to compete with those earlier marks if they were reused by the intervener in the future. In that regard, it was not for the former proprietor to divine the intervener's future commercial intentions as proprietor of the earlier marks, which were regularly renewed; nor was it even for the former proprietor to conclude, in the absence of an application for a declaration of invalidity with respect to the earlier marks, that the intervener 'did not have the status of a proprietor worthy or protection.'"

The decision is notable for the protection it gives to unused trademarks that presumably could not have been protected as earlier rights per se. All bad faith cases will turn on their particular facts, and there were numerous factual aspects in this case that appeared to move the General Court strongly in favor of the legacy brand owner. The case is a significant warning to anyone hoping to resurrect old unused brand names that still retain a certain recognition.

2. Austria—Austrian Supreme Court—Can it be bad faith to register borderline descriptive trademarks with the intention of using them to prevent the use of such signs by others?

In the FEELING/FEEL II[122] case, the Austrian Supreme Court ("OGH") has further developed its case law on the question of whether a trademark applicant is acting in bad faith. The plaintiff in the case had filed numerous trademark applications for trademarks based on commonplace words. Most of them were rejected on grounds of descriptiveness and only a few national and Community trademark applications actually resulted in registration. The plaintiff offered such trademarks to interested companies, and also sent cease and desist letters to companies that were using similar signs in their marketing.

The trademarks registered by the plaintiff were, inter alia, the Austrian word mark FEELING and the Community trademark FEELING. The plaintiff brought an infringement action under this trademark against the Austrian branch of a foreign car manufacturer which used the term "Feel" in its advertising, and

122. Case No. 4 Ob 98/14m (Supreme Court of Austria, Sept. 17, 2014) (FEELING/FEEL II).

was owner of the domain address www.feel.de. The plaintiff sought injunctive relief, the rendering of a financial account, financial remedies, transfer (or deletion) of the domain name, plus the publication of the decision.

The defendant argued, inter alia, that the plaintiff had acquired its trademarks in bad faith because it had applied for registration for speculative purposes, and counterclaimed for the annulment of the Community trademark, on grounds that the application had been made in bad faith.

The OGH referred in its decision to the principles of the *Lindt*[123] CJEU decision, where the CJEU had stated that determining whether a trademark applicant is acting in bad faith must be a global assessment, taking into account all the factors relevant to the particular case. A finding of bad faith had been indicated by the CJEU in cases where duties of loyalty had been violated, or where third parties already using the trademark have been interfered with by the applicants. However, the CJEU had never stated that a finding of bad faith would be limited to such facts. Neither the CJEU nor the OGH had yet to rule on a case similar to the present one, in which numerous trademark applications were filed, most of which were rejected as being descriptive, and where the applicant could not have known at the date of filing of the application for registration whether the mark in question, or a similar sign, would actually be used by third parties in the future. Therefore, the OGH looked for guidance to German jurisprudence on bad faith trademark applications.

According to German doctrine and jurisprudence on bad faith, noted the OGH, it is not necessary that there should be an intention on an applicant's part to interfere with the business of certain companies that were already using the disputed sign. The application for and use of the trademark in question on a speculative basis, with a campaign of cease and desist letters, has been considered unlawful.

Applying these principles, the OGH held that an applicant is acting in bad faith if he does not intend to use his trademark as an indication of origin, but mainly to use its exclusionary power to enforce claims against third parties. In this case the plaintiff primarily used the trademarks that it held "in stock," including the trademark FEELING, primarily to claim injunctive relief and payments—not because it had any intention of using the mark for a proper purpose itself. The bad faith claim was therefore upheld.

123. Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH, Case C-529/07, [2009] ECR I-4893 (CJEU, June 11, 2009).

3. Ireland—Irish High Court—What are the principles that should guide an EU court in determining whether a trademark application was made in bad faith?

In *Marie Claire Netherlands BV v. The Controller of Patents, Designs and Trademarks, Marie Claire S.A. and Brandwell (Irl) Limited*,[124] the Irish High Court set out eighteen principles to be considered in assessing whether or not a trademark application was made in bad faith.

In 1993, Brandwell applied to register the trademark MARIE CLAIRE in Ireland in Class 25 for "hosiery; stockings; socks; pantyhose, tights and underwear; lingerie; sleeping garments; knitted wear" (Brandwell had been importing hosiery, lingerie, and swimwear products bearing the MARIE CLAIRE trademark into Ireland since 1992 from a Spanish-based predecessor of Marie Claire S.A.). The application was opposed by way of two separate opposition proceedings. In 1997, while these oppositions were pending, one of the opponents made its own Irish application for the same mark in Class 25 for "clothing, headgear." This Class 25 application was subsequently assigned to Marie Claire BV, the publisher of a magazine called *Marie Claire*. Marie Claire S.A. and Brandwell (the "opponents") opposed this application at the Irish Patents Office on the basis that (i) it was made in bad faith; (ii) use of the MARIE CLAIRE mark by Marie Claire BV would amount to passing off of the goodwill and reputation attaching to the MARIE CLAIRE mark owned by Marie Claire S.A. and (iii) Marie Claire BV had no intention to use the mark at the time of the application. The opposition was upheld on the grounds of bad faith and passing off.

The decision of the Irish Patents Office was appealed by Marie Claire BV to the Commercial Court, a division of the High Court of Ireland that deals with intellectual property cases. The Commercial Court dealt with the appeal by way of a rehearing of the opposition. Therefore the grounds of opposition before the Irish court were as follows: (i) the application was made in bad faith; (ii) there was no *bona fide* intention to use the mark by the applicant and (iii) the use of the trademark in accordance with the application was liable to be prevented in Ireland by the law of passing off.

124. Marie Claire Netherlands BV v. The Controller of Patents, Designs and Trademarks, Marie Claire SA and Brandwell (Irl) Limited, [2013] No. 582SP (High Court of Ireland, April 1, 2014).

Bad faith

In this judgment the Irish High Court provided a very full judicial consideration of what amounts to a trademark application made in bad faith.

As trademark lawyers know, allegations of bad faith are rarely made and are difficult to prove. It is a notoriously subjective concept. Neither the TM Directive nor the CTM Regulation offers a definition of "bad faith." Instead, one must look to the body of case law in the area for guidance.

This judgment does reviews the relevant cases, including the *Lindt* case,[125] the English case *Hotel Cipriani*,[126] and *Rautarukki*[127] and identifies the various principles that have emerged from the courts in Ireland, the United Kingdom, and elsewhere in Europe. It is therefore a very useful point of reference for lawyers concerned with an allegation of bad faith.

In this case, the opponents argued that the application by Marie Claire BV to register the mark MARIE CLAIRE was tainted by bad faith because (ii) at the time of the application, Marie Claire BV was fully aware that the mark MARIE CLAIRE was not free for use in Ireland (i.e., it was used by Brandwell with the permission of Marie Claire S.A.) and (ii) Marie Claire BV was making the application for the purposes of preventing the registration in Ireland of the trademark that was the subject of Bradwell's earlier application in 1993, should that application be rejected (which it ultimately was in 2003).

As noted above, the judge undertook a comprehensive review of the case law on trademark applications made in bad faith and then went on to list a total of eighteen principles that he derived from the case law. These are worth listing in full and are as follows:

(1) Bad faith includes dishonesty;

(2) Bad faith includes dealings that fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced people in a particular area;

(3) A relevant factor in determining whether there is bad faith is whether there has been a failure by the person against whom a charge is levelled to address that charge;

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125. Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH, Case C-529/07, [2009] ECR I-4893 (CJEU, June 11, 2009).

126. Hotel Cipriani SRL & Ors v. Cipriani (Grosvenor Street) Ltd & Ors, [2008] EWHC 3032 (High Court of England and Wales, Dec. 9, 2008).

127. Rautaruukki Oyj v. Ruukki Group Oyj & Ors, [2012] EWHC 2920 (High Court of England and Wales, Oct. 23, 2012).

(4) Awareness that a party has been using an identical or similar mark for an identical or similar product in a least one EU Member State is not *per se* conclusive as to bad faith;

(5) Consideration must be given to an applicant's intention at the time of filing an application for registration; intention to prevent a party from marketing a product may be an element of bad faith;

(6) A key issue is whether a mark is being used for its essential purpose, being to aid consumers in distinguishing products;

(7) The fact that a third party has long used a sign for an identical or similar product capable of being confused with the mark applied for and that such a sign enjoys some level of legal protection is a relevant factor when determining whether an applicant has acted in bad faith;

(8) A person is presumed to have acted in good faith unless the contrary is proved;

(9) An allegation of bad faith is a serious allegation which must be proved by cogent evidence on the balance of probabilities;

(10) It is not enough when seeking to establish bad faith to prove facts that are also consistent with good faith;

(11) Where a third party cannot maintain a relative ground of objection to registration, bad faith involves some breach of legal or moral obligation by the third applicant towards the third party;

(12) Bad faith may exist where an applicant has sought or obtained registration of a trademark for use as an instrument of extortion;

(13) Bad faith is not pertinent in a situation where there is a *bona fide* conflict between the trademark rights, or perceived rights, of different traders;

(14) It is not bad faith for a party to seek a trademark where third parties are using similar marks and/or are using them for similar goods or services;

(15) The fact that one party is aware of and has previously clashed with another is not the same as saying the trademark application by one of those parties is made in bad faith;

(16) Seeking to protect one's commercial interests where one considers that one's activities do not impinge on the core activity of another is not bad faith;

(17) Bad faith is the opposite of good faith; it generally involves (but is not limited to) actual or constructive fraud; it may merely involve a design to mislead or deceive or some other sinister motive; and

(18) In determining whether there is bad faith, knowledge of third party use, an intention to prevent a third party marketing a product and the lack of intention to use a trademark, as well as extent of the reputation of the third party's sign at the time of the application, are all relevant.

Having set out this very comprehensive list of principles, the judge was satisfied that the application by Marie Claire BV to register the mark MARIE CLAIRE was not tainted by bad faith. Instead, it was an "honest application by Marie Claire Netherlands to register a genuinely disputed mark." Accordingly, the judge overturned the decision of the Patents Office that found Marie Claire BV to have acted in bad faith in making the application.

These differing conclusions by the Irish Patents Office and the Irish High Court on the same evidence highlight the subjective nature of bad faith. It would appear that the High Court applied (4), (13), (14), and (15) of the above principles to the facts whereas the Patents Office applied (2), (5), and (7). Since the concept requires no less than eighteen principles to enunciate it properly, it is inevitable that there is abundant room for debate in any given case.

Intention to use

Like many other trademark laws, the Irish Trademarks Act requires the trademark applicant to state that the mark is being used or that there is a *bona fide* intention to use the mark. The Irish court characterized this as "a procedural requirement, not a substantive ground of objection." (As noted in the eighteen-point list above, however, a lack of intention to use the mark can feature in a bad faith analysis.) In any event, there was no evidence before the Irish court of an absence of a *bona fide* intention to use the mark. The Court therefore rejected this ground of opposition.

Passing off

Despite its successful defense of the first two opposition grounds, the applicant's mark was rejected in view of its perceived conflict with earlier rights. In a relatively straightforward application of the three-part test for passing off, the judge was satisfied that, through the substantial sales and promotion of their products in Ireland since 1992, the opponents had developed the requisite goodwill attaching to the mark MARIE CLAIRE. The judge went on to find that the use of the MARIE CLAIRE mark by

Marie Claire BV would lead members of the trade or the general public to conclude, erroneously, that Marie Claire BV's goods were those of Marie Claire S.A., or that there was at least some association with Marie Claire S.A. This misrepresentation by Marie Claire BV would damage the goodwill of the opponents. Accordingly, the opposition ground based on passing off was successful and the judge upheld the opposition and refused the application by Marie Claire BV to register MARIE CLAIRE as a trademark.

Marie Claire BV was denied leave to appeal the judgment to the Supreme Court of Ireland.

Note: This discussion is based on an unapproved copy of the judgment. The approved judgment was not available at the time of writing.

VI. NON-USE, AND PROOF OF USE

A. Introductory Comments

Neither the TM Directive nor the CTM Regulation requires that a trademark must be in use before the mark may be registered. Similarly, there is no requirement that the trademark owner must 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 trademark authorities of the EU.

The question of whether a mark is in use at a given time may arise in two contexts. The first is when the registration of the mark is 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 when 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—General Court and CJEU—How can "proof of use" requirements be met when sales of the branded product are low?

Companies with relatively low sales of their branded products can have difficulty meeting the "proof of use" requirements in respect of the trademark concerned. Although it is said that there is no "de minimis" requirement, in practice the requirement that the use of the mark should be "viewed as warranted in the economic sector concerned in order to maintain or create a share in the market for the goods or services protected by the mark"

(*Sunrider v. OHIM—Espadafor* (aba VITAFRUIT)[128]) causes great difficulty for small operators, particularly in that one of the factors to be taken into account is the commercial volume of the use. The underlying problem is the inherent ambiguity in whether the legal standard is being imposed to test the genuineness of the use (as the English text of the law indicates) or to test, in some shape or form, its sufficiency or effectiveness—or how it compares to norms in the sector.

In *European Drinks SA v. OHIM, SC Alexandrion Grup Romania Srl intervening*,[129] the General Court upheld a Board of Appeal decision that the opponent, European Drinks SA, had failed to prove genuine use of its figurative mark DRACULA in Romania. The mark was registered for, among other things, alcoholic drinks in Class 33.

According to the Board of Appeal, in terms of sales evidence, the opponent had adduced six invoices—the only documents that had been dated, and would therefore enable OHIM to verify that the use came within the relevant five-year period—all of which fell within a particular period of just two and a half months. Each invoice indicated a sale of 432 units of vodka.

When considering the evidence with regard to what it said about the extent of use, the Court noted that:

> only the six invoices contain information on the extent of the use of the earlier mark, that is to say, an overall sales volume of 2592 units of the products concerned bearing the name of the earlier mark and, taking into account the reported duration of use, a sales frequency of 900 units per month.
>
> However, having regard to the relevant market, that use is small in terms of quantity. First, considering the geographical and substantive scope of the market in question, it must be observed . . . that those sales figures are not sufficient to establish effectively the presence of the earlier mark on the Romanian market given the nature of the products concerned. Secondly, the sales volume is marginal bearing in mind the average monthly consumption of vodka on the Romanian market, estimated by the intervener on the basis of statistical data provided in its pleadings and at the hearing and which were not contested by the applicant."

(paras. 38 and 39).

The opponent argued that similarly small sales volumes had been held to be sufficient in a previous case, *VITAFRUIT* (see above). On this, the General Court held, "Whilst it is true that in

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128. The Sunrider Corp. v. OHIM and Juan Espadafor Caba, Case T-203/02, [2004] ECR II-2811 (GC, July 8, 2004), paras. 40, 41.

129. European Drinks SA v. OHIM, SC Alexandrion Grup Romaina Srl intervening, Cases T-495/12 to T-497/12, ECR II-_____ (GC, June 5, 2014).

the case which gave rise to the judgment in VITAFRUIT the Court found that the delivery of 3516 bottles of concentrated fruit juice was enough to prove genuine use of the earlier mark in question, that assessment of the criterion of extent of use was carried out by looking at the established low commercial volume in the light of the duration, over 11 months, and the frequency, relatively continuous, of the marketing of the products involved. In that regard, the Court observed, inter alia, that the duration of the use was neither particularly short nor particularly close to the publication of the application for the contested mark, which is not the case here . . . ." In other words, the evidence of the amount of use would be considered as part of a global assessment that would also take into account other factors, including the duration and continuity of use.

The Court went on to say that, even if the six invoices could be taken merely to represent examples of the use being made of the mark, "it would nevertheless be the case that their quantity, the fact that they were issued on dates that were close together and the fact that they relate to a period that is particularly short and particularly close to the publication of the applicant's Community mark applications could not entirely exclude the possibility of a purely token use of the earlier mark." (para. 41).

The Court concluded its analysis with what amounts to some advice about what the opponent should have done to establish its claim to genuine use notwithstanding the small volumes: "the [opponent] should have demonstrated that the sales—although they are very limited in time, despite the fact that the applicant had registered its mark in 1995, and they concern quantities which are not large—constitute use which was objectively such as to create or preserve an outlet for the goods concerned and entailed a volume of sales which, in relation to the period and frequency of use, was not so low that it could be concluded that the use was merely token, minimal or notional for the sole purpose of preserving the rights conferred by the mark."

The tenor of this advice is very much in keeping with the notion that the test is truly about sufficiency, and that small volumes raise issues only insofar as they may strongly suggest that the use of the mark is not real commercial use. The problem could be solved by filing supplemental evidence to dispel that doubt.

However, a month later, on July 17, 2014, the CJEU gave a decision (in *Reber Holding GmbH & co. KG v. OHIM, Wedl & Hofmann GmbH*, discussed below in Part VI.C.2) that put a different complexion on the matter.

2. EU—CJEU—Can small-scale artisanal use of a trademark constitute "genuine use" adequate to ensure the protection of a mark registered nationally for a product category with a very large overall market?

In *Reber Holding GmbH & Co. KG v. OHIM, Wedl & Hofmann GmbH*,[130] a CTM opposition had been brought by Reber Holding GmbH to protect its national trademark WALZERTRAUM, registered in Class 30 for "baked goods, confectionery, chocolate products and sweets." Reber was required to prove use of the mark, and adduced certain evidence showing use in connection with high quality handmade praline chocolates, sold over a period of several years in small quantities totaling of 40 to 60 kilograms annually, and from a single outlet. Although this evidence would clearly not have supported the claim to genuine use for any part of the specification other than chocolates, the claim to genuine use was dismissed for chocolates as well.

The matter came finally on appeal to the CJEU. Here, Reber argued, among other things, that sales in relatively small quantities from a single trade outlet were what one would expect from the maker of superior quality, artisanal chocolates, and that its sales had been conducted continuously over a long period.

That said, the amount of chocolates actually sold over the period were tiny by comparison to the size of the national market for chocolate, and Reber had obtained its registration in respect of chocolate products generally (i.e., rather than for some product sub-category such as handmade pralines). Although there appeared to be no doubt that the use of the WALZERTRAUM mark by Reber had been genuine commercial use, this was not considered to be a complete answer. The CJEU noted that the question of whether or not use of a trademark qualifies as genuine commercial use depends on the characteristics of the product or service concerned, and those of the corresponding market. It went on to hold that, "any commercial operation cannot be proven automatically to qualify as genuine use of the mark in question." The CJEU concluded that, taking all relevant factors into consideration—including the very small sales volumes and the fact that sales were made only from a single location—the General Court had been right to confirm that the use of the mark did not meet the standard required to satisfy the proof of use requirement.

In its assessment, the CJEU referred to the "seriousness" of the use of the mark, and clearly signaled that although there is no de minimis threshold that applies "across the board" in terms of sales volumes, a certain minimum market penetration—to be assessed in light of all relevant factors, and depending on the

130. Reber Holding GmbH & Co. KG v. OHIM, Wedl & Hofmann GmbH intervening, Case C-141/13P, [2014] ECR I-_____ (CJEU, July 17, 2014).

product market—will be expected in order to secure the protection of the mark concerned in opposition proceedings.

3. EU—General Court—How can product invoices be used effectively as part of a package of evidence to prove use of a trademark?

In *Lidl Stiftung & Co. KG v. OHIM*,[131] the General Court had again to consider the question of whether certain materials provided by an opponent in CTM opposition proceedings satisfied the burden of "proof of genuine use" of the opponent's mark.

The "proof of use" requirement applies in situations where the opponent (or an applicant alleging invalidity) is relying on earlier registered trademark rights that are more than five years old. In the present case, the opponent—a Portuguese company A Colmeia de Mintio Ld[a]—relied on rights in two Portuguese word mark registrations for GLOBO in Classes 29 and 30. Between them, the registrations covered a wide range of food products. Each registration was more than five years old.

By way of proof of use of its marks, the opponent filed six invoices confirming references to its GLOBO mark, unsupported by other information. The invoices covered sales on just four days, to a single customer, within a two-year period. They totaled EUR 44,000 across the range of food products that they covered. Only some of the items listed in the invoices were identified by the GLOBO mark.

The Board of Appeal held that the invoices, which represent a common way of proving use in Community trademark actions, were sufficient to demonstrate use in relation to some, but not all, of the goods in Classes 29 and 30. The General Court disagreed, holding the invoices to be insufficient.

One problem identified by the General Court with the Board of Appeal's approach is that the Board had taken into account the total amounts covered by the invoices without drilling down to compare sales figures with individual identifiable sub-categories of goods within the overall specification.

In addition, to the extent that one did look specifically at sales in individual product categories or sub-categories, the amounts shown in the invoices were very small—a few hundred Euros for each product.

As noted in connection with the cases discussed above, the question of whether very small volumes can amount to "genuine use" is, at least in practice, a vexed one. The General Court summed up the position as follows: "It is clear from the case law . . . that, although use does not have to be quantitatively

131. Lidl Stiftung & Co. KG v. OHIM and A Colmeia do Minho Ld[a], Case T-300/12, ECR II-_____ (GC, Oct. 8, 2014).

significant in order for [it] to be deemed genuine, it must still be proved by use which objectively is such as to create or preserve an outlet for the goods. However, it must be stated that, in the present case, the sales figures are very low and are therefore not enough to exclude the possibility of use that is merely token." It appears that, although there is no threshold volume requirement, there is nevertheless a sufficiency element, at least in the sense that small sales volumes may appear prima facie to represent no more than token use—that is to say, not the kind of use that would be made by a commercial operator making a genuine attempt to build a market for its goods, having regard to the nature of the market for the product in question. The General Court went on to say:

> Although a proprietor of an earlier mark cannot be required to provide proof of every transaction which took place under that mark during the relevant period of five years referred to in Article 42(2) of Regulation No 207/2009, it is nevertheless necessary for a proprietor relying on invoices as evidence to submit a quantity of examples which makes it possible to discount any possibility of merely token use of that mark and, consequently, is sufficient to prove that it has been genuinely used (see, to that effect, judgment of 16 January 2014, Aloe Vera of America v. OHIM—Detimos (FOREVER), T-528/11, ECR, EU:T:2014:10: paragraph 43).

According to the Court, the opponent did not submit enough examples of sales invoices to enable the Tribunal to conclude to its satisfaction that the sales were more than token. Nor had it provided other supporting evidence of its overall sales, or samples of brochures, packaging and so forth, that could be combined with the sample invoices to provide a satisfactory composite picture of a genuine commercial use of the mark.

The Court turned finally to consider whether the negative implication of the very small sales volumes of the goods could be overridden in all the circumstances by other factors and decided that it could not. There was no evidence of any "high intensity or certain constancy over time" in the use of the marks. The goods were everyday food products, not expensive luxury goods typically sold in low numbers and not even a niche kind of food product with an inherently narrow market. No other factors had been put forward to show why sales volumes might be so low.

4. EU—General Court—How can arguments as to correct classification of goods and services play out in a "proof of use" context?

In *The Sunrider Corporation v. OHIM, Nannerl GmbH & Co. KG intervening*,[132] the General Court tackled complex classification questions relating to a "proof of use" issue.

The intervener, Nannerl, had applied to register SUN FRESH as a CTM in Class 32. The specification read: "Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages."

The Sunrider Corporation opposed the CTM application on the basis of its earlier rights in certain SUNNY FRESH trademarks. The portfolio of earlier marks included registrations in both Class 5, for herbal nutritional supplements, and Class 32, for (among other things) herbal beverages and herbal teas.

As the earlier marks were more than five years old, the trademark applicant was entitled to request, and did request, that the opponent prove it had used its marks for the goods in relation to which they were registered. Sunrider accordingly provided a batch of invoices, packaging samples, price lists, and catalogues.

Sunrider's opposition succeeded at OHIM, but the decision was overturned on appeal by the trademark applicant. Critical to the Board of Appeal's decision was that Sunrider had proven use of its marks in relation only to a dietary supplement based on an herbal concentrate, in Class 5, and not for any of the Class 32 goods covered by its trademark specifications. The result was that the earlier Class 32 rights were ignored for purposes of the opposition. As for the opponent's Class 5 dietary supplements, these were considered different from the Class 32 goods of the trademark application.

On appeal to the General Court, Sunrider's primary arguments focused on the Board of Appeal's categorization of its product. The Board of Appeal had found that "If the content of Classes 5 and 32, their relevant categories, and the explanatory notes relating thereto are read in conjunction with each other, it is apparent that the relevant distinguishing criterion is not the liquid and edible nature of the goods, but their main purpose." Sunrider argued, essentially, that the Board of Appeal's view of Class 32 was too narrow; its view of Class 5, too wide. The General Court, however, went along with the Appeal Board's reasoning, noting that "liquid goods whose main purpose is to quench thirst and which are part of standard human nutrition fall within Class 32, while liquids which are consumed mainly for the purpose of

132. The Sunrider Corporation v. OHIM, Nannerl GmbH & Co. KG intervening, Case T-221/12, [2014] ECR II-_____ (GC, Jan. 23, 2014).

balancing nutritional deficiencies or used for medical purposes in the broad sense fall within Class 5."

The General Court took note of the way that Sunrider's SUNNY FRESH product was marketed:

> It is undisputed that the SUNNY FRESH herbal concentrate was sold in batches of 10 bottles of 15 ml capacity each, that the product packaging indicated that the consumption of a bottle of 15 ml per meal was recommended and that the packaging also contained the warning: "Do not exceed the stated recommended daily dose. Food supplements should not be used as a substitute for a varied diet. Keep stored out of the reach of young children." It is also undisputed that the applicant itself mentioned the goods in the price lists not as a beverage, but as a[n] herbal formula concentrate which it marketed under the following description:
>
> Sunny Fresh is a unique natural supplement that soothes and revives a dry scratchy throat. It contains an extraordinary blend of concentrated herbs including liquorice, peppermint and cloves, all traditionally used to aid digestion, soothe the stomach and freshen the breath.

The General Court concluded that in light of these descriptions and warnings, the main purpose of the product was not to quench thirst or provide "standard" human nutrition.

On the question of whether the SUNNY FRESH supplement could properly be considered to have "medical purposes," Sunrider argued that this could not be so, since (a) it was not a pharmaceutical company; (b) its herbal concentrate had not been authorized as a medicinal product in any EU Member State; and (c) the product neither had, nor claimed, any "medical" use within the meaning of relevant EU Directives. The General Court was unpersuaded, holding it to be sufficient that the product "has a medical purpose in the broad sense of the term."

Trademark applicants and registration authorities necessarily confront trademark classification questions routinely. It is rare, however, for the issues to be played out in such detail and in oppositions, particularly at General Court level. This case illustrates another way in which the "proof of use" challenge can be used to kill an opposition that might, at face value, look promising.

5. United Kingdom—Court of Appeal of England and Wales—How can you effectively prove that you have been using (according to the EU law standard) a separately registered graphic trademark, that has consistently been used with a verbal component overlaying it?

In last year's *Annual Review of EU Trademark Law*, we commented on the CJEU's ruling in *Specsavers International Healthcare Ltd & Ors. v. Asda Stores Limited*.[133] That ruling provided answers to a series of questions referred to the CJEU by the English Court of Appeal.

The case that spawned the reference to the CJEU was subsequently settled between the parties. But this left extant an issue that the claimants, Specsavers, needed to have resolved: whether the trial judge had been correct to order that one of its U.K. trademarks, the so-called "wordless logo mark" should be revoked for non-use. This question alone was answered by the English Court of Appeal in a decision of October 15, 2014.[134]

The "wordless logo mark" is this:

The mark had been registered as a Community trademark in respect of optician services since July 13, 2004. Critical to the English High Court's 2010 decision that the mark should be revoked for non-use was the Court's view that the mark (registered without words) could not be considered to be used by virtue of the trademark owner's use of the more complex mark shown below:

133. Specsavers International Healthcare Ltd, Specsavers BV, Specsavers Optical Group Ltd, Specsavers Optical Superstores Ltd v. Asda Stores Ltd, Case C-252/12, [2013] ECR I-_____ (CJEU, July 18, 2013). *See* Guy Heath, *Annual Review of EU Trademark Law: 2013 in Review*, 104 TMR 445, 593 (2014).

134. Specsavers International Healthcare Ltd and others v. Asda Stores Ltd and Registrar of Trade Marks, [2014] EWCA Civ 1294 (Court of Appeal of England and Wales, Oct. 15, 2014).

This mark was referred to in the case as the "shaded logo mark." The English High Court had considered that the addition of the word "Specsavers" altered the distinctive character of the "wordless logo mark" as registered.

Following a review of the CJEU's 2013 ruling, mentioned above, the English Court of Appeal characterized the question before it in the following terms (picking up, among other things, on the fact that, in practice, the trademark owner had consistently used the mark in the color green):

> [T]he national court is required to consider the use which has been made and to ask itself whether the differences between the form in which the mark has been used and that in which it is registered do not change the distinctive character of the mark as registered. In carrying out that exercise the court may ask whether the use relied upon is such that the trademark as registered (here the Wordless logo mark) serves to identify the goods or services as those of a particular undertaking (here the Specsavers group). Put another way, if the mark as registered (here the Wordless logo mark) is used only as part of a composite mark (here the Shaded logo mark), the use must be such that the mark as registered is itself perceived as indicative of the origin of the goods or services. Moreover, it is permissible to take into consideration that the mark has always been used in a particular colour in so far as this affects how the mark is perceived by the average consumer.

(para. 22).

Starting from the premise that "use by Specsavers of the Shaded logo mark does not seem a very promising basis for an argument that they have also used the Wordless logo mark" the Court of Appeal was surprised to find itself concluding, ultimately, that the evidence favored the trademark owner.

The Court of Appeal considered the outcome unusual, and it is interesting to note the nature of the evidence that led it to this conclusion. The evidence can be summarized as follows:

First, the *very* substantial, nationwide use of the shaded logo mark—both on store signs and in extensive advertising and marketing campaigns.

Second, the distinctiveness of the logo, measured both as against the trademarks of competitors ("none of which was remotely similar") and in absolute terms.

Third (and by far the most interesting), evidence that the defendant in the infringement claim, the supermarket ASDA, had chosen to use a similar graphical design precisely because the graphical form would create an association with Specsavers, the claimant, regardless of the words written over it. The sign used by ASDA looked like this:

The Court of Appeal accepted that, in developing its own advertising campaign based on a similar graphical design, the defendant ASDA had not intended to create confusion. However,

> it started off with what was, in effect, the Wordless logo mark and then sought to move what it considered to be a safe distance away, and ultimately it did that by moving the elipses apart until they were just touching. This raises a strong inference that it was all too well aware that the Wordless logo mark denotes Specsavers, even with the words "ASDA Optician" written across it. But the evidence goes a good deal further than that and, in my judgment, confirms that inference is correct for Asda said in terms that such a logo (that is to say, the Wordless logo with the words "ASDA Optician" written across it) would have been a "rip off", "highly recognisable" and "the Specsavers logo." No other explanation was given by any Asda witness for the use of these phrases. Further, and as we said in our original decision, it is reasonable to suppose that Asda had a good understanding of the nature of the market, the characteristics of the average consumer and other matters affecting how the average consumer would react to the use of the proposed logos and, for my part, I adhere to the view that this is therefore very persuasive evidence of how the Shaded logo mark is perceived.

(para. 32).

Fourth, Lord Justice Kitchin noted his own impression (reflected, apparently, by others) that the overlapping green ellipses of the shaded logo mark were what would catch the eye—especially from a distance—the verbal feature tending not to stand out. The fact that the distinctiveness resides partly in the color green would not matter since the wordless logo mark is registered in respect of every color.[135]

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135. This finding should be considered carefully in context. See the European Trade Mark and Design Network's Common Practice on the Scope of Protection of Black and White Marks—the "CP4" project—published on April 15, 2014. Paragraph 19 of the FAQs listed in conjunction with the Common Practice, referring to the earlier CJEU decision in *Specsavers*, notes, "[a]lthough the infringement cases and acquired distinctiveness through use are expressly out of the scope of the CP4 project, the Specsavers judgement was carefully assessed. In Specsavers, the Court considered the extensive use of a B&W trade mark in a specific colour or colour combination, and that this use can become associated in the mind of the consumer to the registered sign. For the Court this may be an additional

The Court of Appeal concluded that the Wordless logo mark was (notwithstanding the superimposition upon it of the word Specsavers, in practice) perceived by the average consumer as being (in and of itself) an indicator of the origin of the Specsavers goods and services. Thus, genuine use had been established.

The Court of Appeal noted that, in the evidence, the Wordless logo mark had been seen as a trademark, "not simply as background." The Court concluded with an obiter comment directed at the wider trademark community, "it is unlikely that the background of a mark will be perceived by the average consumer as an indication of origin." This, then, was an unusual outcome, and it is ironic that the most compelling evidence in support of the trademark came from the infringer's own actions.

6. Germany—German Federal Supreme Court—Genuine Use—Does the use of graphic and color amendments and configurations of a trademark still constitute genuine use of a registered word mark? And, if so, under what conditions?

The German Federal Supreme Court had yet another opportunity during 2014 to address the question of whether deviations between the form of a trademark as registered and the particular way in which it is used would prevent the use from qualifying as genuine use under the German Trademark Act.[136]

The plaintiff, Milupa, and the defendant, HIPP, are competitors on the baby and infant food market (the present case being only one case among several between the two parties). HIPP is the owner of the German (word) trademarks No. 39620358 PROBIOTIK and of the No. 39618494 PRAEBIOTIK, both registered in 1996. The plaintiff claimed that the appearance of the two marks in HIPP's product packaging as shown below, would not constitute genuine use of the marks according to EU law principles, thus rendering both marks liable to cancellation for non-use.

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factor to consider when assessing likelihood of confusion. However, this finding does not equate, neither directly or indirectly [sic], to a confirmation that a B&W mark merits protection in any and all colours regardless of the circumstances."

136. Case No. I ZR 38/13, GRUR 662 (2014) (German Federal Supreme Court, Jan. 8, 2014) (PROBIOTIK).

Both the Court of First Instance (Landgericht Munich) and the Court of Appeals (Oberlandesgericht Munich) supported the plaintiff's position, holding that use by HIPP of the words "Probiotik" and "Praebiotik" in the graphical forms shown on the packaging did not amount to genuine use of the word marks as registered. Upon further appeal to the German Federal Supreme Court, the Court, citing previous decisions,[137] argued that the courts of lower instance had applied a much too narrow standard to the interpretation of Section 26(3) of the German Trademark Act.

137. Case No. I ZR 85/11, GRUR 833 (2013) (German Federal Supreme Court, Dec. 5, 2012) (CULINARIA); Case No. I ZR 135/11, GRUR 725 (2013) (German Federal Supreme Court, Dec. 5, 2012) (DUFF BEER).

According to Section 26(3) of the German Trademark Act (which corresponds to wording found in Article 10(1) of the TM Directive), the "use of a trademark in a form differing from the form in which it is registered shall be deemed to constitute use of a registered trademark, provided that the differing elements do not alter the distinctive character of the trademark."

Leading decisions by the Supreme Court hold that this is the case if the public regards the trademark, while realizing the differences, as still identical to the one registered. As the German Supreme Court pointed out, as a matter of experience, trademarks are regularly not used in an isolated way, but frequently with configurations, colors, or signs. In particular, graphic or colored additions often have decorative character to which the public does not attach the importance of altering the distinctive character of the registered trademark. It is therefore necessary to examine whether these additional elements do influence the function of indication of origin.[138]

Obviously, as the Supreme Court held, the lower courts had not considered these principles when deciding whether the trademark PROBIOTIK" (as registered) or PRAEBIOTIK (as registered) had been genuinely and therefore properly used by means of "Hipp Anfangsmilch Plus Probiotik" or "Hipp Folgemilch Plus Probiotik," as shown below:

Nor did the Supreme Court share the position of the Court of Appeals that the use of the trademarks PRAEBIOTIK + PROBIOTIK as in "Hipp Folgemilch Plus PRAEBIOTIK + PROBIOTIK" or in "Hipp HA-Folgenahrung HA-Plus

138. Case No. I ZR 135/11, GRUR 725 (2013) (German Federal Supreme Court, Dec. 5, 2012) (DUFF BEER).

PRAEBIOTIK + PROBIOTIK" (as shown below) would not live up to the requirement of Section 26(3) of the German Trademark Act.

While the Court of Appeals had held that the public would regard the entire configuration as one uniform trademark consisting of the words "PRAEBIOTIK" and "PROBIOTIK," the Supreme Court, in rejecting this view, reminded the lower court that genuine use of a trademark would also exist where one trademark was used as a "secondary mark." When two trademarks are used for the identification of a product, analysis is required to determine whether the public would regard this as a combined designation consisting of two parts or simply as two different trademarks.[139]

Having said that, the Supreme Court pointed out that the terms "PRAEBIOTIK" and "PROBIOTIK" were joined by a "+" sign supporting the assumption that HIPP had used two independent marks. This view would be further supported by the use of an asterisk attached to each of the trademarks. The use of an asterisk in connection with a trademark is, as a rule, a clear indication for public that such a trademark does exist.[140]

The Court of Appeals was therefore requested to take these considerations into account when looking into the facts of the case again.

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139. Case No. I ZR 142/07, GRUR 729 (2010) (German Federal Supreme Court, Nov. 19, 2012) (MIXI).

140. Case No. I ZR 84/09, GRUR 840 (2013) (German Federal Supreme Court, Jan. 10, 2013) (PROTI II).

7. Benelux—District Court of Overijssel, The Netherlands—May the burden of proof regarding genuine use of a Benelux trademark be shifted to the trademark owner?

Yes; so far as concerns the Benelux, although the claimant in principle bears the burden of proof, this burden may be shifted to the trademark owner in the event the claimant has provided evidence that justifies the presumption that there is a case of non-use. This was decided by the District Court of Overijssel in the Netherlands in the case *Prima Vita/Triscom*.[141]

The underlying facts are as follows. The Dutch company Triscom BV is the owner of the Benelux trademark PRIMAVITA, registered for various goods. German company Prima Vita GmbH took the position that Triscom did not make genuine use of its PRIMAVITA trademark for part of the goods for which it had been registered, and brought an action requesting its partial revocation based on Articles 2.26(2)(a) and 2.27(1) of the Benelux Convention on Intellectual Property ("BCIP"). The wording of these Articles is mostly comparable to Article 51(1)(a) of the CTM Regulation and Article 12(1) of the TM Directive (which provide for the possibility of revocation of a registered trademark on grounds of non-use), but in addition contains the following wording: "in proceedings, the court may require the trademark owner to provide the evidence of use partially or entirely."

The District Court, with reference to the CJEU's decisions in *Ansul/Ajax*[142] and *La Mer Technology/Laboratoires Goemar*,[143] began by noting that there is genuine use of a trademark where the mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services. Genuine use does not include token use for the sole purpose of preserving the rights conferred by the mark. In determining whether or not use of the trademark is genuine, all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real must be assessed. Limited use can be sufficient, if it serves a real commercial purpose.

The District Court then determined that according to the normal evidentiary rules, claimant Prima Vita would bear the burden of proof with respect to Triscom's alleged lack of genuine

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141. Case No. C/08/98757, HA ZA 08-1191, (District Court of Overijssel, June 25, 2014) (PRIMAVITA/TRISCON).

142. Ansul BV v. Ajax Brandbeveiliging BV, Case C-40/01, [2003] ECR I-2439 (CJEU, Mar. 11, 2003).

143. La Mer Technology Inc. v. Laboratoires Goemar SA, Case C-259/02, [2004] ECR I-1159 (CJEU, Jan. 27, 2004).

use. There may, however, be a shift of the burden of proof if the claimant provides evidence causing a presumption of non-use. Applying Article 2.26(2)(a) of the BCIP, the Court could then require the trademark owner to prove that it did put its trademark to genuine use.

However, the District Court went on to hold that Prima Vita's bare statement that Triscom did not genuinely use its trademark was not sufficient for a shift in the burden of proof. Additionally, two reports containing the results of a use investigation were not deemed sufficient. Triscom, the trademark owner, disputed the findings as presented in these reports. It submitted, among other things, that the reports did not disclose (i) which agency carried out the research, (ii) what parameters were used and (iii) whether the relevant period was the subject of the research. The District Court agreed with Triscom, noting that Prima Vita should have provided clarity on these issues or submitted further evidence, and failed to do so. In addition, the District Court noted that Triscom submitted evidence of use, such as documentation showing sales to an amount of approximately one million EUR of the relevant goods. The District Court considered the provided evidence to show a real commercial exploitation, and dismissed the revocation claim.

This decision is interesting because it illustrates that in a Benelux trademark claim the burden of proof in a revocation claim of this kind can indeed be shifted, but also that this will not be done lightly.

The relative ease, or difficulty, with which registered trademarks may be removed from the register on grounds of non-use appears to be one of the areas in which there is a significant practical divergence between EU Member States. In the United Kingdom, for example, the revocation applicant need merely submit a simple form to the U.K. Intellectual Property Office declaring that, to the best of its knowledge and belief, the contested mark is not in use. The burden is then thrown immediately on to the trademark owner to provide that it has, in fact, used the mark.

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

A. Introductory Comments

The cases reported in this Section deal with a miscellany of points relating to evidence and procedure that arose during 2014 in relation to CTM opposition and cancellation cases working their way through the OHIM Board of Appeal, to the General Court and CJEU.

These cases are varied in character, ranging from a case addressing the interface between the particular laws of an EU Member State, on the one hand, and the CTM Regulation on the other, to a case involving the use, in evidence, of depositions from one of the parties' own officers—a notoriously difficult thing in CTM proceedings. The last of the cases noted here concerns a challenge to a decision on grounds of failure to state reasons—a basis for challenge that appears to be very much in vogue among those seeking to challenge decisions in CTM proceedings.

B. Cases

1. EU—CJEU—To what extent can the EU institutions examine and interpret national law provisions of their own motion in invalidity proceedings?

In *OHIM v. National Lottery Commission*,[144] the CJEU offered guidance on the possibility of the EU institutions examining provisions of national law that are relied on by parties to proceedings and the importance of giving parties the opportunity to be heard on the issues that the Court has raised on its own motion.

The National Lottery Commission (the "NLC") is the body responsible for regulating the state-franchised national lottery in the United Kingdom. In October 2007, the NLC obtained the registration of a Community trademark for a figurative mark in the form of a representation of a smiling hand (the "Contested Mark"), as reproduced below:

As the hand of not-such-good fortune would have it, an Italian company, the Neapolitan Mediatek Italia Srl and Mr. Giuseppe De Gregorio, the applicants, filed for a declaration of invalidity, pursuant to Article 52(2)(c) (now replaced by Article 53(2)(c)) of the CTM Regulation, one of the so-called "relative grounds" for refusal, on the basis of an alleged earlier Italian copyright owned by Mr. De Gregorio relating to an image similar to the Contested Mark (the "Mano Portafortuna"), as reproduced below:

144. OHIM v. National Lottery Commission, Case C-530/12 P, [2014] ECR I-_____ (CJEU, Mar. 27, 2014).

In support of their invalidity application, the applicants submitted a copyright assignment document dated September 16, 1986 (the "Agreement") containing information relating the creation of the Mano Portafortuna and allegedly confirming the existence of an earlier copyright. The NLC claimed that this evidence was fraudulent as the Agreement contained a number of "anomalies," such as a post office stamp that dated the Agreement back to a certain date in 1986, which fell on a Sunday (Italian post offices are closed on Sundays). Additionally, the duration of the copyright was referred to in the Agreement as being 70 years, even though the relevant period of copyright protection when the Agreement was purportedly signed was 50 years. The extension to the EU copyright term to 70 years came later, in 1993, following the adoption of the Copyright Term Directive.

In July 2009, OHIM's Cancellation Division granted the declaration of invalidity application on the basis that, pursuant to Article 53(2)(c) of the CTM Regulation, the applicants had demonstrated that Italian legislation offered copyright protection capable of applying to the Mano Portafortuna.

The NLC appealed the decision and its appeal was dismissed by the First Board of Appeal of OHIM which found that there was sufficient evidence of the existence of copyright, as provided by the Agreement. It held that "pursuant to Article 2702 of the Italian Civil Code, the Board of Appeal was competent only to assess the content of that agreement and not to verify the provenance of the statements contained therein." Under Article 76(1) of the CTM Regulation, in OHIM proceedings, OHIM is to examine the facts of its own motion, but in proceedings relating to relative grounds for refusal for registration, OHIM is "restricted in this examination to the facts, evidence and arguments provided by the parties and the relief sought." In the absence of specific objections from the NLC as to the interpretation of the Italian law provisions, both the Cancellation Division and the Board of Appeal accepted the applicants' argument that national law and its interpretation was to be treated as mere fact and it is for the parties to demonstrate its applicable provisions and interpretation.

The NLC brought an action for annulment of the Board of Appeal decision. The NLC claimed that "as the Board of Appeal is

empowered to decide on the validity of a Community trademark, it must necessarily be entitled to appraise the authenticity of a document on which a party's claims are based when that authenticity is disputed." It argued that the Board of Appeal was wrong in finding that it was not competent to conduct an evidential analysis of the Agreement and in doing so, "did not accurately assess the scope of its own powers." OHIM's argument, on the other hand, relied on Italian national law provisions, whereby under Articles 2702 and 2703 of the Italian Civil Code, a public authority cannot disregard an authentic document unless it has been challenged as a forgery before the Italian courts. Accordingly, "all the Board of Appeal was entitled to do was to examine the content of the 1986 Agreement" as opposed to its provenance. In essence, the parties' arguments were contested on different planes, as the NLC based its argument substantively on EU law principles whereas OHIM relied on provisions of national law to justify its position.

In its decision, the General Court set out principles that the Board of Appeal must apply to determine the proof of the existence of a copyright, protected by national law. Referring to the judgment in *Edwin v. OHIM*,[145] the General Court held that, pursuant to Rule 37 of the Implementing Regulation, an applicant for a declaration of invalidity must provide OHIM with (i) information showing that, in accordance with the national law on which it is relying, it satisfies the conditions for having the use of a Community trademark prohibited by virtue of an earlier right; and (ii) information establishing the content of that national law.

Still following *Edwin,* the General Court held that OHIM must, however, on its own motion, obtain information about the national law of the EU Member State concerned, where such information is necessary to (i) assess the applicability of a ground of invalidity, and, (ii) assess the accuracy of the facts adduced or the probative value of the documents submitted. In *Edwin*, the CJEU had held that OHIM is responsible for evaluating the scope and authority of the particulars submitted to establish the content of the national law that is relied upon, and as a result, a rule of national law should not be treated as a purely factual matter. The General Court regarded national law as a matter of fact for the parties to prove, but this does not preclude OHIM from obtaining information about the national law on its own initiative where that national law was a "well known" fact, that is, "facts which are likely to be known by anyone or which may be learnt from generally accessible sources."

145. Edwin Co. Ltd v. OHIM and Elio Fiorucci, Case C-263/09P, [2011] ECR I-5853 (CJEU, July 5, 2011).

The General Court also held that, pursuant to Article 2704 of the Italian Civil Code and an Italian Supreme Court of Cassation decision (judgment number 13912 of June 14, 2007) (the "2007 Judgment") (a case that was not raised by either of the parties), it was open to the NLC, without having to bring forgery proceedings, to adduce proof that the 1986 Agreement was drawn up on a date other than that shown on the post office stamp. Had the Board of Appeal believed that the NLC could legitimately challenge the reliability of the Agreement, the Board of Appeal may have given more weight to the "anomalies" raised by the NLC.

The General Court did not reach its conclusion on the basis of the NLC's original plea (that the Board of Appeal, by virtue of being an EU body, had the authority to conduct an evidential analysis) or whether the Board of Appeal was right to rely on national law provisions on the evidence. Instead, it concluded that the Board of Appeal had misinterpreted the Italian national law with respect to the 2007 Judgment and "therefore failed to assess accurately the precise scope of its own powers."

OHIM appealed this decision to the CJEU on two grounds: (i) the General Court could not rely on the 2007 Judgment because it was not invoked during the OHIM proceedings or in the written pleadings but was referred to by the General Court on its own motion; and (ii) by not invoking the 2007 Judgment during the OHIM proceedings, the General Court had infringed OHIM's right to be heard.

Addressing the first ground of appeal, the CJEU cited its decision in *Edwin*, as the General Court had done in its decision. According to the CJEU, "since the application of national law can lead to a finding that there is a ground for invalidation of a duly registered Community trademark, it seems necessary for OHIM and the General Court to be able . . . to ascertain the relevance of the evidence produced by the applicant" by exercising a power of verification regarding the evidence produced and, if necessary, obtaining information on their own motion. The CJEU held that the General Court "did not exceed the limits of its powers to seek information of its own motion in order to ascertain the content, the conditions of application and the scope of the rules of national law relied upon by the applicant for a declaration of invalidity in order to establish the probative value of the agreement on which the latter based its earlier right to the contested mark."

Addressing the second ground of appeal, the CJEU restated the requirements for a right to a fair hearing, whereby parties must be apprised of, and be able to debate on, the matters of fact and law which will determine the outcome of the proceedings

(*Commission v. Ireland and Others*).[146] In the present case, although the General Court had invited the parties to submit their observations on the provisions of Italian national law, the parties were not put in a position to submit their observations on the 2007 Judgment, which was crucial to the General Court's line of reasoning. The CJEU referred the case back to the General Court.

2. EU—General Court—In CTM proceedings, when will probative value be attached to the content of affidavits or similar statements from an officer of one of the parties?

Trademark owners will welcome a sensible ruling from the General Court on how, in practice, one may prove use of a registered trademark using an affidavit from an officer of the company itself. The case in question is *Inter-Union Technohandel GmbH v. OHIM*,[147] the other party to the Board of Appeal proceedings being Gumersport Mediterranea de Distribuciones, SL. The decision was given on December 9, 2014.

The case involved Inter-Union's opposition against a CTM application for the mark PROFLEX (and design). Inter-Union relied on its earlier German mark PROFEX, of which it was required to prove use for a range of products including bicycles, motor vehicles and related accessories. Its case failed at this preliminary hurdle; the Board of Appeal held that Inter-Union had failed to establish, through the documents provided, the extent of the use it had made of its mark.

Inter-Union challenged the decision in the General Court, arguing that the Board of Appeal had been overly strict in its approach to assessing the probative value of the evidence that it had put forward. The evidence in question included an affidavit by an authorized representative of the company, to which had been appended certain tables, signed by the deponent, displaying information on turnover from the sale of bicycle and motor vehicle accessories. A number of other items were also provided relating to marketing and advertising under the brand, as well as articles from a monthly magazine published by a product testing organization, Stiftung Warentest.

The issue centered on the affidavit. OHIM is notoriously suspicious of information emanating from the trademark owner itself. The General Court noted:

> The Board of Appeal found that, given the 'clear' links between the signatory of the affidavit and Inter-Union Technohandel,

146. European Commission v. Ireland and others, Case C-89/08 P, [2009] ECR I-11245 (CJEU, Dec. 2, 2009).

147. Inter-Union Technohandel GmbH v. OHIM and Gumersport Mediterranea de Distribuciones, SL, Case T-278/12, [2014] ECR II-_____ (GC, Dec. 9, 2014).

> probative value could not be attributed to that statement unless it was substantiated by other evidence (para. 36 of the contested decision).
>
> The Board of Appeal went on to find, in essence, that the other evidence provided by Inter-Union Technohandel did not substantiate the content of the affidavit and that, in consequence, the extent of the use of the earlier mark had not been established.

(paras. 37 to 40 of the contested decision).

Inter-Union—a German company, relying on German trademark rights—maintained that its affidavit met the relevant criteria for admissibility in Germany; that its deponent had stated that he was aware of the purpose for which the affidavit was to be used, and that the making of a false statement would be a criminal offence; and that the affidavit constituted valid evidence of use of the mark for the purposes of the CTM Regulation. Inter-Union submitted that the affidavit (and its attached turnover tables) should be considered, in and of itself, to be sufficient proof of genuine use.

On this point, the General Court disagreed. It noted a body of case law to the effect that probative value can be attributed to a statement by one of a party's own executives only if it is supported by other evidence. There was nothing in the case law to suggest that the probative value of evidence filed to meet OHIM proof of use requirements should be assessed in light of the law of Germany or any other Member State. The Court rejected the complaint that the affidavit should have been considered sufficient in itself.

However, the opponent fared better on the second limits of its challenge. The Board of Appeal had held that the other evidence submitted by Inter-Union did not substantiate the content of the affidavit. The General Court disagreed, and noted a fundamental flaw in the Board of Appeal's approach. Purportedly following the teaching of an earlier case called BIODANZA,[148] the Board of Appeal had considered the additional materials supplied by Inter-Union in isolation without considering how it could work in conjunction with the evidence in the affidavit:

> [T]he Board of Appeal was under a duty to consider whether the evidence, other than the affidavit, substantiated the information given in that statement and should not have confined itself to considering whether that evidence—in itself, without the affidavit—established the extent of the use of the earlier mark. Were the Board of Appeal to proceed in such a

148. Christina Arrieta D. Gross v. OHIM and International Biocentric Foundation and Others, Case T-298/10, [2012] ECR II-_____ (Mar. 8, 2012) (BIODANZA).

> manner, it would effectively divest Mr S.'s affidavit of all probative value. However, the Court has stated that the fact that a statement made in accordance with Article 78(1)(f) of [Regulation No 207/2009] was from an employee of the company concerned—like Mr S.'s affidavit in the present case—cannot, by itself, deprive that statement of all value . . .
>
> In the light of that preliminary observation, the Court finds that the Board of Appeal did not carry out a proper examination of the evidence produced by Inter-Union Technohandel, namely, Mr S.'s affidavit and the 'advertisements, catalogues and magazine articles', including the articles published in Stiftung Warentest's magazine test. As can be seen . . . the Board of Appeal considered whether the 'articles on actual product tests' and 'advertisements, catalogues, and magazine articles' alone could demonstrate the extent of the use of the earlier mark and, relying on the judgment in BIODANZA, concluded that they could not. No part of the contested decision shows that the Board of Appeal examined the content of Mr S.'s affidavit in conjunction with the 'advertisements, catalogues and magazine articles', including the articles published in Stiftung Warentest's magazine test. That finding is confirmed by the reference made by the Board of Appeal to the judgment in BIODANZA.

(paras. 63, 64).

The Board of Appeal decision was annulled. It remains a striking feature of the OHIM system that the sworn evidence of a company officer will be considered to have no probative value unless supported by extraneous evidence, but this case does at least show that it may be used effectively in an integrated approach that makes appropriate use of other material.

3. EU—General Court—Is it useful to adduce evidence of national court decisions relating to the parties' dispute, when arguing an opposition case before OHIM?

In the CTM opposition case *ASOS plc v. OHIM, Roger Maier intervening*,[149] the General Court dealt with one aspect of a rather sprawling battle between ASSOS, a cycle clothing brand established in Switzerland in the 1970s and ASOS, an online fashion retailer formed in the United Kingdom in 1999 under the name "As Seen On Screen."

The opposition claim to which the General Court ruling applies related to a CTM application for the word mark ASOS in a number of classes, including a wide range of clothing, footwear,

149. Asos plc v. OHIM, Roger Maier intervening, Case T-647/11, [2014] ECR II-_____ (GC, Apr. 29, 2014).

and headgear in Class 25. In the General Court, among other things, ASOS was trying to overturn a finding of confusing similarity between ASSOS and ASOS in Class 25.

While the OHIM opposition proceedings and related appeals were rumbling along, between 2005 and the General Court hearing on November 21, 2013, the parties had also been busy with litigation in the High Court of Justice of England and Wales. This had produced two judgments, one of which ASSOS sought to introduce into evidence before the General Court, the other of which ASOS sought to introduce in the same way.

One of the issues before the General Court was the admissibility of the two English rulings. Another issue was the relevance and value of the rulings, particularly that of November 2013 in which the High Court ruled that the ASSOS mark was not infringed by use in the United Kingdom of the ASOS mark.

On the first issue, the General Court ruled in favor of the decisions' admissibility: "These decisions, although produced for the first time before the General Court, are not strictly evidence but relate to national case law, to which, even after the procedure before OHIM is complete, a party has a right to refer . . . . Neither the parties nor the General Court itself can be precluded from drawing on national case law for the purposes of interpreting English law" (para. 12).

Among authorities cited by the General Court for this proposition was *Vitakraft-Werke Wührmann v. OHIM—Johnson's Veterinary Products*.[150] In this case, the General Court had distinguished between, on the one hand, allegations that the Board of Appeal had failed to take factual aspects of a particular national judgment into account, and, on the other hand, a reference to national decisions in order to show that the Board of Appeal had got the (EU) law wrong.

However, although the decisions were admissible, neither party was able to make anything of them when it came to persuading the General Court to adopt their findings as to likelihood of confusion. The General Court observed first that the decisions were not final and did not concern opposition proceedings. This point is important; the two English High Court decisions related to an infringement claim, in which the question of likelihood of confusion is assessed in a contextual manner different from the assessment in an opposition claim. Second, the General Court repeated the familiar refrain that, in any event, "it is settled case law that the legality of decisions of the Board of Appeal must be evaluated solely on the basis of [the CTM

150. Vitakraft-Werke Wührmann & Sohn GmbH & Co. KG v. OHIM, Johnson's Veterinary Products Ltd intervening, Case T-277/04, [2006] ECR II-2211 (GC, July 12, 2006) paras. 70, 71 (VITACOAT).

Regulation], as interpreted by the Courts of the European Union, and not on the basis of national case law." The General Court would not substitute the High Court's findings for its own (para. 38).

Interestingly the epic battle between the ASOS and ASSOS brands has more recently gone another round in the English courts, with a 2:1 split decision of the Court of Appeal of England & Wales that found in favor of the defendant, ASOS, on the basis of the "own name" defense.[151]

4. EU—General Court—Does a CTM applicant have a continuing interest in pursuing an action for annulment of an adverse opposition decision, where the earlier mark on which the decision was based had subsequently been revoked?

The opposition case *Max Fuchs v. OHIM*[152] raised an unusual admissibility issue.

Mr. Fuchs had applied to register a certain star device as a CTM, and his application was opposed by Les Complices SA on grounds of conflict with its earlier rights in a similar star device. The earlier rights consisted of a CTM in Classes 18 and 24, and a French national trademark registration in Class 25. The result of the opposition was that Mr. Fuchs' application was rejected in Classes 18 and 25. That result was upheld by OHIM's Fifth Board of Appeal.

Mr. Fuchs applied to the General Court to have the Board of Appeal decision annulled. After this application was made, but before the General Court hearing, the opponent's earlier CTM (which established the opponent's Class 18 rights) was revoked, in separate proceedings. That revocation decision became final when Les Complices chose not to appeal it. The revocation was effective as of June 24, 2013—some time after the Board of Appeal's decision.

Mr. Fuchs then wrote to the General Court, submitting that, so far as concerned the opponent's earlier CTM rights to Class 18, the opposition should now be considered devoid of purpose. On the other hand, Mr. Fuchs maintained his own claim for annulment of the Board of Appeal decision, including as regards the now-revoked earlier CTM.

The General Court held that it was now required to address, of its own motion, the question of whether or not Mr. Fuchs

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151. A discussion of this decision (*Roger Maier and Assos of Switzerland SA v. ASOS plc and ASOS.com Limited*, [2015] EWCA Civ 220) will be included in Guy Heath, *Annual Review of EU Trademark Law: 2015 in Review*).

152. Max Fuchs v. OHIM and Les Complices SA, Case T-342/12, [2014] ECR II-_____ (GC, Oct. 8, 2014).

continued to have a legal interest in maintaining his annulment claim, insofar as related to the now-revoked earlier CTM, since the possession of a legal interest was a condition of the admissibility of the action. The Court noted that the purpose of the action must continue until the final decision, and that this presupposes that the action must be capable, if successful, of procuring an advantage for the person bringing it.

The question was therefore whether there could, in the new circumstances, be any advantage to Mr. Fuchs if he were able to establish that the Board of Appeal decision should be annulled so far as the Class 18 goods were concerned.

The General Court noted, as submitted by OHIM, that "at the date on which the contested decision was adopted, the earlier Community mark benefited in full from all the [rights afforded by the CTM Regulation]. Therefore, for the Court to find that the litigation becomes devoid of purpose when, in the course of the proceedings, a revocation decision is reached would amount to taking into account matters arising after the adoption of the contested decision, which neither affect the well-foundedness of that decision nor have any relevance for the opposition proceedings of which the present case is the culmination." (para. 24). It would be consistent with previous decisions in similar situations that no account should be taken, for the purposes of the proceedings, of the intervening revocation decision.

Secondly, the Court observed that, were the General Court to annul the contested Board of Appeal decision (so far as regards Class 18) this could indeed have advantages for Mr. Fuchs.

> If the Court were required to declare that there is no need to adjudicate, in part, for the goods in Class 18, the applicant could simply present, before OHIM, a fresh application for registration of his mark, without it being possible for opposition to that application thereafter to be mounted on the basis of the earlier Community mark that had been revoked. By contrast, if the Court were required to give a ruling on the substance and allow the action to the extent that it related to those goods, in holding that there was no likelihood of confusion between the marks at issue, nothing would then preclude the registration of the mark applied for." (para. 26).

In other words, Mr. Fuchs would be able to prevail in his original trademark application with its earlier filing date.

The General Court considered the case to be quite different from the normal one in which an opponent simply withdraws its opposition, which would have the automatic effect of withdrawing the obstacle to registration of the CTM application as filed. In the present case, in contrast, the effect of the General Court deciding that it should not rule on the action would leave in place the

adverse Board of Appeal decision, upholding the rejection of the trademark application, thus leaving the obstacle in place.

The General Court therefore ruled that Mr. Fuchs had an interest in maintaining the action, and so went on to rule on the substance of the matter. Unfortunately for Mr. Fuchs, he did not prevail on the merits of the case.

5. EU—General Court—When should a Board of Appeal decision be vitiated for failure to state reasons?

A significant number of cases in which the EU's General Court handed down rulings in 2014 related, at least in part, to claims that the OHIM Board of Appeal decision should be annulled because the Board had failed to state reasons for its decision. (Such claims are sometimes ineffective because it is determined that the decision-making rationale has in fact been made manifest in the ruling, albeit in a rather succinct fashion.)

The opposition case *Intesa SanPaulo SpA v. OHIM, equinet Bank AG intervening*,[153] is a rare case because it was the Court itself, rather than one of the parties, that raised the issue of failure to state reasons.

The case involved a CTM opposition brought by the intervener, equinet Bank AG, based on its CTM EQUINET, which had been registered for over five years in respect of a wide range of goods and services in Classes 35, 36, and 38, namely:

- Class 35: "Advertising; business management services; business administration; office functions, arranging of trade fairs and exhibitions for economic purposes, temporary employment agencies; drawing up of statistics; bookkeeping; auctioneering services; business investigations; marketing, market research and market analysis; shop-window dressing; business consultancy or organization consultancy; business consultancy and advisory services; personnel consultancy; office machines and equipment rental; arranging and concluding commercial transactions for others; arranging contracts for the buying and selling of goods; distribution of goods for advertising purposes; document reproduction; advertising; advertising, radio and television advertising; cinema advertising; except services with regard to the providing of connections to the Internet."
- Class 36: "Insurance and finance; sales financing and credit risk insurance (factoring), credit card services, lending against security, debt collection agencies, financial

153. Intesa Sanpaolo SpA v. OHIM and equine Bank AG, Case T-47/12, [2014] ECR II-_____ (GC, Mar. 27, 2014).

affairs and issuing of travellers' cheques, negotiation of securities, exchanging money, capital investment, credit consultancy, credit bureaux, enquiries into financial circumstances, safe deposit services, real estate and housing management, real estate agents and mortgage brokerage, leasing, real estate appraisal, insurance brokerage, financial management, insurance, renting of flats."

- Class 38: "Communications and telecommunications; radio and television broadcasting, telex services, communications by telephone (operating of a telephone network), radio communication services (message sending), news agencies, transmission of sound or images by satellite, rental of modems, telephones and other telecommunications apparatus."

The opponent was required to provide proof of the use of the EQUINET mark in respect of all the services covered by its registration. It did, accordingly, produce certain documentary evidence.

The Opposition Division rejected the opposition on the basis that the proof of use filed by the opponent did not demonstrate the nature of use of the earlier CTM. The Board of Appeal, however, annulled the decision, remitting the case to the Opposition Division, holding that the evidence furnished by the opponent had established use of the EQUINET mark in respect of certain services, which it described (using the same rather loose language as the opponent had itself used in its pleadings) as: financial services, valuation, and research services; public relations services; and business consulting services and advisory services.

This was an unhelpful way of describing the use made of the mark, on the facts of the case, since the services identified by the Board of Appeal did not (as can be seen by comparing them with the specification quoted in full above) correspond precisely to the specification of services contained in the earlier trademark, or indeed to identifiable subcategories of the specified services.

The CTM applicant, Intesa SanPaulo SpA, took the matter up with the General Court as an issue of substantive law under the CTM Regulation. It argued that Articles 42(2) and 42(3) of the CTM Regulation, read in conjunction with Article 15(1)(a) of the CTM Regulation, were infringed. "According to the applicant, the Board of Appeal's assessment is vitiated by errors relating to the place, time, extent and nature of use of the earlier mark, the link between its use and the services for which it was registered and, lastly, the link between the earlier mark as registered and the mark used." (para. 16).

The General Court noted that one aspect of the task of assessing whether an earlier mark has been put to genuine use for

the purposes of Article 42(2) of the CTM Regulation is to examine whether, or to what extent, the use of the mark corresponds to the goods or services, relied upon in the opposition, for which the mark had been registered. If it is determined that the earlier mark had been used for only some of the goods or services for which a mark is registered, then only those goods or services are taken into account for the purposes of the opposition.

This point had been addressed, in the present case, by the CTM applicant, which had noted that the use of the earlier mark had to be demonstrated in relation to the relevant services. As noted above, the CTM applicant had put this forward as a matter of substantive law, and had not formally raised a plea alleging failure to state reasons. However, the General Court held:

> 22 . . . an absence of or inadequate statement of reasons constitutes an infringement of essential procedural requirements for the purposes of Article 263 TFEU and is a plea involving a matter of public policy which may, and even must, be raised by the European Union judicature on its own motion (Case C89/08 *Commission v. Ireland and Others* [2009] ECR II1245, para. 34).

(para. 22).

The obligation to state reasons is contained in Article 85 of the CTM Regulation. The General Court observed that "[i]ts purpose is to allow interested parties to know the reasons for the measure so as to enable them to protect their rights and to enable the European Union judicature to exercise its jurisdiction to review the legality of the decision. The question whether the statement of reasons for a decision satisfies those requirements is a question to be assessed with reference not only to its wording but also to its context and the whole body of legal rules, governing the matter in question . . . ." (para. 24).

In connection with the proof of use requirement, the General Court held,

> When the Board of Appeal examines the issue of whether an earlier mark has been put to genuine use within the meaning of Article 42(2) of [the CTM Regulation], it must set out precisely to which goods and services in respect of which the earlier mark is registered and which are cited as justification for the opposition the genuine use shown relates. Failure to include such information vitiates, by reason of failure to state reasons, a decision which both concludes that an earlier mark has been put to genuine use within the meaning of Article 42(2) of the [CTM Regulation] and refers to goods or services other than those in respect of which that mark was registered.

(para. 27).

Applying the principle in the circumstances of the present case, the General Court reflected that the rather vague language used by the Board of Appeal to describe the services for which, in its view, the mark had been used could perhaps appear to correspond to services for which the mark had been registered. For example, the Board of Appeal had referred to "financial services," which could correspond to elements in the Class 36 specification of the earlier mark. However, it had not been made clear by the Board of Appeal that it had intended, by this terminology, to create a reference to all or any part of the Class 36 specification as such. Moreover, the lack of precision was fatal: ". . . [S]ince it is impossible to know whether, by referring to "financial services," the Board of Appeal is designating all or even a part of the services in Class 36 in respect of which the earlier mark was registered, it is impossible in practice to ascertain for which services the earlier mark must be deemed to be registered for the purposes of the opposition, which is liable to prevent any subsequent assessment of the likelihood of confusion." (para. 32).

The Board of Appeal decision was annulled.

VIII. INFRINGEMENT

A. Introductory Comments

This Part VIII considers cases on infringement of the exclusive rights conferred on trademark proprietors by the CTM Regulation and the TM Directive.

The rights of a trademark proprietor relating to Community trademarks are found in Article 9 of the CTM Regulation. The parallel rights III conferred by a trademark in relation to the national trademark authorities of EU Member States are set out in Article 5 of the TM Directive.

The scheme of this Part is to put cases that deal with classic infringement (usually based on likelihood of confusion) first, with cases relating to reputation-based claims following afterwards. The last case in this Section deals with issues arising under the EU Customs Regulation as well as the EU trademark law instruments.

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 italicised 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. United Kingdom—Court of Appeal of England and Wales—Who is the "average consumer"?

Substantial space was devoted in the Annual Review of 2013 cases to the long-running English keyword advertising case concerning use of the trademark INTERFLORA as a Google AdWord by retailer Marks & Spencer, to promote its own independent flower delivery service. Following an appeal hearing in July 2014, the matter has been remitted by the English Court of Appeal for a retrial (*Interflora Inc and Interflora British Unit v. Marks and Spencer plc*).[154]

As noted last year, key issues in the original trial decision included the nature of the "average consumer" standard in trademark infringement cases, and the allocation of the burden of

154. Interflora Inc and Interflora British Unit v. Marks and Spencer plc, [2014] EWCA Civ 1403 (Court of Appeal of England and Wales, Nov. 5, 2014).

proof in so-called "double-identity" trademark infringement cases. Both of these points were battleground issues in the appeal, which also touched on the controversial issue of initial confusion.

Average Consumer

The person whose perspective is to be taken into account when determining whether or not confusion is likely is "the average consumer." In the context of keyword advertising, the "average consumer" is taken to be the "reasonably well-informed and reasonably observant internet user."

At trial, the judge found that the *majority* of Internet users who clicked on the Marks & Spencer advertisements appreciated that they were visiting a competitor site, not part of Interflora. His decision in favor of Interflora resulted from his companion finding, which was that (at least, as at May 2008, when the case began) a *significant proportion* of those clicking on the Marks & Spencer advertisements did not appreciate this.

Marks & Spencer, the appellants, argued that these findings should have compelled the judge to rule in their favor, on a correct application of the "average consumer" test. According to Marks & Spencer, the judge had misinterpreted the test and "wrongly converted what is, on a correct application of the law, a hypothetical person with an objectively defined standard of knowledge and perspicacity into a population of individuals with varying degrees of knowledge and perspicacity." The CJEU itself had made plain that it was not enough that "some internet users may have had difficulty grasping that the services provided by [M&S] is independent from that of Interflora," and Marks & Spencer argued that the trial judge had set the bar too low (para. 61).

The Court of Appeal noted that the "average consumer" is recognized to be a legal construct—a hypothetical person "who has been created to strike the right balance between various competing interests including, on the one hand, the need to protect consumers and, on the other hand, the promotion of free trade in an open and competitive market, and also to provide a standard, defined in EU law, which national courts may then apply (para. 113). The test is not statistical; the court is required to exercise its own judgment to determine the perceptions of the average consumer in any given case.

According to the Court of Appeal, the crucial legal question raised by the Appeal was, "whether the average consumer, as a hypothetical person, necessarily has a single reaction so that the average consumer test has . . . a binary nature and so precludes a consideration of the perceptions of a *portion* of the relevant public." (para. 116) (emphasis added).

Following a review of both relevant CJEU authorities and one of its own earlier decisions in the present case, the Court of Appeal

concluded that although a court must of course ultimately give a binary answer to the question before it—whether or not confusion is likely—it is no bar to a finding of infringement that the majority of consumers were not confused.

> . . . the average consumer does not stand alone for it is from the perspective of this person that the court must consider the particular issue it is called upon to determine." The assessment to be made by the court is a qualitative one, and "we do not accept that a finding of infringement is precluded by a finding that many consumers, of whom the average consumer is representative, would not be confused. To the contrary, if, having regard to the perceptions and expectations of the average consumer, the court concludes that a significant proportion of the relevant public is likely to be confused such as to warrant the intervention of the court then we believe it may properly find infringement.

The Court of Appeal has thus endorsed the more flexible test espoused (after a very detailed review) by the court of first instance, which allows it to take account of differing perceptions—albeit using the average consumer as a benchmark, and considering only those who are reasonably well-informed and reasonably observant—and to take account of competing interests.

Burden of Proof

The appellants argued that the judge had erroneously laid the burden of proof, in a "double-identity" infringement claim, at the door of the defendant, and had distorted the test for liability.

"Double-identity" cases are those in which both the parties' trademarks and the parties' goods or services are identical, not merely similar. This was a double-identity case because the claimant's mark was INTERFLORA, registered for flower delivery services, and the infringement claim related to the use by the defendants appellant Marks & Spencer of the same mark for the same service.

A double-identity case is, on paper, easier to win than a case based on a merely similar mark. This is because the special rules governing double-identity situations (Article 9(1)(a) of the CTM Regulation; Article 5(1)(a) of the TM Directive) have no express requirement to show a likelihood of confusion, unlike the rules under Articles 9(1)(b), et seq. Where a likelihood of confusion is required, the burden of proof to establish it lies with the claimants.

However, CJEU case law has established that the difference between double-identity cases and similarity-based cases is somewhat more apparent than real. As noted by the Court of Appeal, "the [CJEU] has now held in a long line of decisions that the right under Article 5(1)(a) (and Article 9(1)(a)), although

'absolute,' is conferred to enable the trademark proprietor to protect his interests as proprietor, that is, to ensure that the trademark can fulfil its functions. The exercise of the right must therefore be reserved to cases in which a third party's use of the sign adversely affects, or is liable adversely to affect, one of those functions."

In the present case the question arose in the special context of keyword advertising, in which context the issue has been formulated it in a special way: "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 an undertaking economically connected to it or, on the contrary, originate from a third party."[155]

At trial, after careful analysis, the judge concluded that in a double-identity case the burden of proof on this issue should be reversed (at least, as a matter of evidential onus in relation to the specific issue, rather than legal burden overall) so that the defendant had the burden of proof. The judge had several reasons for this, including the particular way in which the CJEU had referred to the issue in the leading case Google France (*see* para. 131 of the Court of Appeal's ruling):

> . . . I find it difficult to see how else to interpret that the Court of Justice said in Google France at [84]. The Court's phraseology involves a negative condition: "The function of indicating the origin of the trademark is adversely affected if the ad does not enable users, or enables them only with difficulty to ascertain . . . .

The Court of Appeal, however, found this reasoning unpersuasive. As a matter of principle, the burden of establishing all elements of an infringement claim must normally lie on the claimants, as a matter of EU or English law. According to the Court of Appeal, "we believe the error in the judge's reasoning is that he wrongly elided the burden of proof in legal proceedings with the need in practice for third party advertisers to craft their advertisements with appropriate clarity." (para. 144).

Commenting recently in the *Interflora* case, in his 2015 decision in *Supreme Petfoods Limited v. Henry Bell & Co. (Grantham) Limited*,[156] in the High Court of England and Wales,

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155. Google France SARL and Google Inc. v. Louis Vuitton Malletier SA, Case C-236-08, Google France SARL v. Viaticum SA and Luteciel SARL, Case C-237-08, and Google France SARL v. Centre national de recherché en relations humaines (CNRRH) SARL and others, Case C-238/08, [2010] ECR I-2417 (Mar. 23, 2010).

156. Supreme Petfoods Limited v. Henry Bell & Co (Grantham) Limited, [2015] EWHC 256 (2015) (Ch) (High Court of England and Wales, Feb. 12, 2015).

the first instance judge, Arnold J., noted that the Court of Appeal's ruling on the burden of proof in a "double-identity" situation related specifically to a keyword advertising case—not an "ordinary" case. After summarizing a very wide range of CJEU rulings on the issue, taken from differing contexts, he concluded that the issue of burden of proof, so far as concerns the detriment accruing to the trademark by reason of the defendant's use in a double-identity case, is an important but uncertain issue of EU trademark law that requires determination by the CJEU (*Supreme*, paras. 158 and 164).

Initial Interest Confusion

At trial, the judge accepted that "initial interest confusion" could be relevant in showing an adverse effect on the origin function of the INTERFLORA mark. The appellant argued that initial interest confusion was insufficient to establish liability.

The Court of Appeal referred to initial interest confusion as an expression derived from U.S. trademark law, identifying a doctrine that is "highly controversial." According to the Court of Appeal, "it is not helpful to seek to import the doctrine of initial interest confusion into EU trademark law, at least so far as it applies to the use of a sign . . . as a keyword in an internet referencing service, and it has the potential to mislead." (para. 155).

Although the Court of Appeal may more generally lack enthusiasm for the doctrine, its rationale for excluding the doctrine in the present case is specific to the particular context. The CJEU has formulated special tests for assessing keyword-based infringement claims with great care. These tests "reflect the importance of trademarks in developing a system of undistorted competition whilst recognizing that their purpose is not to protect their competitors against fair competition." That special test, therefore, incorporates checks and balances that give a certain level of protection for the brand owner that is, however, very clearly limited, and not calibrated at a level which would avoid confusion altogether. The Court of Appeal is concerned that to allow free reign to the initial interest confusion theory in this context would upset the balance desired by the CJEU.

2. Sweden—Swedish Supreme Court—Can the scarcely noticeable appearance of a competitor's trademark in a photograph featured in a company's product brochure constitute an infringement?

The case *Mon.Zon Sverige AB, among others v. Layher Aktiebolag*,[157] concerns a question that lies beneath many

157. Mon.Zon Sverige AB, among others v. Layher Aktiebolag, Case T-301-12 (Swedish Supreme Court, July 9, 2015).

trademark infringement cases in the EU—does the use being complained about have the capacity to adversely affect the plaintiff's mark?

The plaintiff, Layher AB, claimed that Mon.Zon Sverige AB, the appellant, had infringed its registered trademark LAYHER (registered for different types of scaffolding products) by using a photograph (the third to the right below) in one of Mon.Zon's product catalogues. In the photograph, Layher's trademark (the red label) could be seen, affixed to Layher's own scaffolding poles. The photograph shows a scaffolding erection in which the Layher scaffolding poles are connected to Mon.Zon's own poles (the yellow/blue label).

Layher submitted that Mon.Zon's use of Layher's trademark had, or at least could have, given the relevant public the wrong impression that there was some sort of commercial or economic link between the two companies, and that Mon.Zon's use therefore had an adverse effect on Layher's trademark's function of providing an indication of origin of the goods.

Mon.Zon's product catalogue

The Swedish Supreme Court rejected this contention, pointing out first that Mon.Zon's purpose with the catalogue was to illustrate its own scaffolding products, that the format of Mon.Zon's product catalogue was not larger than the size of an A4 sheet, and that the photograph was rather small and positioned

next to two other photographs on one single page—while the catalogue consisted in total of sixty pages. The Court further mentioned that none of the contents of the catalogue gave the reader the impression that there was a commercial or economic link between the trademark LAYHER and Mon.Zon, or that this company was actually marketing Layher components.

The Swedish Supreme Court held that the average consumer of these types of scaffolding products has significant knowledge of the market for such goods. The characteristics of this market are that it consists of a limited amount of producers and that mixing scaffolding components from different producers is, in cases as in the present matter, a feature of trade practice. The Court drew the conclusion that it was hard to believe that an average consumer that is normally informed and reasonably attentive, would not, when briefly leafing through the catalogue (and if even spotting the trademark LAYHER) think that the photograph aimed to describe anything other than that the parties' scaffoldings are compatible. The Court went even further in its conclusions and held that, even if a consumer had only limited knowledge about the goods, there was no risk that they would be unable to determine the origin of the goods.

3. Spain—Madrid High Court—Can an infringement claim be made out in a case where the correspondence between two marks exists only in that they share a commonplace term?

This question was addressed in *NRJ Group Societe Anonyme v. Mediaset España Comunicación*.[158]

This case refers to the conflict between a French radio station, owner of CTM Registration No. 140038, ENERGY NRJ, to cover, among others services in Classes 38 and 41, and a Spanish TV channel called "ENERGY," which had applied to register Spanish Trademark Application No. 3004685 for the figurative mark E. ENERGY in Classes 9, 16, 35, 38, and 41.

The Spanish Patent and Trademark Office had rejected the opposition and appeal of NRJ Group arguing that the coincident element "ENERGY" should not be taken into account, as it lacks distinctiveness and the comparison of the trademarks without taking into account, this element showed that they were not confusingly similar.

The trademarks in conflict are the following:

158. NRJ Group Societe Anonyme v. Mediaset Espana Comunicacion, Case No. 1421/2012 (High Court of Justice of Madrid (contentious-administrative), Oct. 7, 2014).

The High Court of Justice of Madrid revoked the decisions of the Spanish Patent and Trademark Office. It held that the mark E. ENERGY is similar to earlier trademark ENERGY NRJ, since the goods and services concerned are identical, and the trademarks are similar too, such the Spanish public may confuse the business origin of the goods and services under the marks.

With regard to the "ENERGY" element of the marks, the Court stated that the term "energy" may be generic in the energy sector, but it is not generic or descriptive in the radio and television sector. The judgment took for granted that Spanish customers will understand the meaning of the English word "energy," but the Court considered that "energy" not to be descriptive in relation to media.

As a consequence, the Court rejected Spanish Trademark No. 3004685, the figurative mark E. ENERGY, for all the contested goods and services in Classes 9, 16, 35, 38, and 41. None of them referred to the energy sector.

4. Benelux—District Court of Luxembourg—Can the use of a company name be opposed under Article 9 of the CTM Regulation?

Yes, according to the Luxembourg court, which held that such use will nearly always constitute trademark infringement, since, in the context of a company's commercial activities (e.g., invoices, commercial communications, advertising), the company name will generally be used in relation to goods or services.[159]

The facts underlying this matter are as follows. Lion Capital LLP, the claimant, is a U.K. private equity firm owning two Community trademarks LION CAPITAL registered on August 25, 2011, for, among others things, business management and financial services. The defendant, which according to the claimant infringes its rights, is a Luxembourg company with the corporate name "Lion Capital Consult SA" and it provides services similar to those for which the CTMs are registered.

The District Court ruled that the use of the corporate name "Lion Capital Consult" indeed constituted an infringement of Lion Capital LLP's trademark rights to LION CAPITAL within the meaning of Article 9 of the CTM Regulation.

159. Case No. 489/2014 (Luxembourg District Court, Aug. 26, 2014) (LION CAPITAL).

An interesting point in this matter is that the District Court rejected the defendant's argument that it uses the sign "LION CAPITAL CONSULT" only as a company name and that the purpose of such use is the identification of the company as such. The use would thus not relate to distinguishing goods or services and hence not constitute trademark infringement. In this respect, the defendant referred to the *Céline* judgment[160] in which the CJEU held that: "where the use of a company name, trade name or shop name is limited to identifying a company or designating a business which is being carried on, such use cannot be considered as being 'in relation to goods or services."

As a reminder, the CJEU's ruling in the *Céline* case was as follows: "The unauthorised use by a third party of a company name, trade name or shop name which is identical to an earlier mark in connection with the marketing of goods which are identical to those in relation to which that mark was registered constitutes use which the proprietor of that mark is entitled to prevent (. . .), where the use is in relation to goods in such a way as to affect or to be liable to affect the functions of the mark. Should that be the case, [Article 6(1)(a) of the TM Directive—*see* Part IX below] can operate as a bar to such use being prevented only if the use by the third party of his company name or trade name is in accordance with honest practices in industrial or commercial matters."

Despite the defendant's reference to *Céline*, the District Court ruled that the use of a company name which is similar to a prior trademark and which is used for similar goods or services will nearly always constitute trademark infringement, since, in the context of a company's commercial activities (e.g., invoices, commercial communications, advertising), the company name will be used in relation to goods or services.

5. Germany—German Federal Supreme Court—Color trademark—What degree of distinctiveness of an abstract color trademark is required to support a claim for infringement against a competitor using a highly similar trade dress?

Color mark cases in the EU (of which there are many) tend to discuss the question of registrability. An important 2014 case from Germany's highest court is an exception to this, and looks at the question of distinctiveness in an infringement context. It involves the following trademark:

160. Céline SARL v. Céline SA, Case C-17/06, [2007] ECR I-7041, (CJEU, Sept. 11, 2007).

Langenscheidt, a well-known German publisher of bilingual dictionaries, is the owner of the abstract color trademark No. 396 12 858—Yellow, registered for bilingual dictionaries. The defendant, a subsidiary of Rosetta Stone Inc, offers in Germany language learning software in a yellow trade dress to which in black color the designation "Rosetta Stone" and a blue "stone" have been applied.

Langenscheidt regards this use as an infringement of its trademark rights and had successfully filed an infringement action against the use of the following embodiments:

The decision of the District Court of Cologne, the court of first instance, was, on appeal by Rosetta Stone, confirmed by the Court of Appeals (Oberlandesgericht Koeln). Rosetta Stone's final appeal to the German Federal Supreme Court proved, likewise, to be unsuccessful.[161]

Rosetta Stone, in an independent action with the German Patent and Trademark Office, the German Federal Patent Court and, finally, the German Federal Supreme Court, requested that Langenscheidt's trademark be revoked for lack of distinctiveness. The attempt likewise proved to be unsuccessful.[162]

The German Federal Supreme Court's decision in the infringement case was handed down in September 2014. At the outset, the Court agreed with the German Federal Patent Court's

161. Case No. I ZR 228/12, GRUR 1101 (2014), (German Federal Supreme Court, Sept. 18, 2014).

162. Case No. I ZB 61/13, GRUR ____ (2014), (German Federal Supreme Court, 2014).

conclusion that Rosetta Stone used the color yellow as a trademark, as required by Section 14(2) No. 2 of the German Trademark Act.

The German Federal Supreme Court noted that, as a general proposition, use of a color in advertising and as applied to a product or its packaging will only rarely be understood by the public as a trademark. Use of color in advertising or on packaging without graphic elements or words will, as a rule, not be understood as an indication of origin but only as a design.[163] However, there were exceptions to this principle. As the German Federal Supreme Court has previously held, if the public, because of certain labeling habits on the relevant product or service section, is used to the use of colors as designation of origin, the situation may be different.[164]

With that principle in mind, the Cologne Court of Appeals had correctly, the German Federal Supreme Court held, pointed out that marketing practices in the particular field of bilingual printed dictionaries permitted that conclusion: Langenscheidt itself had held a market share of more than 60% for decades using the color yellow for its products. A well-known competitor with a market share of 17% had, likewise for decades, used the color green for its bilingual dictionaries. These product configurations would shape the perception of consumers, the perception of which would be extended to language software since this software would be considered complementary to the bilingual dictionaries.

Contrary to the position taken by Rosetta Stone it was, in the view of the German Federal Supreme Court, also not necessary that the use as a trademark of the color yellow by Rosetta Stone should require an increased degree of distinctiveness of the plaintiff's trademark. It is true that, if the protected color mark has been shown to have a particularly high degree of distinctiveness, there is a higher likelihood that the public would regard the use of an identical or similar infringing designation as trademark use. However, there is no requirement that this needs to be the case.

The German Federal Supreme Court also shared the Cologne Court of Appeal's opinion that use by Rosetta Stone of the color as a trademark would not be eclipsed by use of rather conventional product designations, such as the word mark "Rosetta Stone" or the blue stone logo, making the public believe that the color is just used as a colorful decoration and not as an indication of origin. In this connection, the Court considered, it needs to be taken into

163. Libertel Groep BV v. Benelux-Merkenbureau, Case C-104/01, [2003] ECR I-3793 (CJEU, May 6, 2003).

164. Case No. I ZR 138/07, GRUR 259 (2010), (German Federal Supreme Court, Jan. 14, 2010).

consideration that the fact that the color is not just used in close physical connection with the designation "Rosetta Stone" or the blue stone but instead, the color is used on all of the packaging, in Internet advertising or TV spots and in each case in large scale, independently from the word and pictorial elements. It therefore followed that the Cologne Court of Appeal had correctly concluded that the color yellow in the "Rosetta Stone" trade dress is used as an indication of origin.

With that in mind the German Federal Supreme Court shared the lower instance courts' view that the Rosetta Stone trade dress comes confusingly close to Langenscheidt's abstract color trademark yellow (Section 14(2) No. 2 of the German Trademark Act). The Court was in no doubt that, in all the circumstances, there was a high likelihood of confusion between the conflicting trademarks.

As regards the assessment of similarity between the parties' respective products, since language learning software and bilingual dictionaries are supplementary to each other, there was a high similarity between the conflicting goods. As for the distinctiveness of the earlier mark, the German Federal Supreme Court went on to emphasize that the lower courts had properly ruled that Langenscheidt's trademark yellow had at least an average degree of distinctiveness, which is sufficient for the purposes of determining a likelihood of confusion.[165] Not only did the trademark already have, in 2009, a secondary meaning of more than 50% (as reflected by consumer surveys) but, in addition, in 2010, products sold under the mark had a market share of 61.35%.

And finally, the German Federal Supreme Court ruled that the finding of similarity between Langenscheidt's color trademark and the trade dress of Rosetta Stone would not be excluded by the fact that the color is used in combination with additional elements, including the trademark ROSETTA STONE. Not only was it necessary to take into consideration that the use of colors to designate dictionaries is common practice, it is also necessary to point out that by the conspicuous use of the color yellow by Rosetta Stone, the relevant consumers could be made to believe that bilingual dictionaries of Langenscheidt, on the one hand, and the language learning software of Rosetta Stone, on the other hand, could originate from companies that are affiliated with each other.

165. Case No. I ZR 22/04, GRUR 780 (2007) (German Federal Supreme Court, Jan. 25, 2007) (PRALINENFORM).

6. Spain—Spanish Supreme Court—To what extent is the unusual color of an alcohol bottle a distinctive feature in isolation from its other identifiers and would a competitor's use of the same color override a difference in bottle shape?

The March 11, 2014 decision of the Spanish Supreme Court in *Bacardí & Company Ltd and Bacardí España, S.A. v. Dinsa World Wide Distillers S.A. (appeal No. 697/2012)* dealt with an infringement claim relating to gin bottles.

The plaintiffs own a series of three-dimensional and figurative Spanish and Community trademarks consisting of a blue bottle and a label containing the words "BOMBAY SAPPHIRE" for "gin." The marks pertain to the product shown here on the left.

The defendant entered the market with a gin called "GOA," sold in the bottle shown in the center.

The claimant argued that, in addition to the trademark registrations for BOMBAY SAPPHIRE and the labelled blue bottle, it was also the owner of a nonregistered well-known three-dimensional trademark relating to gin, consisting of the blue bottle itself as depicted on the right-hand side above, the color being blue sapphire, Pantone 306-C.

The plaintiffs claimed trademark infringement on grounds of likelihood of confusion and the taking of unfair advantage. They also claimed on the basis of unfair competition for the use of a blue

bottle in connection with gin. The claim for unfair competition was for "taking of unfair advantage of someone else's reputation" and for "acts of confusion," for adopting an imitative bottle in order to confuse consumers as to the origin of the goods. The plaintiff relied not only on the coincidence of the blue bottle, but also on the "Goa" name because Goa is, like Bombay, a city in India.

At first and second instance, the Community trademark Court and the Community Trademark Tribunal held that there was neither trademark infringement nor unfair competition.

In its 2014 decision, the Supreme Court of Spain confirmed that the conflicting marks were not overall similar, due mainly to the different structure and shape of the bottles, so there could be no likelihood of confusion on the part of the public. As for the unfair advantage aspect of the infringement claim, the Spanish Supreme Court also confirmed that, due to the difference in the bottles, Spanish consumers would make no link between both bottles, so the claim of unfair advantage was also dismissed.

Perhaps the most important finding of the Court refers to the claim based on the nonregistered well-known mark consisting of a bottle in a blue sapphire color Pantone 306-C for gin. The Court rejected this claim on the basis of the following:

(i) If the plaintiff wished to have exclusive rights on the blue bottle, he should have filed a trademark application for the blue bottle alone rather than now claiming that he is the owner of a nonregistered well-known mark for the blue bottle. This proposition was based on several previous judgments of the Supreme Court. The plaintiffs had started using the trademark in Spain in 1994, and had filed for Community trademark protection in 1996, and the Court was effectively saying that they should have taken the opportunity to file a trademark application for the blue bottle itself.

(ii) The defendant had filed evidence of a market survey showing that over 70% of consumers of alcoholic beverages do not associate the color blue Pantone 306-C with a trademark for gin, and only 0.7% associated it with the mark BOMBAY SAPPHIRE.

(iii) The defendant had proved that there are other competing manufacturers of gin that use different shades of color blue as a characteristic element of their bottles for gin.

(iv) The Spanish Supreme Court recognized that the earlier registered marks had a reputation, but held that this reputation was for the mark BOMBAY SAPPHIRE in conjunction with the blue bottle and not for the blue bottle alone.

The Supreme Court rejected the appeal and confirmed the appealed judgment, on the grounds that there was neither trademark infringement nor unfair competition.

7. United Kingdom—English High Court—What are the characteristics of the "average consumer" in the case of menswear that would often be purchased as a gift; and how does the contextual approach affect the assessment of likelihood of confusion?

The English High Court in *Jack Wills Ltd v. House of Fraser (Stores) Ltd*[166] was called upon to consider a case of trademark infringement and passing off brought by Jack Wills, a fashionable British clothing brand selling to a well-heeled younger market, against House of Fraser, a large chain of department stores in the United Kingdom.

The case concerned the a graphical device used by Jack Wills, which it referred to as "Mr Wills." The device is registered as both a United Kingdom trademark and a Community trademark, in forms of varying degrees of detail. The device consists of an anthropomorphic pheasant wearing a top hat and neck scarf and carrying a cane (the simplest form of which can be seen in the right hand side of Figure 1 below). Jack Wills took issue with the device that House of Fraser had begun to use for its "Linea" range of men's clothing. House of Fraser's new device showed an anthropomorphic pigeon wearing a top hat and bow tie (as seen on the left hand side of Figure 1).

Figure 1.

Jack Wills alleged infringement under Articles 5(1)(b) and 5(2) of the TM Directive and Articles 9(1)(b) and 9(1)(c) of the CTM Regulation, and passing off. This commentary deals with the likelihood of confusion claim. (The claim under Article 5(2)/Article 9(1)(c) is dealt with later, at Part VIII.C.11.)

166. Jack Wills Ltd v. House of Fraser (Stores) Ltd, [2014] EWHC 110 (Ch) (Jan. 31, 2014).

On the issue of likelihood of confusion, the Court noted that the average consumer is a legal construct and, following the guidance of the English Court of Appeal in Interflora Inc. v. Marks and Spencer Plc,[167] held that "the average consumer provides a normative benchmark with regard to the standard of perspicacity to be applied, but this does not require the Court to assume that all the persons of whom the average consumer is representative perceive either the trademark or the allegedly infringing sign in the same way."

As regards the average consumer in the context of acquired distinctiveness, the Court held that "there is likely to be a spectrum of persons ranging from those who are wholly ignorant of the mark to those who know it well and perceive it without the slightest doubt or hesitation as signifying the source of the goods or services in question" and "the persons represented by the average consumer may vary widely in age and socio-economic class."

One the facts of the case, the Court held that the average consumer was neither "a 16-24-year-old devotee of Jack Wills" as House of Fraser suggested, nor "two average consumers: those who purchase clothes for their own use and those who purchase clothes for others" as suggested by Jack Wills. Rather, the Court proceeded on the basis of a single, less-specific, standard: the average consumer was "a consumer of men's clothing, and in particular casual clothing . . . [exercising] a moderate degree of attention . . . [and purchasing primarily] on the basis of visual inspection."

In determining whether there is a likelihood of confusion under Article 5(1)(b)/ Art9(1)(b), the Court is required to make a contextual assessment of the use of the sign. House of Fraser had argued that the context of its use of the pigeon logo negated any likelihood of confusion. It asserted that consumers were used to distinguishing between bird logos on clothing and that its Linea range was sold in a distinct zone and bore Linea labels/swing tags. The Court accepted these factors should be taken into account, but noted first that the context of use was not sufficient to avoid any likelihood of initial interest confusion:

> While Linea is an established brand, it is not one that would be well known to occasional menswear customers. While Linea menswear is generally sold in a distinct zone, this is not always the case. The fact that the goods bore Linea labels would not necessarily have prevented confusion. It is likely that some customers will have seen folded shirts or sweaters with the Pigeon Logo visible and have picked them up, only to notice the Linea label or swing ticket later. Thus there is the potential for initial interest confusion.

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167. Interflora Inc. & Interflora British Unit v. Marks and Spencer Plc & Flowers Direct Online Limited [2013] EWHC 1291 (Ch) (High Court of England and Wales, May 21, 2013).

The Court held that the context was also insufficient to negate the possibility of post-sale confusion or, for that matter, "classic" confusion at point of sale:

> people who saw a friend, relative or acquaintance wearing a shirt or sweater with the Pigeon Logo would not see a Linea label or swing ticket. Thus there is the potential for post-sale confusion. The fact that House of Fraser does not in fact sell Jack Wills clothing would not prevent consumers from believing that Jack Wills had opened a concession in House of Fraser (as it has in Selfridges [a large department store in London]), still less would it prevent confusion occurring in more subtle ways.

The Court concluded that there was a likelihood of confusion.

8. Denmark—Danish Maritime and Commercial Court in Copenhagen (High Court level)—Does the fact that the defendant has a trademark registration that precedes its contested use of a trademark by several years mean that the claimant, to succeed in a claim of infringement relating to the use of that trademark, has to prove an earlier right predating not only the defendant's contested use, but also the date of the defendant's application to register that trademark?

The Danish court has approached an infringement claim on the basis that the answer is yes. In July 2014, the Danish Maritime and Commercial Court ruled in *Merrild Kaffe ApS v. Mondelez Danmark ApS*.[168] The case concerned the question of whether Merrild Kaffe ApS, the proprietor of the trademark CAFÉ NOIR, could enjoin Mondelez Denmark ApS from using (i) the trademark CARTE NOIRE for coffee, and (ii) a specific trade dress when marketing CARTE NOIRE coffee capsules.

Merrild, the claimant, is part of D.E. MASTER BLENDERS 1753, an international coffee and tea group headquartered in the Netherlands. Merrild markets and sells a number of coffee products in Denmark, including under the CAFÉ NOIR brand, and including several variants of NESPRESSO-compatible CAFÉ NOIR capsules. These are the variants shown below:

168. Merrild Kaffe ApS v. Mondelez Danmark ApS, Case No: SH2014.A-0008-14 (The Danish Maritime and Commercial Court in Copenhagen, July 11, 2014).

Merrild is proprietor of two Danish trademark registrations:

- VR 1987 00684 CAFÉ NOIR (device) registered in Class 30 (for coffee), applied for on October 1, 1985:

- VR 1996 00555 CAFÉ NOIR (word) registered in Class 30 (for coffee) on the basis of distinctiveness acquired through use, applied for on July 26, 1995.

During the proceedings, Merrild also claimed that the trademark CAFÉ NOIR had been marketed as an individual brand in Merrild's coffee brand portfolio in Denmark since 1986. It claimed, as a result, to hold rights in CAFÉ NOIR as an unregistered trademark, under principles of Danish domestic law, dating back to 1986.

Mondelez, the defendant, is part of Mondelēz International, one of the world's largest snacks companies, headquartered in the United States. In Denmark, Mondelez sells coffee products under, among others, the CARTE NOIRE brand. Mondelez had previously used the CARTE NOIRE brand over a period of fours years from 2000 to 2004 in Denmark, after which the use ceased. Mondelez then "re-launched" the CARTE NOIRE brand when launching capsules for the TASSIMO system in Denmark in 2012, and then (resulting in the present claim) began to use the mark for capsules for the NESPRESSO machines in 2014. At the time of the court proceedings, Mondelez's NESPRESSO-compatible CARTE NOIRE capsules included four coffee types in Denmark:

Mondelez is proprietor of two Danish trademark registrations:

- VR 1995 01464 JACOBS CARTE NOIRE (word) registered in Class 30 (for coffee) and applied for on December 22, 1993.

- VR 1995 00258 CARTE NOIRE (word) registered in Class 30 (for—among other things—coffee) and applied for on June 1, 1994.

The circumstances that led to the case were as follows. Merrild, Mondelez, and a number of other companies market coffee capsules which are intended for Nestlé's NESPRESSO machines.

Mondelez launched its NESPRESSO-compatible CARTE NOIRE capsules on the Danish market during spring 2014.

While Merrild recognized Mondelez's right to use CARTE NOIRE for capsules that were compatible with Mondelez's own "single serving" machine—the TASSIMO machine—on the basis that TASSIMO was used as the main brand for these capsules (launched in 2012), Merrild contested Mondelez's right to use CARTE NOIRE for capsules intended for NESPRESSO machines.

Merrild therefore brought a claim in Denmark for the infringement of its two registered marks, alleging likelihood of confusion (Article 5(1)(b) of the TM Directive) and claiming infringement under Article 5(2), claiming a reputation for its marks. Merrild also claimed for infringement of CAFÉ NOIR, as an earlier unregistered mark.

Further, Merrild claimed that Mondelez infringed its rights under the Danish Marketing Practices Act due to misuse of Merrild's trade dress.

Since Mondelez's two applications for the marks JACOBS CARTE NOIRE (word) and CARTE NOIRE (word) had been filed by Mondelez more than one year before Merrild applied for registration of its trademark VR 1996 00555 CAFÉ NOIR (word) (see above), the Danish court held that Merrild was only able to enjoin Mondelez from exploiting the trademark CARTE NOIRE if Merrild was proprietor of an earlier trademark right, in the sense of a right which pre-dated Mondelez's applications. This forced the analysis back to the situation that applied in the mid-1990s, and required Merrild to show that it had acquired its unregistered rights by then.

The Court determined that Merrild had been marketing the CAFÉ NOIR brand intensively since 1986. Against this background, the Danish court concluded that Merrild had substantiated its claim that the mark CAFÉ NOIR had acquired distinctiveness through use before June 1, 1994, the date on which Mondelez had applied for registration of the word mark CARTE NOIRE (VR 1995 00258 CARTE NOIRE). Thus, Merrild was proprietor of an earlier trademark right, in the sense understood by the Danish court.

However, the strength of the claim based on the established unregistered right in CAFÉ NOIR would depend on the strength of its acquired distinctiveness, and whether or not it was to be considered a well-established mark "with a reputation" in Denmark. On this aspect, the Court held that Merrild had not

substantiated that CAFÉ NOIR was particularly well-established on the Danish market before June 1, 1994.

Considering the infringement claim on this basis, the Danish court held that, even if the trademarks CAFÉ NOIR and CARTE NOIRE were to some extent similar visually (both comprising two words, the first beginning with "CA" and the second being "NOIR"/"NOIRE"), the prominent word in both marks was "CAFÉ" and "CARTE," respectively, being different both phonetically and conceptually. Further, the word "CAFÉ" was descriptive for a coffee product which was not the case for the word "CARTE." Therefore the Court held that CARTE NOIRE was not confusingly similar to CAFÉ NOIR, and Mondelez's actual use of CARTE NOIRE did not constitute an infringement.

As noted in last year's *Annual Review of EU Trademark Law*,[169] and as will be apparent from other cases in this Part VIII, the significance of the defendant's possession of a registered trademark covering the activity of which the claimant complains is an important aspect in which the law and practice of EU Member States continues to vary.

As for Merrild's claim that Mondelez's trade dress infringed Merrild's rights under the Danish Marketing Practices Act, the Court compared Merrild's and Mondelez's packaging:

The Danish court noted certain similarities in the packaging: both parties used a carton of a similar size (Mondelez's box being, however, a little taller than Merrild's) in a black color (which the Court considered to be a common background color for coffee packaging). However, when comparing the "front" of the boxes there were multiple differences; CAFÉ NOIR was written in white italics on a black background while CARTE NOIRE was written in black font on a white gift tag attached with a ribbon, which would call forth mental associations with a gift. On an overall assessment the Court held that there were substantial differences in the trade dress of Merrild and Mondelez, and Mondelez's trade dress did not infringe Merrild's rights under the Danish Marketing Practices Act.

The present judgment confirms recent Danish case law indicating that everyone is free to use standard shape packaging

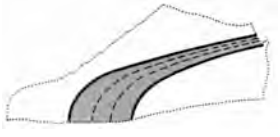
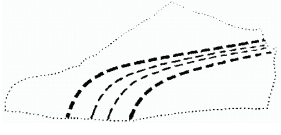
169. Guy Heath, *Annual Review of EU Trademark Law: 2013 in Review*, 104 TMR 445, 528 (2014).

and standard colors when designing their trade dress (being non-distinctive elements), and that case law only offers a narrow scope of protection for trade dress.

9. France—French Supreme Court, Commercial Chamber—Can the reputation of a trademark be proved by its owner merely making reference to previous cases attesting to its well-known character?

In the decision of the French Supreme Court, Commercial Chamber of July 8th 2014, *Société Puma v. Société Sporazur*,[170] the Court upheld a decision of the Paris Court of Appeal which had refused to recognize the reputation of certain Puma trademarks without appropriate evidence.

The facts of the case are as follows. Puma is the owner of the following International Registrations for device marks covering "sports and casual shoes" in Class 25.

International Registration No. 426712 (designating France) Filing year: 1976	International Registration No. 439162 (designating France) Filing year: 1978	International Registration No. 484788 (designating France) Filing year: 1984
		

In 2004, the company Sporazur and Le Coq Sportif International BV concluded an agreement for the sale in France of "Yannick X . . ." shoes, which bore a trademark that Puma considered too similar to those protected by its international registrations.

After having started the sale of shoes bearing this mark, Sporazur received a cease & desist letter from Puma asking to cease the distribution of these products immediately, arguing infringement on the grounds of a confusing similarity with the earlier marks and of an attempt to trade unfairly on the marks' reputation.

Sporazur complied with this request, but then sued Puma, claiming a financial remedy for the loss suffered by the cessation of sales of the products. Puma, on the other hand, brought proceedings against Sporazur alleging trademark infringement and unfair competition.

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170. Société Puma v. Société Sporazur, Case No. 13-16714 (Supreme Court, Commercial Chamber, July 8, 2014).

On February 8, 2013, the Paris Court of Appeal upheld the first instance judgment, which had (inter alia) rejected both limbs of the trademark infringement claim.

Although the claim included allegations of likelihood of confusion/counterfeiting based on Article L713-2 and L713-3 of French IP Code, it is the claim relating to the reputation-based grounds, in application of Article L713-5 of French IP Code, which is the most interesting. This article, transposing Article 5(2) of the TM Directive into French law, provides in its paragraph (1) that "any person who uses a mark enjoying repute for goods or services that are not similar to those designated in the registration shall be liable under civil law if such use is likely to cause a prejudice to the owner of the mark or if such use constitutes unjustified exploitation of the mark." (Note: the provision is also taken to apply in situations where the goods are similar or even identical—as here.)

For the purposes of its claim under this head, Puma laid claim to the repute of its earlier marks by underlining the fact that it had cited, in its submissions before the Paris Court of Appeal, several extracts from numerous earlier court decisions, coming from both Community and national jurisdictions, highlighting the reputation of the earlier marks on which it relied. Puma argued that the reputation of a mark can be proved by any means, and that it had filed ample evidence proving its marks' well-known character, such as many press articles attesting to this reputation.

However, the Supreme Court upheld the decision of the Court of Appeal which considered that Puma had not proved the reputation of their earlier marks.

The Supreme Court held that a judge cannot rely merely on previous court decisions attesting to a trademark's reputation to conclude that the mark does indeed enjoy a reputation. It observed that, when assessing a mark's reputation, the judge must take into account several criteria, including the market share of the product concerned, the intensity of use of the trademark, the geographical area in which it has been used, the duration of that use, and the importance of investments made in the brand by its owner. A company that claims that its mark enjoys a reputation cannot simply make reference to Article 5 (2) of the TM Directive and request the judge to refer to previous Community and national decisions in its favor on this point.

Indeed, the Supreme Court considered, by only making reference to previous decisions and press articles without submitting proper evidence, Puma had not only failed in proving the reputation of its earlier mark but has also failed to respect the principle of adversarial proceedings, since Sporazur had not been given the possibility to contest the evidence, it having not been filed.

The Court also concluded that a judge must be able to assess the existence of the reputation of a mark by taking into

consideration the specific circumstances of a case, and not mere general references to previous decisions.

10. United Kingdom—English High Court—Can it be detrimental to the repute of a traditional established clothing brand when the same mark is introduced into the market by a high-profile lingerie brand?

In *Thomas Pink Limited v. Victoria's Secret UK Ltd*,[171] the English High Court considered an allegation of trademark infringement (including a rare example of a claim for tarnishment) and passing off brought by Thomas Pink, a well-known and long-established U.K. shirtmaker operating in a reasonably high price bracket, against Victoria's Secret, a U.S. lingerie group that has introduced its products into the United Kingdom relatively recently and has quickly picked up a great deal of market presence and publicity.

Thomas Pink is the proprietor of two trademark registrations:

(i) Community Trademark No. 3949906 filed on July 14, 2004, and registered for (among other things) clothing in Class 25 and "the bringing together, for the benefit of others, of a variety of goods including clothing . . . in a retail store or retail department store, by mail order, by means of telecommunications or from an Internet website specialising in the marketing of clothing" in Class 35:

(ii) U.K. Trademark No. 2565078 filed on November 22, 2010, and registered for (among other things) "men's and ladies' shirts, polo shirts, rollneck tops, ties, bowties, blazers, boxer shorts, socks, scarves, cravats, blouses, knitwear, dresses, wraps, nightwear, footwear, cummerbands, braces, beachwear, hats and gloves in classes 25 and retail services, mail order retail services, electronic shopping retail services connected with the sale of clothing, headgear, footwear, jewellery, watches, cufflinks, tie pins and tie clips, studs, goods of leather and imitation leather, umbrellas, fashion accessories, non-medicated toilet preparations, eyewear" in Class 35. It is a series of two marks:

171. Thomas Pink Limited v. Victoria's Secret UK Ltd [2014] EWHC 2631 (Ch) (High Court of England and Wales, July 31, 2014).

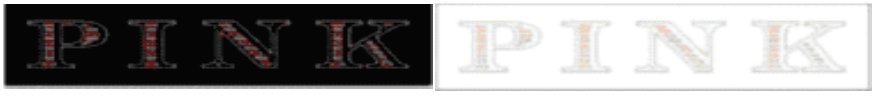

Figure 1.

In 2012, Victoria's Secret began opening retail outlets in the United Kingdom, several of which carried its sub-brand PINK. The company had launched the PINK range in the United States in 2004, where it now has stand-alone PINK stores. The range is aimed at the "college girl" (i.e., females aged between about 18 and 25 years of age), and includes clothing such as t-shirts, sweatshirts, trousers, lingerie, nightwear and swimwear. Many of the articles in the range present the word PINK alone in a prominent way. Examples include:

Figure 2.

All of the Victoria's Secret garments carry the words "Victoria's Secret" somewhere, as do the neck labels and swing tags on the garments. For example:

Figure 3.

Thomas Pink brought a claim against Victoria's Secret, alleging passing off and infringement of its registered trademarks under Article 5(1)(b)/Article 9(1)(b) and Article 5(2)/Article 9(1)(c) of the Directive and the CTM Regulation, respectively. It argued that the average consumer is likely to be confused by the use of PINK as a primary sign on the Victoria's Secret range, and that there was a real risk of tarnishment of its brand by its association with a lingerie label.

Thomas Pink is chiefly interesting in relation to the Court's findings on Thomas Pink's Article 5(2)/Article 9(1)(c) tarnishment claim (which will be reported on here), but one aspect of its earlier findings on likelihood of confusion should be mentioned in passing. In some instances Thomas Pink's Article 5(1)(b)/Article 9(1)(b) claim succeeded, and in others it did not. The Court held that the use of "Pink" by Victoria's Secret of the manner shown in boxes 1, 3 and 4 of Figure 4 below gave rise to a likelihood of confusion. However, in relation to the use of "Pink" by Victoria's Secret on its products' swing tags and labels (as shown in box 2 of Figure 4 below), the Court held the context was the determinative factor and that

> even inside a free standing PINK store there is sufficient emphasis on VICTORIA'S SECRET to counteract what might otherwise have been a likelihood of confusion under [Article 5(1)(b)/Article 9(1)(b)] relating to the swing tags and labels. This applies to all goods sold by the defendant in this way. The sign PINK is not sufficiently distinctive to retain a distinctive role independent of the well known brand VICTORIA'S SECRET when it appears on swing tags and labels in the retail context inside the defendant's PINK stores. Thus I reject the case under [Article 5(1)(b)/ Article 9(1)(b)] relating to the swing tags and labels.

Figure 4.

The Court also held that the use of "VICTORIA'S SECRET PINK" in lock up format (i.e., with all three words in the same font and size, spaced equally and in general given equal prominence) on the Facebook page of Victoria's Secret did not give rise to a likelihood of confusion, as the word "Pink" incorporated in such a fashion would be seen by average consumers as part of the general promotional activity of Victoria's Secret and its affiliate companies.

Thomas Pink, in its claim under Article 5(2) of the TM Directive and Article 9(1)(c) of the CTM Regulation, alleged that (a) its marks would become diluted by the use of "Pink" by Victoria's Secret; and (b) the "'sexy" brand message of Victoria's Secret posed real risk of tarnishment to Thomas Pink's reputation as a luxury retailer with traditional values.

The specific conditions for a claim of infringement under Article 5(2)/Article 9(1)(c) are: (i) that the mark has a reputation; (ii) there is use of a sign similar or identical to the mark; (iii) that, on a global appreciation of the relevant factors, the use of the sign gives rise to a link with the mark in the mind of the relevant public; (iv) that because of that link the use of the sign either takes unfair advantage of the distinctive character or repute of the mark or is detrimental to the distinctive character or repute; and (v) that the infringing sign is used without due cause.

Victoria's Secret admitted that Thomas Pink had a sufficient reputation in the EU to support an Article 5(2)/Article 9(1)(c) claim for formal shirts. The Court held that Thomas Pink's reputation did not extend to clothing in general, but extended beyond formal shirts to "a major reputation relating to the luxury shirts and a sufficient reputation to satisfy Article 9(1)(c) for casual tops and knitwear for men and women and also for ties, boxer shorts and socks."

The similarity of the two marks was discussed in relation to Thomas Pink's claim under Article 5(1)(b)/Article 9(1)(b), and the Court held that the use of "Pink" by Victoria's Secret (particularly when presented with the outlined typeface as shown in the central and right-hand pictures at Figure 2 above) was very similar to the prominent element of Thomas Pink's marks.

Link

In this case there were different instances of use of the PINK mark by Victoria's Secret, in relation to a number of which the Court had deemed there to be a likelihood of confusion. The Court, citing *Intel v. CPM*,[172] noted that the existence of a link would be presumed between conflicting marks when there is a likelihood of confusion (i.e., the types of use where Article 5(1)(b)/ Article 9(1)(b)

172. Intel Corporation Inc. v. CPM United Kingdom Ltd, Case C-252/07, [2008] ECR I-8823 (CJEU, Nov. 27, 2008), para. 57.

infringement had been found). The Court therefore focused on use of "Pink" by Victoria's Secret in instances where Thomas Pink's claim under Article 5(1)(b)/Article 9(1)(b) did not succeed; namely, on its swing tags and labels with the mark VICTORIA'S SECRET underneath, considered in the context of its retail stores, and on the Victoria's Secret Facebook page.

As regards the labels and swing tags, the Court held:

> [a]n average consumer presented with the swing tags or labels inside one of [Victoria's Secret's] stores will appreciate from the context that it relates in some way to VICTORIA'S SECRET. That arises both from the small words VICTORIA'S SECRET presented under PINK and is reinforced by the overall retail context. However crucially what they will see is a sign very similar to and reminiscent of [Thomas Pink's] sign. It does not include the full name Thomas Pink nor the Jermyn Street address, but the key element is the word PINK itself.

It went on to conclude, with regard to a link, that "the relevant average consumer will perceive a link between the CTM and [Victoria's Secret's] sign PINK as it is used on the swing tags and labels on all of [Victoria's Secret's] goods, even when they appear in the context of Victoria's Secret stores." The Court deemed the sign PINK as used by Victoria's Secret very reminiscent of Thomas Pink's CTM. As the Victoria's Secret goods include some goods that are the same as those for which Thomas Pink's CTM has a reputation in the mind of the average consumer (e.g., casual tops and socks), and the rest were similar or very similar, the Court found that, even in the context of purchaser in Victoria's Secret's stores, the average consumer would perceive a link between the CTM and the use by Victoria's Secret of the word "Pink" on its swing tags and labels.

The Court did not find any link in relation to the Facebook page of Victoria's Secret. The judge comments, "I doubt very many consumers aware of [Thomas Pink's] reputation would look at [Victoria's Secret's] Facebook site at all but assuming some did, I find they would not make the link between the CTM and the sign VICTORIA'S SECRET PINK in lock up format as it is presented on Facebook. Here PINK is not presented independently of VICTORIA'S SECRET either grammatically or by using differences in format."

Detriment to distinctive character or repute

Detriment to repute

The Court held that the use of "Pink" by Victoria's Secret would cause detriment to the repute of Thomas Pink's marks. (Birss J. stated that that the word "tarnishment" was "unduly pejorative" as a way to describe the kind of use which could give

rise to liability under this heading, and of which Victoria's Secret was accused.) The Court considered that the Victoria's Secret lingerie business, although a legitimate one, "is one which has been associated with some controversy, no doubt because "sexy sells." Examples were in the evidence of goods which had to be withdrawn by [Victoria's Secret] after complaints."

In an Article 5(2)/Article 9(1)(c) claim, the proprietor of the mark with a reputation is required to show that the link caused by the sign is liable to have an effect on the economic behavior of consumers. On this point, the Court was prepared to draw inferences: "[The link between the CTM and the Victoria's Secret PINK brand] is bound to cause a change in the economic behaviour of [Thomas Pink's] customers. They will not see the CTM in the same way as before. [Thomas Pink's] trademark mark will be associated with a mass market offering, reducing its luxurious reputation. There is every risk that this will lead consumers not to buy products from [Thomas Pink] when they otherwise would have done."

Detriment to distinctive character

The Court also held that the use of "Pink" would inevitably cause blurring in relation to Thomas Pink's mark: "[Victoria's Secret] is not using PINK in a descriptive sense, it is using PINK as an indication of trademark origin for its articles of clothing and other articles. Over time, if it is not stopped, it is bound to cause Thomas Pink's clothing trademark mark to begin to lose its ability to act as a designation of Thomas Pink as the origin of its goods."

The Court drew attention to both the scale of the business of Victoria's Secret and the conflicting messages of the two brands in finding in the context of detriment to distinctive character a risk of a change of economic behavior of consumers:

> [Victoria's Secret] is backed by a huge business and is in a position to saturate the market with its conflicting origin message in a very short space of time. A key element in [Thomas Pink's] mark, the word PINK, will not serve as an exclusive designation of [Thomas Pink]. The public will think that [Thomas Pink's] trademark mark refers to Victoria's Secret. There is a real risk that this will lead to a change in economic behaviour. For example consumers are likely to enter one of the claimant's shops looking for lingerie and be surprised and disappointed when they find they have made a mistake.

The *Thomas Pink* judgment is particularly notable on this point as the Court very readily found a risk of a change in economic behavior in the context of both detriment to distinctive character and tarnishment. The difficulty in proving "change in

economic behaviour" has been a concern of many brand owners contemplating dilution cases since the ruling in *Intel*. However, in cases where both junior and senior marks are used in the same sector, as here and in the recent English case of *Jack Wills Ltd v. House of Fraser (Stores) Ltd*[173] (see Part VII.C.7), the indication is that this could be a light burden, even if the target markets have relatively little overlap in terms of customer demographics. This means that, in cases of the kind, dilution claims become a very powerful tool to supplement the claim based on likelihood of confusion.

No due cause

Victoria's Secret drew an analogy with *Leidseplein Beheer v. Red Bull*,[174] in which the CJEU held (see Part IX.C.7) that due cause can be established if it is demonstrated that the sign was being used before the mark of the claimant was filed and that use of that sign in relation to the identical product was in good faith.

Victoria's Secret put forward the argument that it had used the PINK branding in the United States for many years in essentially the same way it now seeks to do so in the United Kingdom and the EU, and therefore has due cause to use the branding in this manner in the United Kingdom and the EU because the activity is simply a natural extension of its substantial activities in the United States. The Court distinguished *Leidseplein* and rejected this argument on the following grounds:

1. Victoria's Secret's use took place in the United States rather than in the EU;
2. the start of the use did not predate Thomas Pink's CTM;
3. the co-existence in the United States was of little probative value, as the parties' respective legal rights there are not the same as the legal context and the parties' rights in the EU;
4. the existence of Article 9(1)(b) infringement in use of "PINK" by Victoria's Secret, which forms an integral part of the overall activity of the company in its branding. The Court said that Victoria's Secret had no due cause for committing that sort of trademark infringement;
5. the close proximity of the two parties' goods; and

173. Jack Wills Ltd v. House of Fraser (Stores) Ltd, [2014] EWHC 110 (Ch) (High Court of England and Wales, Jan. 31, 2014).

174. Leidseplein Beheer BV and Hendrikus de Vries v. Red Bull GmbH and Red Bull Nederland BV, Case C-65/12, [2014] ECR I-_____ (CJEU, Feb. 6, 2014).

6. the fact that Victoria's Secret is a large organization and its use of the "Pink" branding is being carried out on a large scale.

In relation to the final point, it is notable that the Court took into account the size of the organization committing the infringement. Indeed, the Court was prepared to look forward, and said that the acts of Victoria's Secret "will in future be carried out on an even larger scale. The defendant plans to open more PINK stores in the UK in the next year or so and intends to open PINK stores in the rest of the EU in future."

11. United Kingdom—English High Court—Is evidence of a subjective intention on the defendant's part to free-ride on the reputation of an existing mark necessary to succeed in an "unfair advantage" claim?

As noted in Part VIII.C.7 above, the English High Court in *Jack Wills Ltd v. House of Fraser (Stores) Ltd*[175] was called upon to consider a case of trademark infringement and passing off brought by Jack Wills, an upmarket British clothing brand, against House of Fraser, a large chain of department stores in the United Kingdom.

Jack Wills owns a United Kingdom registered trademark and a Community trademark, each corresponding to a device that featured on its clothing and clothing labels. The device (called "Mr. Wills") consists of an anthropomorphic pheasant wearing a top hat and neck scarf and carrying a cane. Jack Wills took issue with the logo that House of Fraser used for its "Linea" range of men's clothing. House of Fraser's logo is an anthropomorphic pigeon wearing a top hat and bow tie (see Part VIII.C.7 for details). This case note deals with Jack Wills' claim under Article 5(2) of the TM Directive and Article 9(1)(c) of the CTM Regulation.

The specific conditions for a claim of infringement under Article 5(2)/Article 9(1)(c) are: (i) that the mark has a reputation; (ii) there is use of a sign similar or identical to the mark; (iii) that, on a global appreciation of the relevant factors, the use of the sign gives rise to a link with the mark in the mind of the relevant public; (iv) that because of that link the use of the sign either takes unfair advantage of the distinctive character or repute of the mark or is detrimental to the distinctive character or repute; and (v) that the infringing sign is used without due cause.

In addition, in an Article 5(2)/ Article 9(1)(c) claim, the proprietor of the mark with a reputation is required to show that the link between the infringing sign and the registered mark in

175. Jack Wills Ltd v. House of Fraser (Stores) Ltd, [2014] EWHC 110 (Ch) (High Court of England and Wales, Jan. 31, 2014).

the mind of the relevant public is liable to have an effect on its economic behavior.

The Court readily found elements (i)–(iii) above to be made out on the facts. Additionally, element (v) was not in contention, as House of Fraser had not suggested that, if it were found to have taken unfair advantage of the trademarks, there could be any reason to regard that as being with due cause.

Jack Wills alleged that as a result of the link that would be made between the two logos, House of Fraser's pigeon logo took unfair advantage of the distinctive character of the "Mr. Wills" trademark. A number of recent judgments have emphasized the importance of intention in a claim for unfair advantage; in particular, that a defendant's conduct is most likely to be regarded as unfair where he *intends* to benefit from the reputation and goodwill of the earlier trademark. In the present case, however, Jack Wills had not alleged that House of Fraser adopted and used the Pigeon Logo with the intention of free-riding on the reputation of the Jack Wills logo.

The Court held that this need not matter, considering that, as a matter of principle,

> . . . there is nothing in the case law to preclude the court from concluding in an appropriate case that the use of a sign the objective effect of which is to enable the defendant to benefit from the reputation and goodwill of the trademark amounts to unfair advantage even if it is not proved that the defendant subjectively intended to exploit that reputation and goodwill.

(para. 80).

On the facts of the present case, the Court went on to find:

> Although it is not open to Jack Wills to contend that House of Fraser adopted and used the Pigeon mark with the intention of free-riding on the reputation of the trademarks, it does not follow that House of Fraser's intentions in adopting and using the Pigeon Logo are irrelevant. I have already found that House of Fraser intended the Pigeon Logo to have brand significance, and that that is how consumer will have perceived it. Furthermore, it is clear that House of Fraser's intention in using the Pigeon Logo was to make the garments more attractive to consumers. I consider that it was a classic case of a retailer seeking to enhance the attraction of its own brand goods by adopting an aspect of the get-up of prestigious branded goods, in this case an embroidered logo of the kind used by Fred Perry, Lacoste, Polo Ralph Lauren and others. Thus House of Fraser was seeking to influence the economic behaviour of consumers of Linea menswear. I see no reason to think it will not have succeeded in that endeavour.

The Court concluded both that House of Fraser logo took unfair advantage of the reputation of the Jack Wills logo.

12. EU—CJEU—Can counterfeit goods bought by an individual, for personal use, from a website outside the EU, be seized under the EU Customs Regulation?

In *Blomqvist v. Rolex SA*,[176] the CJEU addressed the question of whether counterfeit goods purchased in a private capacity from a non-EU Member State to a purchaser residing in a EU Member State can afford an intellectual property right holder the protection of the Customs Regulation (Council Regulation No. 1383/2003).

The Customs Regulation sets out a framework whereby an intellectual property rights holder can record those rights with customs authorities in any EU Member State. Those rights holders can request customs authorities to detain goods that are "suspected of infringing an intellectual property right." The goods may comprise counterfeit goods (those infringing trademark rights), pirated goods (those infringing copyright) or goods infringing other intellectual property rights. The *Blomqvist* case addressed both copyright and trademark issues, but this note looks only at the issue of trademark infringement.

Under Article 2(1)(a) of the Customs Regulation, counterfeit goods are defined in the following terms: "goods, including packaging, bearing without authorisation a trademark identical to the trademark validly registered in respect of the same type of goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the trademark-holder's rights under Community law . . . or the law of the Member State in which the application for action by the customs authorities is made."

The applicant, Mr. Blomqvist, a Danish national, placed an order for a counterfeit Rolex watch from a Chinese online shop. When the parcel, shipped from Hong Kong, arrived in Denmark, it was inspected by the customs authorities, who suspended customs clearance of the watch. In accordance with the Customs Regulation, the customs authorities informed Rolex and the applicant. Rolex confirmed that the watch was counterfeit, requested the continued suspension of customs clearance and requested that the applicant consent to the destruction of the watch. The applicant refused on the basis that he had lawfully purchased the watch.

Rolex brought an action before the Maritime and Commercial Court seeking an order that the applicant allow the destruction of

176. Martin Blomqvist v. Rolex SA and Manufacture des Montres Rolex SA, Case C-98/13, [2014] ECR II-____ (CJEU, Feb. 6, 2014).

the watch without compensation, and was successful in the first instance. The applicant appealed the decision to the Danish Supreme Court.

The Danish Supreme Court raised a series of complex questions with the CJEU by reference to the Copyright Directive (Directive 2001/29/EC), the TM Directive (Directive 2008/95/EC) and the Customs Regulation, which the CJEU boiled down to a single fundamental question. Paraphrasing that, in turn, the Court seemed to understand the essential issue to be (in relation to trademarks): whether or not, to be caught by the Customs Regulation, it was necessary that the sale of the goods concerned should constitute a use in the course of trade in the EU Member State concerned. The secondary question considered by the Court was whether, prior to the sale, the goods had to be subject to an offer for sale or advertising targeting consumers in that EU Member State.

The Court stated that the substantive test for ascertaining the existence of an infringement of intellectual property rights is the same under the Customs Regulation and under the Trade Marks Directive and the CTM Regulation. As a result, such an infringement can be relied on to justify action under the Customs Regulation if the sale of the goods concerned affects the rights conferred under the TM Directive and the CTM Regulation.

It was not disputed by the Court that Rolex was the legal proprietor of trademark rights in Denmark and that Rolex's rights would have been infringed if the watch had been offered for sale by a seller in an EU Member State. The Court stated that the main issue was whether the applicant, purchasing the watch in his personal capacity, had infringed an intellectual property right under EU law or under Danish law. In its response, the Court was clear that, for the Customs Regulation to apply, there must be an infringement of intellectual property rights as conferred by EU law or the national law of the EU Member States.

However, the Court held that the sale in this case constituted use of the trademark by the non-EU seller, in the course of trade, within the EU, and therefore constituted an infringement when the goods entered the territory of the EU Member State. According to the Court,

> the mere fact that the sale was made from an online sales website in a non-member country cannot have the effect of depriving the holder of an intellectual property right over the goods which were the subject of the sale of the protection afford by the customs regulation, without it being necessary to verify whether such goods were, in addition, prior to that sale, the subject of an offer for sale or advertising targeting European Union consumers.

The Court cited and followed its own decision *Koninklijke Philips Electronics NV v. Lucheng Meijing Industrial Company Ltd; Nokia Corporation v. Revenue and Customs Comrs.*[177] In that case it had held that non-EU goods in transit through the EU cannot, merely by the fact of being in the EU, infringe intellectual property rights in the EU, but went on to provide that one may find an act of infringement (the action in question being that of directing infringing goods at EU consumers) where the goods are proven to have been "intended to be put on sale in the European Union," and that sufficient proof of such intent is provided "where it turns out that the goods have been sold to a customer in the European Union or offered for sale or advertised to consumers in the European Union."

The Court portrayed the present case as an application of the decision in *Philips*, but in practice it represents a significant extension of the principles in *Philips*. The facts in *Philips* were substantially different from those of the present case; in *Philips*, the party responsible for the presence of the counterfeit goods in the EU was a commercial entity operating in the course of trade, whereas in the present case, the importer was a private individual purchasing the goods in his personal capacity.

The position that has now been reached by the CJEU is a welcome development in the fight against counterfeiting, but may appear a rather artificial construct by which to achieve a finding of EU infringement. The Court's ruling in *Blomqvist* pre-empts a proposed reform to the CTM Regulation and the Trade Marks Directive currently under consideration by EU legislators (see Part I). The draft proposals originally included a provision stating that infringement could occur by means of importation of goods into the EU where only the consignor is acting in the course of trade—however, it is understood that, at the time of writing, this provision may have been dropped from the draft proposals. If, following *Blomqvist*, any sale of an infringing product by a non-EU website to a private purchaser can itself be considered an infringement of EU rights (even where there is no active targeting of EU consumers, the sale takes place outside the EU, and the product is imported by the purchaser) there will be no need to characterize the purchase as an infringement.

177. Koninklijke Philips Electronics NV (C-446/09) v. Lucheng Meijing Industrial Company Ltd and Others and Nokia Corporation (C-495/09) v. Her Majesty's Commissioners of Revenue and Customs, Joined Cases C-446/09 and C-495/09, [2001] ECR I-12435 (CJEU, Dec. 1, 2011).

IX. LIMITATION OF RIGHTS AND DEFENSES

A. Introductory Comments

EU trademark law contains various specific defenses to, and other limitations of, the exclusive rights provided to EU trademark owners under Article 9 of the CTM Regulation and Article 5 of the TM Directive (covered in Part VIII above).

The first three cases covered in this Part IX—one from Ireland, one from Austria, and one from the United Kingdom—relate to the limitations contained in Article 12 of the CTM Regulation and Article 6 of the TM Directive. These provisions allow for descriptive use, referential use, and use of one's own name—in each case provided that the use is "in accordance with honest practices."

The next three cases are all from Spain. One of them deals, again, with the potential application of Article 12 of the CTM Regulation, this time in the case of smell-alike perfumes. The other two cases deal with the availability of defenses under Spanish domestic law principles—one illustrating the lack of a defense on grounds of earlier rights acquired locally, with startling results; the other being a surprise overturning by the Spanish Supreme Court of a long-established form of defense for owners of registered trademarks.

The last two cases in this Part IX are quite different. One relates to the theory of honest concurrent use, which has found its way into EU trademark law through the Court's recognition that, on rare occasions, a trademark does not serve as the unique identifier of products or services marketed or controlled by a single entity. The last case in this Part IX relates to the issues associated with the migration of a brand name from one product or service type to a new product or service, and the implications of this for a "due cause" defense to an unfair advantage-based infringement claim.

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 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.

C. Cases

1. Ireland—Irish High Court—When can a brand owner's infringement claim be defended by a company providing repair services?

The case of *Bayerische Moteren Werke AG v. Ronayne t/as BMW Care*[178] is interesting because of the Irish High Court's review of the EU case law relating to Article 6(1) of the TM Directive, and the requirement under Article 6(1) that the contested use (to be defensible) should be "in accordance with honest practices."

The case involved BMW cars. Mr. Ronayne, the defendant, operated a small garage in rural Ireland under the name or style "*BMW care*" and had done so since around late 2005. He also

178. Bayerische Moteren Werke AG v. Ronayne t/as BMW Care, [2013] IEHC 612 (High Court of Ireland, Dec. 19, 2013); Bayerische Moteren Werke AG v. Ronayne t/as BMW Care, [2014] IEHC 210 (High Court of Ireland, April 8, 2014).

owned a number of domain names incorporating the trade name or mark that he had adapted—including bmwcare.ie, bmwcare.info, bmwcare.biz, bmwcare.org, and bmwcare.net, and, most importantly, operated his main website as bmwcare.com. In addition, he had registered *BMWcare* as a business name in Ireland.

Although not an authorized BMW dealer or service agent, Mr. Ronayne had decided, on the basis of the CJEU's decision in *Bayerische Motorenwerke AG (BMW) and BMW Nederland BV v. Ronald Karel Deenik*[179] that, if he disassociated his website from the plaintiff, for example, by including disclaimers such as "We are proud to be independent" and "Independent advice and assessment"—people would not think that he was connected with BMW, and that he would have distinguished himself appropriately. At first he had also made use of the well-known BMW roundel logo mark at the top of his website and elsewhere, but by the time the case came to hearing Mr. Ronayne had seen the error of his ways (to that extent) and had removed it altogether. Mr. Ronayne had inserted a hyperlink from his website to the BMW website on the basis that this would help re-direct any Internet users that might have been confused. He also made use of metatags incorporating the *BMWCare* name.

Mr. Ronayne asserted that his intention was to offer a specialized BMW repair and maintenance service, and he gave evidence to the effect that, while he set out to ensure that his website was evocative of a BMW website, he considered that the disclaimers on the website would be effective in avoiding Internet user confusion. In addition, he suggested that people arriving at his small garage in rural Ireland would not assume that he was an official BMW authorized repairer.

The plaintiff presented evidence of its substantial worldwide portfolio of trademarks for the BMW roundel and BMW word marks in various classes of goods and services, and of the very substantial long-standing use of its marks worldwide (including in Ireland) both in relation to its vehicles and products and in relation to a tightly controlled network of distributors and service garages. The plaintiff relied on its Irish BMW roundel mark registration and on the registered CTM word mark *ORIGINAL BMW CARE PRODUCTS NATURAL CARE,* which was registered in 2009 in Class 3 for "cleaning, polishing and care preparations for the cleaning and care of motor vehicles" ("the Original Mark"). The defendant's counterclaim that this latter mark was descriptive and therefore invalid was given short shrift by the Irish court, before it moved on to consider infringement.

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179. Bayerische Motorenwerke AG (BMW) and BMW Nederland BV v. Ronald Karel Deenik, Case C-63/97 [1999] ECR I-905 (CJEU, Feb. 23, 1999) (DEENIK).

The infringement analysis would have been more straightforward had the Irish court been able to rely on a word mark registration for BMW. However this was not to be, and in any event Mr. Justice Ryan found very quickly that "BMW" was the dominant and distinguishing element of the "BMW" family of marks and was incorporated into the Original Mark. As Mr. Ronayne had used the mark in relation to services but not goods, the Irish court's assessment of infringement turned on the application of Section 14(3) of the Trade Marks Act 1996, which corresponds to Article 5(2) of the TM Directive. The Court accepted that there was no misuse of the Original Mark as a whole. However, it held that the mark was one of the plaintiff's family of very well reputed BMW marks, and the defendant's use of the mark including BMW could be characterized as creating an unlawful connection between Mr. Ronayne's business and the plaintiff. The Court went on to hold that Mr. Ronayne's use of *BMWCare* was "detrimental" to or took "unfair advantage" of the Original Mark by affecting the function of guaranteeing to consumers the origin of the services that BMW provides through its network of dealers and authorized repair agents.

Mr. Ronayne argued that his use would fall within the safe haven provided by Article 6(1) of the TM Directive, which provides a defense for (among other things) referential uses of another person's trademark. The defense can apply only where the use is "in accordance with honest practices in industrial or commercial matters." It is in undertaking an analysis of what might justify an "honest practices" defense under Article 6(1) that the judgment is of particular interest and practical application.

The defendant maintained from the outset that his conduct was justified on the basis of the CJEU's decision in the *Deenik* case. In *Deenik*, the CJEU confirmed that advertising oneself as a "BMW specialist" in relation to the sale of secondhand vehicles or as undertaking "repairs and maintenance of BMW's" could fall within the exceptions to infringement under Article 6(1) of the TM Directive unless the mark were used in a such a way that it could create the impression that there was a commercial connection between Mr. Deenik and BMW when no such relationship existed, or would falsely give the impression that a "special relationship" existed between the parties.

The Irish court found that Mr. Ronayne had incorrectly relied on this case in circumstances where his own advertising had gone several steps beyond the permissible bounds according to *Deenik*. The judge noted that what Mr. Ronayne had done was much more like the circumstances in *Porsche v. Van den Berg*,[180] in which a used car dealer traded in and repaired Porsche vehicles under the

180. Porsche v. Van den Berg, Unreported (Hague Appeal Court, Jan. 15, 2013).

name "Porsche Specialist Van den Berg," used the domain name www.porschespecialist.nl, and also put the expression "Porsche Specialist" on every page of his website together with the expression "Porsche Specialist VAN DEN BERG Apeldoorn BV." In that case, the Hague Court of Appeal had found that the use of "Porsche" or "Porsche Specialist" in a trade name could give the impression that there was a special relationship between the dealer and Porsche that did not exist, and that the use of the word "specialist" in a trade name or trademark could still allow people to infer that the dealer was an authorized Porsche dealer. Similarly, the domain name www.porschespecialist.nl could give people the impression that there was a special relationship between the parties and the disclaimer at the foot of each web page was inadequate to deny this impression. According to the Hague Court of Appeal, Mr. Van den Berg could have used "Van den Berg Garage specialising in repair and maintenance of Porsche" or "Specialist in Porsche" or "specialised in Porsche" with impunity under Article 6 of the TM Directive, but the use of his chosen trade name "Porsche Specialist Van den Berg" and the domain name www.porschespecialist.nl were not necessary for his business and therefore did not amount to "honest practices."

The Irish court considered that Mr. Ronayne had gone even further than Mr. Van den Berg. Whereas it would be apparent to the public that "porschespecialistvandenberg" was Mr. Van den Berg's business, Mr. Ronayne had, by using *BMWCare,* adopted a name that attaches to the BMW mark, has no other distinguishing element, and amounted to the creation of a business out of someone else's name or mark. This, said the Irish court, is not an example of "honest practices." Similarly, the use of domain names incorporating this business name or mark could not be permissible if such use in relation to the website wrongfully permitted people to assume a commercial connection with BMW. In this regard the Irish court found that the disclaimers on Mr. Ronayne's website were hopelessly inadequate because they did not actually disclaim a connection, they were complicated and obscure, they were not prominently located on the site, and they did not defeat the stylistic presentation similarities between this site and "official" sites. Moreover, the Court found that the damage had already been done by the time that Internet users reached the website and the use of metatags by the defendant only served to reinforce this impression. As a result, the "honest practices" defense could not apply.

Interestingly for U.S. readers, the Court distinguished on its facts the case of *Toyota Motor Sales, USA, INCX v. Tabari.*[181] The Irish court noted that it seemed likely that, even if the nominative

181. Toyota Motor Sales v. Tabari, 610 F.3d 1171 (9th Cir. 2010).

fair use test employed by the Ninth Circuit were to be applied in this case, there would still very likely be a finding of commercial connection because of the lack of distinctiveness of the "care" element in the *BMWCare* mark.

The Irish court granted permanent injunctions restraining the defendant from using the name "BMWCare" and variants in his business or on his website, restraining use of the website in its current form and restraining use of the domain names. In a subsequent hearing on damages the Court found that the plaintiff had not proved actual loss and that there was no evidence of illicit gains by Mr. Ronayne. The Court awarded a nominal sum of €10,000 for the plaintiff's loss of reputation but refused to make an award of aggravated damages. However, in Irish litigation, legal costs follow the event and therefore it is likely that Mr. Ronayne incurred a very substantial costs award in favor of the plaintiff.

2. Austria—Austrian Supreme Court—Can the owner of the word mark "ski in ski out" prevent others from using this description in an advertising brochure?

In the *Ski in & Ski out* case,[182] the plaintiff was owner of the Community word mark SKI IN SKI OUT (Registration Number 10357358), registered in Class 25 (clothing, footwear, headgear), Class 41 (education; providing of training; entertainment; sporting and cultural activities), and Class 43 (services for providing of food and drink; temporary accommodation) and operated a hotel that is directly located beneath a ski slope. Guests could start skiing directly in front of the hotel. The defendant ran a restaurant in the same ski resort and promoted his restaurant in an advertising brochure using the slogans "Always right inside of it with Ski in & Ski out" and "Ski in & Ski out . . . possible the entire winter."

The phrase "ski in ski out" is used by a number of restaurants and hotels that are directly connected to ski slopes, and self-evidently indicates that the restaurant/hotel may be reached by skis. However, the plaintiff held its trademark rights, and brought infringement proceedings against its local competitor, seeking an order prohibiting the defendant from using the trademark "Ski in & Ski out." The defendant argued that, according to Article 12(b) of the CTM Regulation, which contains limitations of the trademark owner's rights, he was entitled to use his marketing slogan to indicate the accessibility of his restaurant.

The matter came before the Austrian Supreme Court ("OGH"), which referred to CJEU jurisprudence in which it was held (in the

182. OGH 20.01.2014, 4 Ob 126/13b (SKI IN & SKI OUT).

Chiemsee case[183]) that third parties are allowed to use descriptive trademarks descriptively, that is to say, for example, as an indication of geographical origin, provided that this use is in accordance with honest practices in industrial and commercial matters. If the conditions of Article 12(b) of the CTM Regulation are met, the Community trademark is not infringed and its use cannot be prohibited.

The OGH also referred to the CJEU decision in *Gillette Company/LA-Laboratories*,[184] where it was held that the use of a trademark cannot be considered to comply with "honest practices in industrial or commercial matters" where the manner of use may give the impression that there is a commercial connection between the reseller and the trademark proprietor. It was also made clear that such use must also not affect the value of the trademark by taking unfair advantage of its distinctive character or reputation, and must not discredit or denigrate the protected mark.

The OGH then went on to hold that, to assess whether or not a trademark/slogan is being used merely as an indication of characteristics of the services, the distinctive character of the relevant trademark/slogan has to be taken into account.

In the present case, the OGH held that the defendant's use of the slogan "Ski in & Ski out" was permissible, because the plaintiff's trademark had only a low degree of distinctive character and, in ski resorts, "Ski in Ski out" is often used by hotels and restaurants with a direct connection to ski slopes and lifts. Therefore, the use of the phrase met the conditions of Article 12(b) of the CTM Regulation, and does not infringe the plaintiff's trademark.

3. United Kingdom—High Court of England & Wales—Does a defence of aesthetic functionality permit the unlicensed use of Betty Boop trademarks in the EU?

In the February 25, 2014, decision *Hearst Holdings Inc and Fleischer Studios Inc v. A.V.E.L.A. Inc and others*,[185] the English High Court had to consider a situation that had previously come before the U.S. courts. The case concerned BETTY BOOP, a well-known cartoon character from the 1930s (a later decision involving this mark is discussed in Part IX.C.4). It was an infringement

183. Windsurfing Chiemsee Produktions- und Vertriebs GmbH (WSC) v Boots- und Segelzubehör Walter Huber and Franz Attenberger, Case C-108/97, [1999] ECR I-2779 (CJEU, May 4, 1999).

184. The Gillette Company and Gillette Group Finland Oy v. LA-Laboratories Ltd Oy, Case C-228/03, [2005] ECR I-2337 (CJEU, Mar. 17, 2005)

185. Hearst Holdings Inc. and Fleischer Studios Inc. v. A.V.E.L.A. Inc., Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited and J Fox Limited, [2014] EWHC 439 (Ch) (High Court of England and Wales, Feb. 25, 2014).

claim involving U.K. national registered trademarks and Community trademarks, all relating to the name "BETTY BOOP" and/or her image, shown here:

BETTY BOOP

The claimants, owners of the registered marks, ran a successful merchandising business. The defendants, of which there were five, conducted a rival merchandising business or were involved in its supply chain. They sold a range of apparel and other products bearing the same, or similar, trademarks.

The claim was brought under the United Kingdom law equivalents of Articles 5(1) and 5(2) of the TM Directive, and the parallel provisions of Article 9(1) of the CTM Regulation.

Reference was made in the course of the case to the result of the earlier case in the United States. There was debate about whether the U.S. case did indeed offer a true parallel, about the scope of the U.S. litigation, and the significance of the result. The defendant A.V.E.L.A. was considered to have won the U.S. litigation, which ended in 2012, but the English High Court noted, "what is said to be wrong about the rejection of the trademark claims [in the United States] is the finding on summary judgment that the use of the [BETTY BOOP] image by A.V.E.L.A. was functional and aesthetic." (para 48).

The outcome was different in the United Kingdom, with a finding of infringement under each of the heads claimed, and a rejection of the defenses raised.

According to the English High Court:

> When the average consumer who is a member of the general public sees something signifying Betty Boop on the front of a product (like a large picture of the character on a t-shirt or the words Betty Boop prominently on a bag) in my judgment the

> response is multifaceted. This average consumer will see the image of Betty Boop as being attractive and in that sense aesthetic or decorative. After all, they will not want to buy a product which does not look good. They will also see it as a sign having associations related to the up to date image of the character herself which has been generated by the claimants. However in my judgment they will also see Betty Boop as a sign related to trade origin. The effect of the claimants' trading has been to imbue the character with trademark significance in the public mind. They do not need to look at the swing tag to make the assumption that it is official Betty Boop merchandise any more than they need to look at the swing tag on a t-shirt with Calvin Klein written in large letters across the front to assume that it is from Calvin Klein. Not all merchandising works this way but in my judgment today and at all material times, in the UK (and the rest of Europe), Betty Boop is a sign which can convey that kind of information in the context of the goods in this case.

(para 110).

The defendants relied on defenses under Article 6 of the TM Directive and its equivalent Article 12 of the CTM Regulation—that their use of the BETTY BOOP marks should be regarded as use of "indications concerning the kind, [or] quality" of their range of goods, and that their use of the Betty Boop character was in pursuit of a legitimate commercial freedom. They argued that any interference with their freedom would be a disproportionate restriction on their rights to freedom of expression under Article 10 of the European Convention on Human Rights.

These defenses were founded on the premise that the defendants' use of the BETTY BOOP marks amounted to the kind of descriptive uses catered for by Articles 6 and 12 (above), and the Court rejected this premise: "The pictures of Betty Boop are not being used as descriptive indications. This is particularly so given the swing tags which used the words 'officially licensed' or similar. This is an indication that the goods are official Betty Boop merchandise." (para 179).

The English High Court gave supplemental reasons, too, for its finding—among them, that the defendants could not establish, in the circumstances, that their conduct had been "in accordance with honest commercial practices." They had been aware of the claimants' trademark rights, and had unsuccessfully contested them. They had been aware of the claimants' business and reputation and, in the Court's view, had set out to take advantage of it.

4. Spain—Appeal Court of Barcelona—When can the defendant's extensive prior use of the mark provide a defense to a trademark infringement claimed under a Spanish trademark?

The ruling of the Appeal Court of Barcelona in *Mr. Sixto v. [Ms] Marcelina*[186] shows that in Spain earlier trademark use without registration (i) does not create any rights unless the nonregistered trademark is well known, and (ii) is not a valid defense against an infringement action.

The dispute giving rise to the case arose between the owners of two bars with the same name (ABSENTA BAR) in the city of Barcelona, in different neighborhoods two kilometers apart from each other.

In 2010, Mr. Sixto registered a figurative Spanish trademark No. 2995407 ABSENTA BAR for services related to providing food and drinks. This trademark was used to identify a bar in the neighborhood of La Barceloneta (Barcelona).

Ms. Marcelina was the owner of a popular bar called "ABSENTA BAR" in the area of El Raval (Barcelona). This bar had had used this name continuously since 1930, but Ms. Marcelina had never filed a trademark application.

In 2012, Mr. Sixto sued Ms. Marcelina for trademark infringement on the basis of his Spanish Trademark registration.

Ms. Marcelina defended the claim on the basis of her earlier rights, and counterclaimed requesting (i) the invalidity of Mr. Sixto's trademark registration on the grounds of bad faith, and (ii) infringement by Mr. Sixto of her prior nonregistered well-known trademark ABSENTA BAR.

The Commercial Court of Barcelona Number 8 ruled in favor of Ms. Marcelina and ordered the cancellation of Mr. Sixto's figurative Spanish trademark No. 2995407 ABSENTA BAR. However, this judgment was reversed on appeal.

The Appeal Court of Barcelona held that bad faith on the part of the applicant had not been proved and overruled the decision to invalidate the registered mark. It did not consider the fact that both bars were in Barcelona to be sufficient to conclude that the applicant had filed the trademark application knowing of the existence of a bar in a different district. As the invalidity action failed, the valid trademark registration gives exclusive rights to its owner, so it can prohibit use of a similar mark. The intensity of the use of the earlier mark was insufficient to confer exclusive rights, as it did not result in the trademark being well known in Spain. The Court found that Ms. Marcelina's bar was well known only to

186. Mr. Sixto v. Ms. Marcelina, Case No. 472/2013 (Appellate Court of Barcelona, Oct. 1, 2014).

people living in the particular part of Barcelona in which it was located.

The rather shocking result was that Ms. Marcelina was ordered to cease the use of the name "ABSENTA BAR," despite her business having used it for more than 80 years, and she had to pay compensation based on Article 43.5 of the Spanish Trademark Law 17/2001, under which the claimant is automatically entitled to claim a compensation of at least 1% of the turnover made by the defendant under the infringing mark.

5. Spain—Spanish Supreme Court—Does the Spanish *ius utendi* rule continue to provide a defense to owners of Spanish national trademarks sued for infringement?

As noted in the last Annual Review,[187] the 2013 case *Radio Canarias*[188] saw the Spanish Supreme Court upholding the *ius utendi* rule. However, the Spanish position has now changed following the Spanish Supreme Court's October 14, 2014, ruling in *Denso Holding GmbH & Co. and Denso Química, SA v. Productos Denso Pla y Cia., S.L.*[189] A German company, Denso Holding GmbH, and its Spanish subsidiary, Denso Química, brought infringement actions against their former partner and distributor Productos Denso Pla y Cia.

The German plaintiff, Denso Holding, is the owner of International Registration No. 185588 DENSO designating, among other countries, Spain. This trademark was filed in on June 20, 1935, and is still in force.

The defendant, Productos Denso Pla (PDP), is the owner of Spanish Trademark Registrations No. 148002 PRODUCTOS DENSO and No. 497577 DENSO, filed in 1943 and 1966, respectively. These trademarks had been filed by the defendant with the knowledge of the German plaintiff, but subject to the articles of incorporation of the defendant company, stating that "the administrators of PDP will manage the company following the instructions of DENSO Holding."

In 2003, both companies became totally separate from each other, and in the Spanish market one could find two products with the identical trademark DENSO in the name of the two different companies. The German company, as owner of the earliest trademark rights in Spain, sued for trademark infringement so as to prohibit use of trademark DENSO by PDP, with whom it no longer had any relationship.

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187. Guy Heath, *Annual Review of EU Trademark Law: 2013 in Review*, 104 TMR 445, 610 (2014).

188. Appeal No. 1261/2011 (Spanish Supreme Court, July 24, 2013).

189. Appeal No. 2478/2012 (Spanish Supreme Court, Oct. 14, 2014).

The defendant raised a defense based on the fact that it owned the Spanish Trademark registrations. Article 34.1 of the Spanish Trademark Act states that "the trademark registration confers on its proprietor the exclusive right to use it in trade" and the Supreme Court of Spain had (as noted above) always interpreted this article to mean that a trademark registration confers on its proprietor not only the right to prohibit use by others but also the right to use the mark (the so-called *ius utendi*). On the basis of Article 34 of the Spanish Trademark Act, the Supreme Court of Spain had laid down the doctrine of immunity through registration, according to which the owner of a Spanish trademark has the right to use it, so that, unless the trademark is declared invalid, its use can never be regarded as unlawful. This doctrine was based on the consideration of trademarks as objects of private property, therefore applying the Latin aphorism *qui suo iure utitur neminem laedit* ("those who use their legal right harm no one").

In the present case, Denso Holding could not seek the invalidity of the trademarks of PDP, as there was no bad faith in their registration and they had been used for many years with the authorization of the German company, so the action to request invalidity was barred by statute. However, based on its earlier rights, the German company specifically requested the change of the doctrine of the Supreme Court, based on the fact that it was contrary to EU law.

The infringement action was dismissed both at first instance and on appeal. The courts of Barcelona followed the traditional doctrine of the Supreme Court according to which an owner of a Spanish trademark registration can be declared to be an infringer only if his trademark registration is declared invalid. Since invalidity of the defendant's trademarks had not been requested, the action failed in first and second instance. The plaintiff then appealed to the Spanish Supreme Court.

The cassation appeal of Denso Holding was upheld, and changes the doctrine that has been applicable in Spain for the last twenty-five years concerning the right given by a trademark registration. The Supreme Court expressly admitted that its interpretation contradicts the interpretation made by the CJEU in its decision in *Federation Cynologique Internationale*[190] and justifies the change of doctrine so as to prevent the protection conferred on the owner of the earlier mark in one EU Member State from being different from the protection that would be enjoyed under the mark in other EU Member States.

The Supreme Court considered that the German owner of the trademark DENSO did not consent to the use and registration of

190. Fédération Cynologique Internationale v. Federación Canina Internacional de Perros de Pura Raza, Case C-561/11, [2013] ECR I-_____ (CJEU, Feb. 21, 2013).

the mark DENSO *in eternum* but that the consent was conditional on the existence of a link between the companies and, once this link had been severed, any possible consent disappeared too.

To conclude, the Supreme Court considered that as owner of the prior rights in Spain, Denso Holding GmbH & Co. KG can prohibit the use of a later registered mark without the need to invalidate it. With regard to the consent, it considered that this had been very restricted, and had now lapsed.

As a consequence, the Supreme Court declared that Productos Denso Pla y Cia., S.L. has no right to use trademark DENSO without the authorization of Denso Holding GmbH & Co. KG.

The Supreme Court has curtailed the traditionally broad scope of protection afforded to owners of registered Spanish trademarks on the basis of the "right to use." From now on, holders of prior trademarks will be able to rely on this judgment to enforce their exclusive rights before the Spanish courts without the need to seek the invalidity of the defendants' trademark registrations.

6. Spain—Spanish CTM Tribunal—Can a defense of descriptive use avail a defendant using well-known trademarks for smell-alike perfumes?

In *Carolina Herrera Limited, Puig France SAS and Antonio Puig SA v. Equivalenza Retail SL and Cataleg de Serveis Integrals SL*,[191] the Spanish court had the opportunity to go back over ground previously trodden in the important CJEU ruling on June 18, 2009, in *L'Oreal v. Bellure*.[192]

The plaintiffs, Carolina Herrera Limited, Puig France S.A.S., and Antonio Puig, S.A., all belonging to the Spanish perfume and fashion group Puig, filed a lawsuit before the Community trademark courts in Spain against the defendants Retail, S.L. and Cataleg de Serveis Integrals, S.L. for trademark infringement and unfair competition.

The defendants ran a chain of stores under the name "Equivalenza," selling smell-alike perfumes that they compared to well-known ones. For the offering, promotion and advertising of such products, Equivalenza made use, both in its shops and on the Internet, of the registered trademarks of the well-known perfumes through comparison lists. They linked the numerical references of the smell-alike perfumes with the trademarks of the original perfumes. Among other well-known perfume brands, Equivalenza used several marks belonging to the Puig Group (CAROLINA

191. Case No. 146/2014 (Spanish Community Trademark Court of Appeal of Alicante, June 13, 2014).

192. L'Oréal SA, Lancôme parfums et beauté & Cie SNC and Laboratoire Garnier & Cie v. Bellure NV, Malaika Investments Ltd and Starion International Ltd, Case C-487/07, [2009] ECR I-5185 (CJEU, June 18, 2009).

HERRERA, 212, PACO RABANNE, BLACK XS, 1 MILLION, LADY MILLION, NINA RICCI).

The trademark infringement claim included the allegation that the defendants' use of the perfume brand names took unfair advantage of them. On appeal, the Community Trademark Tribunal confirmed the findings of Community Trademark Court No. 1 of Alicante, according to which the use, without authorization, of the plaintiff's trademarks, proven to be well-known, constitute an infringement of the trademark owners' exclusive rights. The Community Trademark Tribunal considered that the public would establish a link between the well-known trademarks and the smell-alike perfumes; a link that, according to the judge, was intended by the defendants since they were presenting their perfumes as smell-alike versions of the famous ones. This implied taking unfair advantage of the reputation of the well-known trademarks.

The main defense of Equivalenza was that (under the principles of Article 12 of the CTM Regulation) they were honestly using the trademarks in a descriptive way to provide information to consumers, which could not lead to confusion as the defendants' perfumes were sold with other brands and consumers knew that they were buying smell-alikes. The Community Trademark Tribunal rejected this argument, among other reasons, on the basis of the *L'Oréal—Bellure* ruling, which had resolved a very similar case on the commercialization of perfume imitations.

The Community Trademark Tribunal held that, even if there was no detriment to the distinctive character or the reputation of the earlier marks, the use of the plaintiff's trademarks was not necessary to indicate the intended purpose of EQUIVALENZA's perfumes, or to describe the features of the perfumes, since what must be regarded as descriptive is the scent or olfactory family of the perfumes—such as floral, fruity, etc.—not the trademark.

The Court also considered that this unauthorized trademark use constitutes unfair competition and unfair advertising, as it was not use in accordance with honest commercial practices since it gave rise to a link with the well-known trademarks, and took unfair advantage of their reputation.

It is interesting to compare the reaction of the Spanish court to the facts of the case—notably favorable to the brand owner—to that of the English courts that heard the *L'Oreal v. Bellure* case that resulted in the CJEU ruling noted above. The English Court of Appeal had, in light of the CJEU ruling, regretfully determined that use of the names of branded perfumes to indicate the scents of the defendant's smell-alike range was an infringement under Article 5(1)(a) of the TM Directive (and would also infringe under the unfair advantage principle) but mourned the inability of the defendants to make "honest statements about their products." The

English courts tend to give considerable weight to the benefits of competition when assessing infringement claims.

7. United Kingdom—Court of Appeal of England and Wales—What is the scope for resisting an infringement claim on the basis of honest concurrent use?

In *IPC Media Limited v. Media 10 Limited*,[193] the Court of Appeal considered an appeal and cross appeal in proceedings brought by IPC Media against Media 10 for infringement of the registered trademark IDEAL HOME following a long period of concurrent use.

Background

IPC Media (now called "Time Inc. UK") is the publisher of the magazine *Ideal Home*, the first issue of which was published in 1920. Media 10 is the current owner of the *Ideal Home Show*, an exhibition showcasing home interest goods and services to the general public. The Ideal Home Show has been running since 1908. Until 1990 its proper name was the Daily Mail Ideal Home Exhibition.

IPC Media and Media 10 each have a number of U.K. and EU registrations for IDEAL HOME for goods and services relating to their respective core businesses, that is, publishing a magazine concerned with home interest products in the case of IPC Media, and operating exhibits of home interest products in the case of Media 10.

Moves into retail

In 2006, IPC Media filed an application to register the word mark IDEAL HOME as a U.K. trademark in Class 35 in respect of the following retail services: "The bringing together for the benefit of others, of a variety of house wares, domestic electrical goods and appliances, garden equipment, plants and furniture, home furnishings, lighting apparatus, enabling customers to conveniently view and purchase those goods from catalogues by mail order or by means of telecommunications including via the Internet and television shopping."

Three years later, in 2009, IPC Media launched an online store called the "Ideal Home Shop," which allowed customers to view and purchase home interest goods from IPC Media.

Meanwhile, Media 10 had also been considering moving into retail, and in 2008 the website for the Ideal Home Show was updated to include an online shop selling goods from third-party

193. IPC Media Limited v. Media 10 Limited, [2014] EWCA Civ 1439 (Court of Appeal of England and Wales, Nov. 21, 2014).

retailers. Then, in May 2012, Media 10 launched the *Ideal Home Show Shop* on its website, through which it sold goods under its IDEAL HOME SHOW brand. IPC Media claimed this amounted to "a major departure and change in the status quo" in Media 10's use of the words "IDEAL HOME," as Media 10, for the first time, had begun selling goods under the IDEAL HOME SHOW brand, whereas until that point Media 10's shop had hosted third-party retailers who sold goods under their own brands.

First instance decision

IPC Media issued proceedings in England for trademark infringement alleging that Media 10's activities in offering online mail order retail services under and by reference to the name "Ideal Home Show" amounted to an infringement under Articles 5(1) and (2) of the TM Directive. Media 10 denied infringement and counterclaimed for a declaration of invalidity of IPC Media's registered trademark in Class 35, alleging that Media 10 had prior rights.

The Intellectual Property Enterprise Court ("IPEC") (the first instance court) dismissed both claims and counterclaims. The IPEC considered an earlier case dealing with an unusual instance of concurrent trademarks use, *Budejovicky Budvar v. Anheuser-Busch Inc*[194] ("*Budweiser*"), and refused IPC Media's allegation of infringement on the basis that the impugned use would not have an effect upon the so-called principal function of the registered mark, namely, to serve as a guarantee of trade origin.

It is an established principle in European trademark law (see, for example, *Parfums Christian Dior v. Evora*[195]) that for a trademark to fulfill its principal function, the trademark must offer a guarantee that all goods bearing the mark have been produced under the control of a single entity that is accountable for the goods' quality. However, in the present case the IPEC held that: "by reason of the concurrent use by both parties over many years, the guarantee of origin afforded by the mark and protected by the registration was flawed (or, if flawed is not the appropriate description, was not the same as the guarantee provided by a trademark in the normal circumstances of a single user of a mark)." Therefore, "although there may be some confusion caused by use of IDEAL HOME SHOW as a trademark for online retail shopping, that confusion is no more than may be expected by reason of the concurrent trading by the parties in their core businesses using Ideal Home, and is not such as to affect the

194. Budějovický Budvar, národní podnik v. Anheuser-Busch Inc. [2011], Case C-482/09, [ECR I-8701] (CJEU, Sept. 22, 2011) (BUDWEISER).

195. Parfums Christian Dior SA and Parfums Christian Dior BV v. Evora BV, Case C-337/95, [1997] ECR I-6013 (CJEU, Nov. 4, 1997).

function of IPC Media's trademark more adversely than it is already affected by virtue of the long standing uses by these separate businesses."

Appeal

On appeal, IPC Media pursued only the allegation under Article 5(1)(b)—i.e., the likelihood of confusion claim. The thrust of its arguments fell under two main heads. First, IPC Media argued that the first instance judge had applied the wholly exceptional case of *Budweiser* and had applied its principles to a very different situation of concurrent use. Second, the first instance judge had considered what the Court of Appeal referred to as the "meaning" of the registered mark in the abstract, or in relation to a general home interest category. IPC Media argued that he ought, rather, to have considered the meaning of the mark in relation to specific goods and services which would have led him to conclude that the two "Ideal Home" marks had distinct identities in their own individual spheres.

In general, the origin function of a trademark is liable to be adversely affected (and an infringement claim established under the TM Directive), if a likelihood of confusion exists on the part of the relevant public as a result of a third party using in the course of trade a sign that is similar to a senior trademark when the use is in relation to goods and services similar to those for which the senior trademark is registered. However, like the IPEC, the Court of Appeal referred to the CJEU's guidance in *Budweiser*, which addressed the notion that concurrent use over a long period of time of identical or similar marks may require a tempering of the provisions of the TM Directive.

Budweiser was one in a long-running series of cases between Budvar, a Czech brewer, and Anheuser-Busch, an American brewer, who had each been using the trademark BUDWEISER in relation to beer in the United Kingdom since the 1970s. Both parties had registered the mark, before Anheuser-Busch applied for a declaration that Budvar's registration was invalid pursuant to what is now Article 4(1)(a) of the TM Directive, (i.e., Anheuser-Busch claimed that it held the earlier rights in the mark).

In *Budweiser*, the CJEU (following a referral from the English Court of Appeal) held that Article 4(1)(a) must be interpreted to apply in cases where the later mark was liable to have an adverse effect upon the essential function of the trademark that was to guarantee to consumers the origin of the goods. The CJEU held that Anheuser-Busch was not entitled to rely on Article 4(1)(a), as Budvar's use had not and was not liable to have an effect on the principal function of the mark.

The Court in the present case applied this reasoning and considered that "once honest concurrent use [was] established, the

mark [did] not solely indicate the goods or services of just one of the users . . . the guarantee given by the mark is different."

The Court in the present case also pointed out that the facts in *Budweiser* had been exceptional in five respects: (i) both parties had been marketing their products in the United Kingdom as BUDWEISER for almost 30 years prior to the registration of the mark; (ii) both parties had been "authorised to jointly and concurrently" register their marks following an English Court of Appeal judgment in 2000; (iii) although Anheuser-Busch had registered its mark before Budvar, both companies were using their Budweiser trademarks in good faith; (iv) although the names are identical, consumers in the United Kingdom are well aware of the differences between the products; and (v) it followed from the coexistence of the two marks on the market in the United Kingdom that although the marks are identical, the two beers were identifiable as being produced by different companies.

Despite the exceptional nature of the facts in *Budweiser*, the Court of Appeal held that it did not understand the CJEU's reasoning to be limited to cases sharing the exact characteristics of *Budweiser*. Rather, "the Court has made it clear that the fundamental question to be asked and answered in any particular case is whether the impugned use does or does not have an effect upon the functions of the trademark."

Central issue to the appeal

On the facts of the present case, the Court found that neither IPC Media nor Media 10 can complain about the honest use by the other of the words "Ideal Home" in relation to their respective core businesses, that is to say, in the case of IPC, publishing a magazine concerned with home interest products, and, in the case of Media 10, operating shows of home interest products at which such products are sold. That is so despite the fact that, as the deputy judge also found, consumers may well think that the two businesses are one and the same or are at least connected. This dealt with the traditional business that the parties had, respectively, pursued. It did not deal with the confluence of their activities in relation to online retail services.

The Court moved on to what it described as the "central issue to the appeal"; namely, "whether or not the use by Media 10 of the name Ideal Home Show in relation to Internet retail services is liable to have an adverse effect upon the functions of the registered trademark in light of the very many years during which the words Ideal Home have been used in connection with the parties' respective businesses."

On this issue, the Court agreed with the first instance judge that "these services are so closely related to the activities the parties have carried on for very many years that the words Ideal

Home provide to consumers just the same guarantee that they have always provided, that is to say that the services are those of the entity responsible for running the show or the magazine or, to many consumers, the entity responsible for both of them . . . the name Ideal Home, when used in relation to such online retail services, does not denote and has never denoted to average consumers the services of a single entity. Rather, it denotes and has always denoted the services of both IPC and Media 10, that is to say the services of the businesses responsible for publishing Ideal Home magazine and running the Ideal Home show."

The Court acknowledged that honest concurrent use can avail a trader if the impugned use is liable to cause some confusion and accepted that there "may well be more than de minimis confusion" in a case of honest concurrent use. The Court recognized that, in the present case, the confusion that occurred while the parties' activities were limited to the running of a show and a magazine was more an administrative nature and was, therefore, tolerable. The Court further noted that the expansion into online retail opens up the possibility of some confusion. However, the Court considered that online retail was not, as the claimant had argued, a major departure on the part of the defendant, but rather an "entirely natural extension of the businesses" of both parties. Although the parties' established businesses were not the same, both of those businesses related specifically to home-related products (i.e., the running of a show of consumer interest products and the publishing of a magazine about such products), making it a small and natural step into retail. The Court accepted that the "natural extension" of the businesses into online retail would lead to some confusion between the parties' online businesses, but such confusion is tolerable, as it is "the inevitable consequence of the use by two separate entities of the same or closely similar names in relation to such similar businesses."

The Court concluded that the present case was a rare case in which use of the mark complained of was genuinely honest and, more significantly, following the reasoning of the Court of Appeal in *Budweiser*, held that the use of the mark complained of has not had and will not have an adverse effect upon the essential function of the registered trademark as "the guarantee of origin the mark provides is the same as it has always been."

The Court also disagreed with a subsidiary point of IPC Media's appeal that the first instance judge's reasoning suggests that each party may now begin using the mark in relation to the other's core business. On this issue, the Court of Appeal suggested such use "would be an expansion of a different nature from that which the parties have undertaken in relation to retail services on the internet, and that is so because it would involve an encroachment into precisely the area of business in relation to

which each has generated a goodwill over very many years. As such I believe it would involve the use of the name in a different context and might well result in the actionable deception of a significant number of persons."

For these reasons, the Court dismissed IPC Media's appeal. The Court also dismissed Media 10's cross appeal.

8. EU—CJEU—When can a defendant in an "unfair advantage" case rely on his own earlier use of the mark in a related field to establish a defense of "due cause"?

In an infringement claim based on "unfair advantage" under Article 5(2) of the CTM Regulation, the Netherlands Supreme Court (Hoge Raad der Nederlanden) referred to the CJEU a question regarding the meaning of "due cause." The CJEU's decision in the case, *Leidseplein Beheer BV, Hendrikes de Vries v. Red Bull GmbH, Red Bull Nederland BV*,[196] was handed down on February 6, 2014.

The underlying legal action commenced in 2005 in the Amsterdam District Court, and relates to trademark rights dating back to 1983 or beyond. The central feature of the case for present purposes was the claim that use by a certain Mr. Vries of the mark THE BULLDOG in respect of the production and marketing of energy drinks was an infringement of Red Bull's rights in the Benelux trademark RED BULL KRATING DAENG registered on July 11, 1983, for non-alcoholic drinks in Class 32.

In its appeal judgment of February 2010, the Amsterdam Regional Court of Appeal (Gerechshof te Amsterdam) ruled that THE BULLDOG was similar to the mark RED BULL KRATING DOENG and that Mr. de Vries had taken unfair advantage of the reputation of the Red Bull mark, with a view to securing a slice of its substantial market share in energy drinks.

However, the facts were complicated. Mr. de Vries had owned his own registration of the mark since July 14, 1985, in Class 32 and, prior to filing for that registration, had already been using the mark for hotel, restaurant, and café services.

The question arising in the case was, did Mr. de Vries therefore have "due cause" for his use of THE BULLDOG, within the meaning of Article 5(2) of the TM Directive. "Due cause" on the part of the defendant, if successfully invoked by the defendant rules out any prospect of the claimant succeeding with an Article 5(2) infringement claim alleging trademark dilution or tarnishment or, as here, the taking of unfair advantage of the reputation of an established trademark.

196. Leidseplein Beheer BV and Hendrikus de Vries v. Red Bull GmbH and Red Bull Nederland BV, Case C-65/12, [2014] ECR I-_____ (CJEU, Feb. 6, 2014).

As with so much of Article 5(2), the scope of the "due cause" defense has been unclear. In the present case, the Dutch Supreme Court felt the need for authoritative guidance, and referred the following question to the CJEU: "Is Article 5(2) of the [TM Directive] to be interpreted as meaning that there can be due cause . . . where the [contested trademark] was already being used in good faith by [the defendant] before [the claimant's trademark] was filed?"

The Amsterdam Regional Court of Appeal had applied a narrow view of "due cause" based on the famous Benelux Court of Justice decision in *Colgate Palmolive v. Bols (Claeryn/Klarein).* It referred to the criterion of the "need to use" a sign. But the Dutch Supreme Court considered that this view could be too narrow, in view of the recent CJEU decision in *Interflora*.[197]

In its February 2014 ruling, the CJEU rejected submissions by Red Bull that due cause applies only to objectively overriding reasons for the use of a trademark. The Court held that due cause "may also relate to the subjective interests of the person using the trademark in question." The Court explained that the role of the due cause element in Article 5(2) (the onus of proving which lies on the defendant) is to strike a balance between the interests of the trademark owner, who claims the enhanced protection of Article 5(2), and those of the defendant—and may lead to the trademark owner having to tolerate the adverse use if the balance of interests calls for this. In the *Interflora* case, the CJEU concluded that certain adverse uses in the context of keyword advertising would, as a rule, have to be tolerated within the ambit of fair competition.

The setting of the present case, far removed from keyword advertising, required the Court to determine what due cause might look like in the case of a defendant who had been using the contested mark before the claimant's mark had earned its reputation, but whose use of the mark had subsequently migrated into new goods or services. Under what conditions, in this context, does the concept of due cause require the claimant trademark owner to tolerate the resulting use, even though the use has the effect that it takes advantage of the reputation of the claimant's mark?

The CJEU held that, in these circumstances, the Court is required to make an assessment that looks in particular at two factors: first, whether the defendant's sign "has been accepted by, and what its reputation is, with the relevant public" (which would be assessed by looking at how the mark in question had been used); and secondly, the intention of the defendant. The CJEU went on to say:

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197. Interflora Inc. and Interflora British Unit v. Marks & Spencer plc and Flowers Direct Online Ltd, Case C-323/09, [2011] ECR I-8625 (CJEU, Sept. 22, 2011).

> In this regard, in order to determine whether the use of the sign similar to the mark with a reputation was in good faith, it is necessary to take account of the degree of proximity between the goods and services for which that sign has been used and the product for which that mark was registered, as well as to have regard for when that sign was first used for a product identical to that for which that mark was registered, and when that mark acquired its reputation.
>
> First, where a sign has been used prior to the registration of a mark with a reputation in relation to services and goods which may be linked to the product for which that mark has been registered, the use of that sign in relation to that latter product may appear to be a natural extension of the range of services and goods for which that sign already enjoys a certain reputation with the relevant public.

On the facts of the particular case, the CJEU noted that Mr. de Vries had used the contested mark for "hotel, restaurant and café services which include the sale of drinks." That being the case, "the sale of energy drinks contained in packaging which displays [the contested mark] may be perceived, not as an attempt to take advantage of the repute of the mark RED BULL, but rather as a genuine extension of the range of goods and services offered by Mr de Vries." (para. 58). This impression would be strengthened if the mark's use for energy drinks had begun before the RED BULL mark had gained its own strong reputation.

The CJEU also considered that the nature and strength enjoyed by the contested mark prior to its first use for energy drinks would be relevant in another sense—that of marketing necessity: the greater the reputation it enjoyed for a particular range of goods or services, the more its use would be necessary for the marketing of the new product line, especially if the new product were similar in nature to the existing product/service range.

The CJEU therefore formulated its ruling on "due cause" under Article 5(2) in terms that require the claimant trademark owner to tolerate the adverse use of the similar mark in relation to a product identical to that for which the claimant's mark is registered (and has its reputation) in circumstances where "it is demonstrated that [the contested mark] was being used before [the claimant's mark] was filed and that the use of [the contested mark] in relation to the identical product is in good faith."

The CJEU ruling then went on to require that the EU national court that is called upon to make the determination, whether or not the use is in good faith, must take account, in particular, of three factors:

—how that sign has been accepted by, and what its reputation is with, the relevant public;

—the degree of proximity between the goods and services for which that sign was originally used and the product for which the mark with a reputation was registered; and

—the economic and commercial significance of the use for that product of the sign which is similar to that mark.

The third of these factors is not explained in the ruling. It might be intended as a reference back to the point about marketing necessity, noted above, or a more general reference to the economic impact of the defendant's use—an aspect that pervades much of the case law in the field of Article 5(2) and reflects the desire to balance the economic interests at stake in individual cases.

X. REMEDIES, ENFORCEMENT, AND JURISDICTION

A. Introductory Comments

The first case in this Part X deals with a novel application in the English courts to obtain effective relief against online infringement by means of a blocking order against ISPs. The Court's decision that it had power to grant the order sought (which it went on to do) was based in part on Article 11 of 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). Article 11 of the Enforcement Directive is set out below. This Directive, separate from the CTM Regulation and the TM Directive, contains most of what is said, at EU level, on the subject of remedies for trademark infringement.

The second case in this Part X deals with a claim in France to recover damages for loss sustained when goods were taken off the market in response to a trademark infringement claim that, ultimately, the trademark owner could not justify. Much has been said on the subject of wrongful threats in the context of the United Kingdom's homegrown statutory "threats action" (under Section 21 of the United Kingdom's Trademarks Act 1994), but the claim reported here was based on general principles in the French civil code. The last two cases deal with the allocation of jurisdiction in trademark infringement claims as between two different EU Member States. The questions relate to the allocation of jurisdiction over a foreign defendant for infringement of a Community trademark and for acts of unfair competition and the importance of timing for when jurisdiction issues can be raised during proceedings. These questions also relate, in part, to the interpretation of another instrument of EU law, Council Regulation (EC) No. 44/2001 of December 22, 2000 (hereinafter,

the "Brussels I Regulation"), on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters. Again, the relevant provisions are set out in Part X.B below.

B. Legal Texts

Extracts from the Enforcement Directive

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. Member States shall also ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right, without prejudice to Article 8(3) of Directive 2001/29/EC.

Article 90 of the CTM Regulation

Application of the Convention on Jurisdiction and Enforcement

1. Unless otherwise specified in this Regulation, the Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, signed in Brussels on 27 September 1968, as amended by the Conventions on the Accession to that Convention of the States acceding to the European Communities, the whole of which Convention and of which Conventions of Accession are hereinafter referred to as the "Convention on Jurisdiction and Enforcement", shall apply to proceedings relating to Community trademarks and applications for Community trademarks, as well as to proceedings relating to simultaneous and successive actions on the basis of Community trademarks and national trademarks
2. In the case of proceedings in respect of the actions and claims referred to in Article 92:

(a) Articles 2, 4, 5(1), (3), (4) and (5) and Article 24 of the Convention on Jurisdiction and Enforcement shall not apply;

(. . .)

Article 93 of the CTM Regulation

Application of the Convention on Jurisdiction and Enforcement

1. Subject to the provisions of this Regulation as well as to any provisions of the Convention on Jurisdiction and Enforcement applicable by virtue of Article 90, proceedings in respect of the actions and claims referred to in Article 92 shall be brought in the courts of the Member State in which the defendant is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.
2. If the defendant is neither domiciled nor has an establishment in any of the Member States, such proceedings shall be brought in the courts of the Member State in which the plaintiff is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.
3. If neither the defendant nor the plaintiff is so domiciled or has such an establishment, such proceedings shall be brought in the courts of the Member State where the Office has its seat.
4. (. . .)
5. Proceedings in respect of the actions and claims referred to in Article 92, with the exception of actions for a declaration of non-infringement of a Community trademark, may also be brought in the courts of the Member State in which the act of infringement has been committed or threatened, or in which an act within the meaning of Article 9 (3), second sentence, has been committed.

Article 94 of the CTM Regulation

Extent of jurisdiction

1. (. . .)
2. A Community trademark court whose jurisdiction is based on Article 93 (5) shall have jurisdiction only in respect of acts committed or threatened within the territory of the Member State in which that court is situated.

Article 104 of the CTM Regulation

Specific rules on related actions

1. A Community trademark court hearing an action referred to in Article 96, other than an action for a declaration of non-infringement shall, unless there are special grounds

for continuing the hearing, of its own motion after hearing the parties or at the request of one of the parties and after hearing the other parties, stay the proceedings where the validity of the Community trademark is already in issue before another Community trademark court on account of a counterclaim or where an application for revocation or for a declaration of invalidity has already been filed at the Office.

(. . .)

Article 109 of the CTM Regulation

Simultaneous and successive civil actions on the basis of Community trademarks and national trademarks

1. Where actions for infringement involving the same cause of action and between the same parties are brought in the courts of different Member States, one seized on the basis of a Community trademark and the other seized on the basis of a national trademark:

(a) the court other than the court first seized shall of its own motion decline jurisdiction in favor of that court where the trademarks concerned are identical and valid for identical goods or services. The court which would be required to decline jurisdiction may stay its proceedings if the jurisdiction of the other court is contested;

(b) the court other than the court first seized may stay its proceedings where the trademarks concerned are identical and valid for similar goods or services and where the trademarks concerned are similar and valid for identical or similar goods or services.

Article 5 of Council Regulation (EC) No. 44/2001 (the "Brussels I Regulation")[198]

A person domiciled in a Member State may, in another Member State, be sued:

1. (. . .)
2. (. . .)
3. in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred or may occur;

(. . .)

198. Council Regulation (EC) No. 44/2001—Council Regulation on jurisdiction and recognition of judgments in civil and commercial matters.

Article 28 of the Brussels I Regulation

1. Where related actions are pending in the courts of different Member States, any court other than the court first seized may stay its proceedings.
2. Where these actions are pending at first instance, any court other than the court first seized may also, on the application of one of the parties, decline jurisdiction if the court first seized has jurisdiction over the actions in question and its law permits the consolidation thereof.
3. For the purposes of this Article, actions are deemed to be related where they are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings.

C. Cases

1. United Kingdom—English High Court—When should the court order Internet service providers to block subscribers' access to counterfeiters' websites?

It has become a matter of routine, in appropriate cases, for the English courts to issue orders requiring Internet service providers (ISPs) to block access to the websites of copyright pirates. On October 17, 2014, the English High Court made the first orders of a similar kind in a case relating to counterfeiters' websites. Surprisingly, according to the Court, this was thought to be the first occasion on which such an order had been sought to combat trademark infringement anywhere in the EU, with the possible exception of a case in Denmark.[199] The case is useful because the Court offered a very extensive analysis of the factors to be taken into account when deciding whether or not such an order would be appropriate.

The claimants in the case were luxury brand owners, holding the rights in (among other things) the trademarks CARTIER and MONTBLANC and IWC. The defendants were five Internet service providers that, between them, hold a 95% share of the United Kingdom's broadband market. They were therefore in a position to control access by the vast majority of the relevant U.K. public to the Internet websites that formed the subject matter of the case. The sites in question dealt unashamedly in counterfeit goods and were located at URLs such as www.replicawatchesiwc.com. Each

199. The case in question was Home A/S v. Telenor A/S (Retten på Frederiksberg), FS J11-16822/2012 (Enforcement Court, the City Court of Frederiksberg, Dec. 14, 2012). It is understood that the Danish court in that case did in fact grant an order requiring an ISP to block access to a website that infringed trademark rights.

website sold replicas of a single brand of watch. There was no question that the activities of the website operators themselves constituted an infringement of the claimants' U.K. trademark rights. They were not, however, themselves defendants in the action.

The case for an order to be made against the ISPs raised difficulties in the United Kingdom because, unlike in the case of copyright, there is no U.K. statutory provision that deals specifically with obtaining injunctive relief against ISPs in a claim concerning trademark infringement by third parties. The ISPs in the case were not infringers.

The lack of any express enforcement mechanism to deal with this situation in U.K. law is unfortunate for the United Kingdom, in view of its obligations under Article 11 of Directive 2004/48/EC, (the "EU Enforcement Directive"), which provides for injunctions against infringers and then goes on to say: "Member States shall also ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right."

This directive was transposed into U.K. law by Regulations, but nothing specific was done to implement the Article 11 provision just quoted. It was therefore contended by the ISPs that the Court had no authority to grant an order against them.

The High Court held that this was wrong. It cited its general authority under Section 37(1) of the United Kingdom's Senior Courts Act 1981 to "grant an injunction . . . in all cases in which it appears to be just and convenient to do so." Arnold J. concluded on the basis of recent national law authorities both that he had jurisdiction to grant the order requested, and that there existed a principled basis on which he might exercise that jurisdiction.

Arnold J. went on to hold that, in any event, the English court was required by the so-called *Marleasing*[200] principle to construe the authority granted under Section 37(1) of the United Kingdom's Senior Courts Act 1981 in line with the sentence quoted above from Article 11 of the EU Enforcement Directive. The *Marleasing* principle holds that the English court has a duty to interpret national legislation to give effect as far as is possible to the result intended by the EU Directive.

Turning to the threshold conditions that must be satisfied for a blocking order in a trademark case, Arnold J. declared that the conditions should reflect the conditions set out for blocking orders in previous English law copyright cases, made pursuant to Section 97A of the United Kingdom's Copyright, Designs and Patents Act 1998. Arnold J. held that the conditions were satisfied, stating

200. Marleasing SA v. La Comercial Internacional de Alimentacion SA [1990], Case C-106/89, [1990] I-4135 (CJEU, Nov. 13, 1990).

that: (i) ISPs are intermediaries for the purposes of Article 11 of the EU Enforcement Directive; (ii) the target websites had infringed the trademarks by placing advertisements and offers for sale on the Internet targeting U.K. consumers; (iii) the target websites' operators had used the ISPs' services to infringe the trademarks and as it was via the ISPs' services that these advertisements and offers for sale were available, the ISPs played a vital role in the infringement, despite the fact that there was no contractual link between the ISPs and the infringers; and (iv) the ISPs had actual knowledge of the infringement as the claimants had previously notified the ISPs of such infringements.

The ISPs proposed a number of principles that they thought should apply to the blocking orders sought by the claimants and Arnold J. considered these principles in turn, stating that the relief must: (i) be necessary; (ii) be effective; (iii) be dissuasive; (iv) not be unnecessarily complicated or costly; (v) avoid barriers to legitimate trade; (vi) be fair and equitable and strike a "fair balance" between the applicable fundamental rights; and (vii) be proportionate.

Arnold J.'s assessment of each of the above principles led him to the conclusion that the blocking orders should be made. His assessment focused primarily on whether granting the blocking orders would be proportionate, which was based on the following considerations:

(i) The comparative importance of the rights engaged and the justifications for interfering with those rights—Arnold J. held that the claimants had a legitimate interest in preventing infringement of the trademarks and that there was a degree of public interest in preventing trademark infringement, especially for counterfeit goods. Also, the orders would not impair the ISPs' freedom to carry on their businesses and the freedom of Internet users to receive information does not entail a right to engage in trademark infringement.

(ii) Availability of alternative measures—Arnold J. examined the alternative measures available in detail, such as taking action against website operators, hosts, payment processors and domain name or customs seizure. The ISPs had argued that the claimants had not done enough to combat online infringement, but Arnold J. took account of the fact that the claimants had sent cease and desist letters that were ignored and that the infringing websites were based overseas, which would make litigation difficult. Thus, he held that the alternative measures were not as effective and not less onerous.

(iii) Efficacy—According to Arnold J., the claimants were not required to show that the blocking orders would actually lead to a decrease in the levels of infringement of the trademarks. Nonetheless, he conducted an analysis of previous orders made

pursuant to Section 97A based on expert evidence and statistical data and noted that they had generally been effective.

(iv) Costs—The ISPs had raised concerns that the cumulative cost of implementing a barrage of blocking orders would be significant. Accordingly, Arnold J. held that implementation costs associated with the orders should be broadly similar to that of the Section 97A orders. Right holders should be responsible for the costs of making unopposed applications and monitoring the targeted websites after implementation, while ISPs are responsible for implementation costs and subsequent updates. Notwithstanding the fact that the costs to ISPs may be substantial if the number of applications increases significantly, Arnold J. concluded that the cost of implementation was not, by itself, a sufficient reason to refuse the blocking orders.

(v) Dissuasiveness—As the blocking orders would not only prevent users from accessing the target websites but also inform the user for the reason behind this, Arnold J. considered that the blocking orders would be sufficiently dissuasive.

(vi) Impact on lawful users—Arnold J. stated that it ought to be possible for the blocking orders not to adversely affect lawful Internet users.

The Court granted the orders substantially in the form sought, but with two modifications in light of the submissions made by the Open Rights Group (a digital campaign organization that had intervened in the proceedings). First, the webpage displayed to users accessing the infringing sites should set out who applied for the order and who has the right to apply to discharge or vary the order. Second, blocking orders should include a "sunset clause" so that the order will not last longer than necessary, unless the ISP has given its appropriate consent.

The decision provides a new avenue for brand owners to combat the online sale of counterfeit goods. It will be interesting to see whether this decision will lead to a flood of similar applications from other rights holders. Also, as the public interest in the prevention of counterfeiting was significant in Arnold J.'s decision on whether to grant the blocking order, it remains to be seen whether the principles set out in this decision could extend to other cases of trademark infringement not involving counterfeiting.

2. France—Supreme Court, Commercial Chamber—Are damages payable for threatening a trademark infringement claim that the claimant cannot substantiate, if the claimant was not at fault?

The decision of the French Supreme Court, Commercial Chamber, of July 8, 2014, *Société Puma v. Société Sporazur*,[201] is noted at Part VIII.C.9 in the section dealing with infringement claims in respect of "marks with a reputation." In another aspect of this case, the French Supreme Court overturned the decision of the Paris Court of Appeal on the issue of a claim for damages that had been made by Sporazur for having withdrawn the contested goods when requested to do so, under threat of litigation, by the trademark owner.

The facts of the case are, again, briefly as follows. Puma, a sporting goods company, is the owner of international registrations for certain device marks covering "sports and casual shoes" in Class 25.

After having received a cease and desist letter from Puma claiming infringement of these trademarks, Sporazur, a distributor of sports shoes, withdrew the allegedly infringing shoes from the French market. Sporazur subsequently sued Puma, seeking compensation for the loss it had suffered by the withdrawal of the products, while Puma brought proceedings against Sporazur on the basis of trademark infringement and unfair competition.

Puma lost its infringement action and, in February 2013, the Paris Court of Appeal upheld Sporazur's compensation claim, requiring Puma to pay damages for the economic prejudice caused by the cessation of sale of the shoes in question. It held Puma's bringing of the action to have been abusive. However, in its July 2014 decision, the French Supreme Court annulled the decision that required the payment of damages by Puma.

The principle laid down in Article 1382 of the French Civil Code, under which Sporazur had based its claim to reparation, states that: "Every act whatever of man that causes damage to another, obliges him by whose fault it occurred to repair it." The French Supreme Court emphasized the reference to "fault," and the fact that the Appeal Court had not demonstrated that Puma was at fault by wrongly threatening action. According to the French Supreme Court, success in the reparation claim would have required it to be established that Puma had intentionally abused its legal rights by threatening to sue Sporazur, and that such behavior constituted a fault under Article 1382 of the Civil Code.

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201. Société Puma v. Société Sporazur, Case No. 13-16714 (Supreme Court, Commercial Chamber, July 8, 2014).

As was stated by the French Supreme Court, in a decision of June 3, 2003,[202] the burden of proof lies on the defendant where it is alleged that the claimant is abusing its right to take legal action. According to consistent case law, the defendant has to prove that the trademark holder's aim was to either disgrace the defendant or tarnish its reputation or image, or to disrupt its economic relations with other undertakings and, generally speaking, that the threat of action was made in bad faith. In this case, the Supreme Court held, Sporazur had failed to prove such fault.

Even the possibility that such an action might, in principle, be maintained in respect of threatened trademark infringement action in a country such as France is notable. The United Kingdom, by contrast, has a specific statutory rule that allows for a "threats action" to be brought in respect of certain types of threatened trademark infringement action, without the need for the threatened entity to demonstrate that the threat was in any way abusive or in bad faith. The U.K. law is currently under review.

3. EU—CJEU—To establish jurisdiction over a trademark claim in a certain court by reference to the place where the infringing act took place, is it enough to show that it is the place in which the effects of the infringement were suffered?

In *Coty Germany GmbH v. First Note Perfumes NV*,[203] the CJEU considered complex jurisdiction issues relating to both Community trademarks and unfair competition claims. For the purposes of discussion, however, this note only looks at the CJEU's finding on the jurisdiction issue in respect of Community trademarks.

Coty, the owner of a Community trademark corresponding to the shape of a perfume bottle, brought infringement proceedings in Germany against First Note, a Belgian distributor. First Note had been selling perfumes in a similar bottle in Belgium. The perfumes had then been imported into Germany by another company, Stefan P, and resold there.

Coty relied not only on its Community trademark, but also on Germany's national law against unfair competition. The question was whether the German courts had jurisdiction to hear the case against the Belgian company, whose acts had been confined to Belgium.

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202. Sociétés Neptune & Cuisimer v. Fleury-Michon, Case No. 01-15740 (Supreme Court, Commercial Chamber, June 3, 2003).

203. Coty Germany GmbH v. First Note Perfumes NV, Case C-360/12, [2014] ECR I-_____ (CJEU, June 5, 2014).

At first instance, and on appeal, the German courts found against Coty. On Coty's further appeal to the Bundesgerichtshof, questions were referred to the CJEU testing the interpretation of (and relationship between) the CTM Regulation and the Council Regulation (EC) No. 44/2001 (the "Brussels I Regulation").

Article 93 of the CTM Regulation (quoted in Part X.B above) provides the rules that determine, among the EU Member States, which state or states have jurisdiction. In the present case, the issue concerned Article 93(5), which allows proceedings to be brought "in the courts of the Member State in which the act of infringement has been committed or threatened."

The CTM Regulation goes on to provide in Article 94(2), that "[a] Community trademark court whose jurisdiction is based on Article 93(5) shall have jurisdiction only in respect of acts committed or threatened within the territory of the Member State in which that court is situated."

The Brussels I Regulation has a much wider ambit, being intended to unify (among the EU Member States) the rules of conflict of jurisdiction in civil and commercial matters. As between the Member States, it replaces the provisions of the Brussels Convention.[204] Article 5(3) of the Brussels Regulation provides that: "[a] person domiciled in a Member State may, in another Member State, be sued: in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred or may occur."

According to Article 90(1) of the CTM Regulation, Regulation 44/2001 applies to Community trademark infringement claims. However, its effect in this context is considerably circumscribed by the provisions of Article 90(2) of the CTM Regulation, which excludes (among other things) the application of Article 5(3) of the Brussels I Regulation (quoted in Part X.B above) to Community trademark infringement claims.

The Bundesgerichtshof's first question to the CJEU with regard to *Coty* was whether the jurisdictional basis of Article 93(5) of the CTM Regulation (i.e., that infringement of the CTM takes place in the Member State concerned) can be stretched to a situation where "as the result of an act in another Member State" (here, Belgium) there is "participation in the infringement" in the Member State in which the court is situated.

The CJEU sensed, in this, an underlying question as to whether the concept of "place where the harmful event occurred" found in Article 5(3) of the Regulation could be read into the Article 93(5) of the CTM Regulation, which refers to the place "in which the act of infringement has been committed or threatened."

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204. The Convention of 27 September 1968 on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters.

The issue was important because the case law under Article 5(3) of the Regulation has accepted a "duality of linking factors" under which one may look either to the place of the event giving rise to the damage (here, Belgium) or the place where the damage occurred (here, arguably, Germany, since this is where the products ultimately were on sale).

The CJEU, however, was clear that there is no room for such "duality" under Article 93(5) of the CTM Regulation. Among other things, the Court noted that the provisions of Article 90(2) of the CTM Regulation excluded the application of the Brussels I Regulation provision**.** The Court considered that extending Article 93(5) jurisdiction to places where the infringement produced its effects would conflict with Article 94(2) (quoted above). According to the Court, the individual approach to jurisdiction taken by the CTM Regulation reflects the specific problems relating to the infringement of Community trademarks.

It should be noted that, so far as Community trademark infringement actions are concerned, the case dealt only with the specific jurisdictional rule in Article 93(5). Other parts of Article 93 provide other bases that may, in appropriate cases, permit proceedings to be taken in one Member State in connection with acts in one or more other EU Member States.

Addressing the issue of the Community trademark claim, the CJEU concluded that in the event of a sale and delivery of a counterfeit product in one Member State, followed by a resale by the purchaser in another Member State, Article 93(5) does not allow jurisdiction to be established to hear an infringement action against the original seller who did not himself act in the Member State where the Court seized is situated.

4. United Kingdom—English High Court—When is it too late to raise jurisdiction issues?

The May 19, 2014, decision of the English High Court in *Hearst Holdings Inc. and Fleischer Studios Inc. v. A.V.E.L.A. Inc. and Ors*[205] was an unexpected finale to a trademark case involving the BETTY BOOP trademark. An earlier decision involving this mark is discussed in Part IX.C.3. In this May 2014 decision, the English High Court ruled on (among other things) a very late application to have the English court decline jurisdiction in respect of part of the action, and stay the remainder, on the basis of proceedings that had already been commenced in Italy. The decision involved consideration of Articles 109 and 104 of the CTM

205. Hearst Holdings Inc. and Fleischer Studios Inc. v. A.V.E.L.A. Inc., Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited and J Fox Limited, [2014] EWHC 1553 (Ch) (High Court of England and Wales, May 19, 2014).

Regulation, and Article 28 of Council Regulation (EC) No. 44/2001 (the "Brussels I Regulation").

The provisions relied on by the defendants are intended to allocate jurisdiction as between different EU courts, in relation to simultaneous or successive civil actions between the same parties. Depending on the applicable rule, either exclusive jurisdiction is allocated to the Court first seized of the matter, or the Court is given a discretion to stay its own proceedings. Article 28 of the Brussels I Regulation is of general application to civil cases, but has a circumscribed application in trademark proceedings. Articles 104 and 109 of the CTM Regulation provide similar rules that are specific to Community trademarks (see Part X.B above).

The facts in the present case were extraordinary. No point on jurisdiction had been raised by either party in the English High Court proceedings between the date on which the English claim form was issued, on April 4, 2012, and the date of the trial. In fact it was not until after the judgment was handed down on the main claims in the proceedings, in which the defendants were held liable for trademark infringement and passing-off, that the point was taken for the first time. At this stage, it remained for the Court to determine the relief to be granted in respect of the infringement, and (at a later date) to consider additional related claims that had been separated off from the main proceedings—a copyright infringement claim, and an invalidation counterclaim based on alleged bad faith.

The basis for the belated challenge to jurisdiction was that, unbeknownst to the Court, at least some of the parties had been locked in parallel litigation in Italy before commencement of the English claim. The precise situation was as follows: the first claimant, Hearst Holdings Inc., had commenced three legal actions in the courts of Bari, in Italy, all concerning the sale of BETTY BOOP merchandise. One of these was against a company called "Grimaldi Group SRL," which had taken a license from the first defendant, A.V.E.L.A. Inc. The BETTY BOOP merchandise being sold by Grimaldi, and which was the subject of the Italian proceedings against it, had been produced under this license. A.V.E.L.A. Inc. was itself drawn into the Italian proceedings and entered an appearance in the Italian court in May 2011, and its appearance included a counterclaim of invalidity against the Italian and Community trademarks on which Hearst was relying. Hearst subsequently filed a brief directly against A.V.E.L.A. Inc. This was the lay of the land when the English proceedings began.

Returning now to the belated application by A.V.E.L.A. raising challenges to the jurisdiction in England, the English High Court rejected all A.V.E.L.A.'s claims. The High Court spent most of its time on Article 109 of the CTM Regulation, which applies to parallel infringement proceedings in the courts of more than one

EU Member State, where one is brought on the basis of a Community trademark and one is brought on the basis of national trademark rights. The only actions that are subject to Article 109 are infringement actions "involving the same cause of action and between the same parties."

The High Court held that the critical issue was the meaning of the term "cause of action," which appears in the Brussels I Regulation as well as Article 109 of the CTM Regulation. It held that the term should receive the same meaning in both the Regulations. It noted that the term "has an autonomous meaning under EU law and is not be interpreted in accordance with its normal UK meaning" (para. 25).

For authority, the High Court relied principally on a 2013 decision of the U.K. Supreme Court in *The Alexandros T*,[206] in which the Supreme Court had summarized the principles of EU law.

The High Court explained that, for the purpose of allocation of jurisdiction under the rules in play here:

> Where a provision uses the expression "same cause of action" it must be read as referring to "proceedings which have the same *cause* and the same *objet*." The terms *cause* and *objet* derive from the French version of the text of Brussels I but are held to apply generally. Proceedings which have the same *cause* must have the same facts and the same rule of law as the basis for the action. Proceedings which have the same *objet* must have the same "end in view." The requirements of identity are cumulative. In order to fall within Article 27 [of the Brussels I Regulation—equivalent to Article 109 of the CTM Regulation] proceedings in different jurisdictions must (a) be based on the same facts, (b) depend on the same rule of law, and (c) have the same end in view. Of course they must also involve the same parties but that is not in issue before me.

(para. 25).

In the present case, the High Court concluded that, although the subject matter of the two sets of proceedings was clearly in some respects the same, and despite the fact that some of the same parties were involved, they were not ultimately to be considered to be "based on the same facts," nor did they have the same "end in view."

On the question of the cases' respective facts, the High Court said:

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206. The Alexandros T, Re, [2013] UKSC 70 (Supreme Court of the United Kingdom, Nov. 6, 2013).

> Both the English case and the Italian cases are about the sale to European consumers of Betty Boop merchandise which has been licensed by AVELA. In a sense therefore they are about the same issues in general terms but they are not concerned with the same facts. The primary acts relied on in Italy are the acts of the Italian defendants Grimaldi, C3V and Eurofil. They are acts of a very similar kind to acts carried out by Poeticgem, U Wear and J Fox in England but they are not the same acts. The persons carrying them out are different and the individual transactions are different transactions. Moreover the images of Betty Boop used in Italy are different from the images used in the English case. The accessory liability of AVELA in Italy is based on its relationships with the particular Italian defendants. Those relationships are different from the relationships between AVELA and the other English defendants and the facts relating to each relationship are different. I reject the submission that the same cause of action is involved in the English proceedings and the Italian proceedings.

(para. 33).

On the question of "end in view"—an analysis that was not strictly necessary, as the Court's finding in respect of the facts of the cases was already sufficient for it to determine Article 109 inapplicable—the High Court had greater difficulty.

> It is clear that the relief sought in the English court overlaps with the relief sought in the Italian court. For example in the English case pan-European injunctive relief is claimed. Nevertheless, [counsel for Hearst] submits that even though the injunction sought in England would overlap with the events in Italy, nevertheless the "ends in view" are not the same since the objective of the Italian case is focussed on the acts of the Italian companies in Italy whereas the objective of the English case is focussed on the acts of the defendants in the English case in England. Considering the financial relief claimed, [counsel for Hearst] submits it is focussed on the acts committed by the individual defendants. He also argues that the rule can only work if the relief sought in the court second seised which then declined jurisdiction would be available in the court first seised and submits that that is not the position in these cases as between the English and Italian courts. Important parts of the relief the claimants seeks in the English court [are] not available in the Italian proceedings (and *vice versa*).
>
> Obviously it would be highly undesirable for the courts of two Member States to award inconsistent relief. I expect the irreconcilable judgments which these provisions seek to avoid

> are not only judgments in the narrow English sense of the court's reasons for reaching a legal conclusion but also include judgments in a wider sense encompassing the order of the court granting relief.
>
> The question is whether the *objet* of two cases are necessarily identical because the possibility exists for the two courts to make inconsistent orders. It seems to me that the fact that relief arising out of one case in one country may overlap with the issues in another country does not necessarily mean that the ends in view are identical. The objective of the English court is to grant proper relief to compensate the claimant for the acts proved in the English case. The objective of the Italian court will be correspondingly focussed on the proper relief arising from the acts proved before the Italian court.

(paras. 34, 35, 36).

The High Court would therefore, if necessary, have denied the application of Article 109 of the CTM Regulation on this basis, too.

Having dealt with Article 109, the High Court dealt more quickly with Article 104 of the CTM Regulation. According to Article 104, a Community trademark court (i.e., a court of an EU Member State designated and acting in this capacity, as was the English High Court in the present case) must stay proceedings before it that relate to the infringement of a Community trademark if the validity of that Community trademark is already in issue before another Community trademark court, unless there are special grounds for continuing the hearing.

In the present case, it was plain that Article 104 would apply but for the possibility that there were "special grounds" for continuing the hearing in the United Kingdom.

The question of "special grounds" has been dealt with before in the English courts. As the High Court noted, "the policy behind Article 104 is the avoidance of inconsistent decisions and . . . this is of particular importance in the context of Community trademarks. It is clear that the presumption in favor of a stay under Article 104 is a strong one and it would be a rare and exceptional case where there are special grounds under Article 104." (para. 38).

All of that said, and notwithstanding that mere delay in the claim for a suspension under Article 104 would not usually be a compelling factor, the High Court was clear that for the Article 104 issue to be raised so late in the proceedings was "wholly unprecedented," and in such circumstances it would be absurd to stay the English proceedings, which had "more or less finished." The High Court noted that one was left with a situation in which the rulings of the Italian and English courts might be irreconcilable, but felt that it was too late to do anything about that.

Finally, the possibility of the Court ordering a stay under Article 28 of the Brussels I Regulation, which is a matter for discretion of the Court in situations where different EU courts are seized of "related actions," was briefly considered. Having already, under Article 104, exercised in the claimant's favor a discretion weighted heavily (under general principles) in the defendant's favor, the High Court saw no reason to do differently under Article 28.

XI. MISCELLANEOUS

A. Introductory Comments

This short last Part is devoted to cases that could not conveniently be categorized elsewhere. The one case to be reported from 2014 is remarkably outside the general run of trademark cases—an attempt to hold the French trademark office liable for encouraging tobacco advertising.

B. Cases

France—Supreme Court, Criminal Chamber—Is a trademark office responsible for illegal advertisement of tobacco products by granting a registration to a trademark that will be used to designate such products?

In *Comité national contre le tabagisme (CNCT) v. INPI*,[207] the French Supreme Court upheld the decision of the Paris Court of Appeal absolving the French Trademark Office of complicity in illicit tobacco advertising.

The facts of the case are as follows. The French National Anti-Smoking Committee filed an unusual criminal action against the French Trademark Office for illicit tobacco advertising, claiming that allowing the registration of trademarks in relation to tobacco products in Class 34 constitutes a prohibited indirect advertisement for tobacco products, a crime punishable under French Evin Law (Law 91-32 of January 10th, 1991), integrated in articles L. 3511-3 and L. 3512-2 of the Public Health Code, under which the Committee brought its action.

The Evin Law contains measures designed to discourage tobacco and alcohol consumption, and (inter alia) forbids advertising of tobacco products. Through this action, the National Anti-Smoking Committee sought to go even further and to obtain the prohibition of the registration of marks designating tobacco products.

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207. Comité national contre le tabagisme (CNCT) v. INPI, Case No. 13-80073 (Supreme Court, Criminal Chamber, Jan. 7, 2014).

The Anti-Smoking Committee relied on the fact that the CJEU has recently recognized that trademarks have a number of functions in addition to their so-called "origin function" (i.e., to distinguish one company's products from those of competitors)—including the so-called "advertising function," when a mark is used by its owner for this purpose. The Committee claimed that the advertising function is an important part of a trademark's functions. Therefore, it contended that by granting rights in tobacco trademarks to the owner, by means of registration, the Office was allowing the tobacco companies to advertise their products.

Their action was rejected in the First Instance. In a decision of December 4, 2012, the Paris Court of Appeal upheld the First Instance decision, underlining the fact that the origin function of a trademark constitutes its main function, whereas the advertising one is only accessory or secondary to the origin function. The Court of Appeal decision was, in turn, upheld by the French Supreme Court in January 2014.

In its decision, the French Supreme Court started by indicating that, although the Evin Law does forbid the advertising of tobacco and tobacco products, there are some exceptions that allow such advertising under very strict conditions laid down by the Public Health Code.

The French Supreme Court deduced that the law that forbids advertising of tobacco products should not affect the property right in a mark duly filed, but only its use, which is very strictly controlled by law. In that regard, the Evin Law does not mention any specific requirement as to the choice of names of marks that cover tobacco products.

The French Supreme Court also stated that tobacco is a lawful product that is given market authorization, although under strict conditions, and that the nature of the product for which registration is sought should not be an obstacle to trademark registration.

Furthermore, the Supreme Court held that the French Trademark Office is not required to take into account the potential use that will be made of the mark for which registration is sought, given that the essential function of a mark is the "origin function" and that the other functions of a mark, particularly its "advertising function," will depend on the use which its owner chooses to make of it.

Trademark filings for tobacco products are therefore still allowed in France. The French Supreme Court characterized the criminal action filed by the French National Anti-Smoking Committee against the French Trademark Office as being "audacious" and "abusive."

If the French Trademark Office does not have to take into account the potential use that will be made of the mark by its owner, especially for its advertising, there is another challenge in France relating to tobacco trademarks. Following legislation by Australia in 2012, France is among those European countries considering the introduction of laws that would require the use of "plain packaging" for tobacco products.

The French Government's proposal would establish a standard for "plain packaging" for cigarettes, using the same form, size, and color of packaging and the same font. A large part of the packaging surface would be devoted to a health warning, whereas the tobacco trademark would be limited to a defined size and be placed very discreetly on the packaging, reducing its attractiveness. There is, of course, a strong and polarized debate about the issue in the EU, with trademark lawyers being notable among the chorus of voices.

GLOSSARY

CJEU: The Court of Justice of the European Union, which refers to itself simply as "the Court of Justice" and which is also often referred to as the "ECJ" or "European Court of Justice" (as its former name was the "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.

CTM Regulation: Council Regulation (EC) No. 207/2009 of February 26, 2009, which provides for the Community trademark; it codifies the earlier Council Regulation (EC) No. 40/94 of December 20, 1993.

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: An holistic evaluation of the likelihood of confusion in relation to the visual, phonetic, or conceptual similarity of two conflicting signs or marks, taking into account all relevant circumstances; an EU law standard that has been established and refined in the case law.

Member State: A country that forms part of the European Union from time to time.

OHIM: The Office for Harmonization in the Internal Market, the office that handles Community trademark applications, oppositions, and cancellation actions: also known by its Spanish acronym "OAMI," among others, depending on the language used by the speaker.

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.

TM Directive: Directive 2008/95/EC of October 22, 2008, which provides for the harmonization of the laws of the EU Member States in relation to trademarks; it codifies the earlier Council Directive 89/104/EEC of December 21, 1988.

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 quoted text of cases and legal provisions) have been changed to "trademark" to conform to the norms of *The Trademark Reporter*.

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