

Broader Protection of Trademarks with Reputation in the EU

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Munich, 27.05.2014

Overview

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CTMR and TMD

Article 9 (1) (c) CTMR

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 Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark 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 trade mark.

Article 5 (2) TMD

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 trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State 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 trade mark.

Implementation of the TMD in Poland and France

Article 296 (2) (iii) of Polish Industrial Property Law

Infringement of the right of protection for a trademark consists of unlawful use in the course of trade of a trademark identical or similar to a renown trademark registered for **any kind of goods**, if such **use** would bring **undue** advantage to the user or be detrimental to the distinctive character or the repute of the earlier trademark.

Section L713-5 (first paragraph) of French Intellectual Property Code

Any person who uses a mark enjoying repute for goods or services that are **dissimilar** 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.

Optional harmonization – cherry picking or yes/no option?

C-408/01 Adidas I – consequences of C-292/00 Davidoff II

A Member State, where it exercises the option provided by Article 5(2) of the Directive, is bound to grant the specific protection in question in cases of use by a third party of a later mark or sign which is identical with or similar to the registered mark with a reputation, **both in relation to goods or services which are not similar and in relation to goods or services which are identical with or similar to those covered by that mark.**

Principles of indirect effect of the EU law

When national courts apply domestic law, they are bound to interpret it, **so far as possible**, in the light of the wording and the purpose of the directive concerned in order to achieve the result sought by the directive.

It is true that the obligation on a national court to refer to the content of a directive when interpreting and applying the relevant rules of domestic law is limited by general principles of law, particularly those of **legal certainty** and non-retroactivity, and **that obligation cannot serve as the basis for an interpretation of national law contra legem.**

Nevertheless, the principle that national law must be interpreted in conformity with Community law requires national courts to do whatever lies within their jurisdiction, **taking the whole body of domestic law into consideration** and applying the interpretative methods recognised by domestic law, with a view to **ensuring that the directive in question is fully effective** and achieving an outcome consistent with the objective pursued by it.

e.g. C-212/04 *Adeneler* 108-111

Reputation – quantity / quality

- 'bekannt ist' in the German version suggests the trade mark must be 'known' without indicating the extent of knowledge required
- 'jouit d'une renommée' in the French version and 'has a reputation' in the English version imply at a quantitative level a certain degree of knowledge amongst the public
- 'renomowany' in the Polish version suggests qualitative connotations
- quantitative nature – certain degree of knowledge of the earlier mark among the public – trademark does not have to be known by a given percentage of the public, the degree of knowledge required is reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trademark (*General Motors*)
- qualitative aspects of a trademark, such as specific image or prestige, are not considered within the reputation test, however, these factors can be required if some forms of injury are claimed (repute as a subject of detriment / advantage)

Reputation – Polish Supreme Court jurisprudence

- renowned trademark is a trademark known to a significant part of the public for goods and services identified by the mark, having the strength of compelling attraction and advertising value resulting from the settled conviction in the minds of consumers with very good characteristics of the goods bearing it. The reputation of the trade mark is formed as a result of its long-term use, intensive promotion and establishment of the recipients' beliefs about good quality of the goods marked with it (10.02.2011,ref.IVCSK393/10)
- a trademark with reputation is the carrier of information on specific, proven and expected quality of the sign. Such information comprises belief established in minds of buyers convinced of the expected values of the goods marked with the trademark. The reputation of the trademark means its attractive power, the advertising power and the ability to stimulate the sales of goods marked with it. It is, therefore, a criterion which refers rather to the special quality than the degree of knowledge (24.11.2009, ref. V CSK 71/09)

Reputation – territorial scope

- Community trademark must benefit from reputation in the Community and a national trade mark should have reputation in the Member State concerned
- 'in the Member State' – in the absence of any definition of the Community provision in this respect – a trademark cannot be required to have reputation 'throughout' the territory of the Member State – it is sufficient for it to exist in a substantial part of it (*General Motors*)
- 'in the Community' – a Community trademark with reputation throughout the territory of a Member State, namely Austria, should be considered a trademark with reputation under the CTMR (*PAGO*)
- does a territory of any member state, regardless of its population, constitute a territory sufficient for reputation to be considered as existing 'in the Community'?

Link

- the average consumer of the later mark, who is reasonably well informed and reasonably observant and circumspect, calls the earlier mark with reputation to mind – a mental process above the threshold of consciousness, something more than a vague, ephemeral, indefinable feeling or subliminal influence
- the first stage of link test – assessment of similarity of the marks that is a common requirement for both confusion-based and reputation-based tests
- consequently, the place of the test of marks similarity depends on whether the confusion test is carried out – if not, the similarity of marks can be assessed before or after the reputation test since both requirements must be assessed and the sequence is not regulated
- however, if the confusion test is carried out and it leads to the conclusion that the marks are dissimilar, it is justified to find that it is not necessary to take into consideration the reputation of the earlier marks
- on the other hand, if under the confusion test the marks are found similar but not sufficiently to cause a likelihood of confusion, it does not determine the conclusion under reputation-based test
- as a result, **although the methods of the test are the same, they differ in terms of the degree of similarity required** – if there is only some degree of similarity, even faint, between the marks, it is required to carry out the global assessment of the link

Types of infringement – general principles

- the existence of the link is not sufficient, in itself, to establish that there is one of the types of infringement (*Intel 71*);
- the stronger is the link, the greater is also the likelihood of infringement (*Intel 67*);
- a proprietor of the earlier trademark has to prove **actual and present injury** to its mark or a **serious likelihood** that such an injury will occur in the future (*Intel 37-38*);
- the 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 (global assessment)(*Wolf 42-43*)

Blurring (*Intel* definition)

- the detriment is caused when that mark's ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is **weakened** since use of the later mark leads to **dispersion of the identity and hold upon the public mind** of the earlier mark. The blurring takes place in particular if the earlier mark, which used to arouse immediate association with the goods and services for which it is registered, is no longer capable of doing so (*Intel* 29);
- The CJ definition based on the dilution concept proposed by American jurist Frank I. Schechter as interpreted by AG Jacobs in *Adidas I*;
- AG Jacobs gave the following example of blurring: you allow Rolls Royce restaurants and Rolls Royce cafeterias, and Rolls Royce pants, and Rolls Royce candy, in 10 years you will not have the Rolls Royce mark any more (*Adidas I* 37)

Blurring *sensu largo*

- even broader notion of blurring was provided in *Interflora* by AG Jääskinen who found that blurring means that the sign perceived by the consumer is acquiring an **alternative meaning** in his mind
- the alternative meaning can either be an **ambivalent indication** of different goods or services from different sources – in the case of dissimilar goods or services, or that of a **generic category** of goods or services – in the case of identical (e.g. keyword advertising cases) or highly similar ones
- the broadening of the definition is a natural consequence of *Davidoff II*
- blurring in the *Intel* definition (weakening) and the degeneration are not distinguished on the basis of a degree of harm, but these are two separate phenomena that are linked by its detrimental effect on the distinctive character of earlier trademark and, because of that effect, can be jointly referred to as blurring *sensu largo*

Blurring and trademark functions (I)

- close connection between blurring and adverse effects of use on the origin distinguishing function of a trademark
- the harm to distinctive character has been present in the confusion-based test
- a novelty of reputable trademark protection flows from the fact that within this regime the harm itself constitutes a separate notion that triggers the protection without a need to prove additional confusion effect
- other functions – a loss of trademark distinctiveness can lead to the weakening of mark ability to advertise goods/services and the decrease of its economic value as an investment

Blurring and trademark functions (II)

- *If [...] the referring court were to conclude that the advertising [...] did not enable the reasonably well-informed and reasonably observant internet user to tell that **the service promoted by M&S is independent from that of Interflora** and if Interflora were to seek [...] a finding that M&S has also caused detriment to the distinctive character of the INTERFLORA trade mark by contributing to turning it into a generic term, it would fall to the referring court to determine [whether the use] has had such an impact on the market for flower-delivery services that the word 'Interflora' has come to designate, in the consumer's mind, any flower-delivery service (Interflora 83)*
- requirement of the proof of the adverse effect solely to the origin function of a trademark (at the same time, other functions specified under double identity action)
- the scope – degeneration only? Or weakening as well?

Change in the economic behaviour of the average consumer (I)

- It follows that proof that the use of the later mark is or would be detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future (*Intel 77*)
- initially – *it is not easy to understand what is meant by a change in the economic behaviour of consumers or why the Court thought that evidence of such a change should be necessary in order to support a claim based on detriment to distinctive character* (R 821/2005-1 *CITIGATE / CITICORP* 38)
- subsequently – several OHIM cases where oppositions were rejected on the basis of the lack of proof (e.g. R 2263/2010-1 *TOSCA* 59)
- blurring established – a successful consumer product is often copied and cheaper replicas, under a brand name that brings to mind the famous one then appear on the market; consequently, a part of the public will stay faithful to the ‘original’ product, but another part will trade down and purchase the ‘copy’ (R 69/2009-1 *RED DOG / RED BULL* 26-28)

Change in the economic behaviour of the average consumer (II)

- T-131/09 *Farmeco v OHIM (BOTUMAX)*
- T-345/08 and T-357/08 *Helena Rubinstein and L'Oréal v OHIM (BOTO CYL, BOTOLIST)*
- T-570/10 *Environmental Manufacturing v OHIM (Wolf)* 53 – the condition explicitly rejected: change in economic behaviour (Intel 77) can be established by mere proof of conditions of the definition of dilution (Intel 29)
- C-383/12 P *Environmental Manufacturing v OHIM* – It is necessary to demand a **higher standard of proof** in order to find detriment or the risk of detriment to the distinctive character of the earlier mark, otherwise, **overwhelmingly broad protection against blurring could lead to a situation in which economic operators improperly appropriate certain signs, which could damage competition.**

Change in the economic behaviour of the average consumer (III)

- the change of economic behaviour of the consumer should be logically deducted in the context of the factors forming the global assessment
- Rather than being one factor to be taken into account among others on a global appreciation of the circumstances to determine whether any detriment has been caused, a change in economic behaviour is now what needs to be proved (on a global appreciation). It is not evidence of detriment, but the manifestation of detriment S. Middlemiss, S. Warner, EIPR 2009, 31(6)
- the 'superfactor' and factors of the global assessment (I. Simon Fhima, *Trademark Dilution in Europe and the United States*)

Tarnishment

- different definition of the reputation than under the first condition of trademark protection
- detriment to the repute of the mark is caused when the goods or services, for which the identical or similar sign is used by the third party, may be perceived by the public in such a way that the trade mark's **power of attraction** is reduced. The reputation as the power of attraction or image, particularly image of quality, exclusivity, youth, fun, luxury, adventure, glamour or other reputedly desirable lifestyle attributes (*L'Oréal v. Bellure* 40)
- these connotations do not necessarily link to the specific features of goods or services, such as their quality, they rather serve as an **independent marketing message** (AG Sharpston opinion in *Intel*)
- the detriment to the repute as a marketing message arises when a later trademark used in relation to specific goods has a negative impact on the image of the earlier trademark – it provokes a **reaction of annoyance or displeasure**.

Tarnishment – intrinsic nature of junior goods

- purely inherent negative character of the trademark is rarely established, rather a matter of higher probability of the incompatibility
- *HOLLYWOOD / HOLLYWOOD* – tobacco products / chewing gums
there is a general negative attitude to tobacco consumption and that it has been scientifically proven and generally well-known that tobacco is harmful to health
still the BoA rather emphasized the incompatibility – the striking contrast of trademarks images – there is no worse association that can be imagined for a confectionery manufacturer than one with products capable of causing death
- in cases related to alcoholic drinks, the inherent negative element was rejected (R 677/2008-2 *BANANIA BANANIA / BANANIA* 36, R 582/2009-1 *VERSUS / VERSUS* 57)

Tarnishment – incompatibility

- it is necessary to compare the connotations of each mark, a later mark can tarnish an earlier trademark even if it does not have any inherent negative connotation
- *Claeryn / Klarein* (whisky and detergent) – model case under Benelux law prior the TMD
- R 165/2002-1 *CHIVAS / CHIVAS REGAL* (pet food and whisky)
- R 334/2005-2 *DERBY QUEEN / DERBI* (gambling machines and motorcycles).
- R 1513/2008-1 *MERSI/MERCI* (bleaching products and confectionery) – no tarnishment was found although the product incompatibility and a resemblance to *Claeryn / Klarein* case were evident.
- CTMR conditions are more stringent than conditions under the Benelux law (prior the TMD) : a) requirement of link, b) the repute as the image should be connected with ‘more elaborate feelings such as, for example, love (because of the red heart), exclusivity (because of the golden letters), gratefulness (because of the word ‘merci’)’

Free riding

- Unfair advantage results from use of a sign similar to a trademark with a reputation that enables a junior user to benefit from reputation of the earlier trademark by exploitation, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expanded by the proprietor of the trademark with repute (*L'Oréal v. Bellure* 49)
- The evidence of change in the economic behaviour of relevant consumer is not required (differently R 1864/2012-1 *X botarin / BOTOX* 35)
- In contrast to forms of injury based on a detriment, this injury must be assessed in relation to relevant public formed by consumers of a later trademark (C-320/07 P *Antartica v OHIM* 46-48)
- Reputation under the test

Free riding – image transfer

- image portrayed by the earlier mark is, even after 50 years of existence, still synonymous with youth and a certain counterculture of the 1960s – an image which is still positive and which could specifically benefit the goods covered by the mark applied for (wheelchairs) – the relevant public, on account specifically of the disabled people, would be particularly attracted by the image of freedom, youth and mobility associated with the earlier marks (*THE BEATLES*)
- image of the earlier mark SPA and the message that it conveys relate to health, beauty, purity and mineral richness – the image can be transferred to cosmetics, since they are used to preserve and improve health or beauty (SPA: T-21/07 *L'Oréal v OHIM (SPALINE)* 40, T-93/06 *Mülhens v OHIM (MINERAL SPA)* 43)

Free riding – image transfer

- image of the earlier trademark associated with stimulation of libido was found transferable to alcoholic and non-alcoholic drinks even if the latter has no medical effects (*VIAGRA*)
- image conveyed by BOTOX marks, which refers to a skin made smooth through the elimination of wrinkles, may benefit the bleaching and polishing preparations since the consumer faced with those goods may think that they clean a surface or the laundry as if wrinkles were removed (*BOTOX*)
- image associated with fast food chain (speed or availability) cannot be considered to be such as to bring any advantage to computer programming services, even those intended for hotels or restaurants (*VIPS*)

Unfairness of advantage and lack of due cause

- the condition has not been closely analyzed by the courts.
- *L'Oréal v. Bellure* – it is relevant for injury assessment whether *the use of packaging and bottles similar to those of the fragrances that are being imitated is intended to take advantage, for promotional purposes, of the distinctive character and the repute of the marks under which those fragrances are marketed.*
- it was argued that the CJ by requiring intention of junior user, defined unfairness as bad faith of junior user.
- the global test of the free riding and due cause – AG Mengozzi in *L'Oréal v. Bellure* 104-108 – the use cannot be considered fair where no due cause is established, therefore, the unfairness is deemed.
- opinion of AG Mengozzi was cited by AG Kokott in opinion C-65/12 *Leidseplein Beheer and de Vries (Red Bull)*, 36-37 that influenced the CJ in this case, in which the CJ seems to confirm the global test

Due cause

- *onus probandi* lays with a defendant
- open list of circumstances that could not constitute due cause: (a) the sign is particularly suitable for identifying the products for which it is used; (b) the applicant has already used this sign for these products or similar products within and/or outside the relevant territory of the European Union; or (c) the applicant invokes a right ensuing from a filing over which the filing of the opponent's trade mark takes precedence (R 283/1999-3 *HOLLYWOOD / HOLLYWOOD*)
- positive contents of the condition – in order to establish due cause, it is not use per se of the contested trade mark that is required, but a reason justifying the use of that trademark (T-60/10 *Jackson International v OHIM (ROYAL SHAKESPEARE)*)
- due cause means that notwithstanding the detriment / unfair advantage, the registration and use by junior user may be justified, if:
 - a) the applicant has a specific right for the mark *in connection with such goods* which takes precedence over the earlier trade mark, or
 - b) the use has become so necessary that the applicant could not reasonably be required to refrain.

Due cause

- a right to family name
- a right to domain name – insufficient
- a right to business name – controversial
- trademark coexistence (factual / contractual)
- necessity of use – narrow definition – necessity of use rather than merely a simple suitability, but not so narrow to be defined as an absolute imperative rather as a qualified suitability – the suitability in circumstances justifying the use
- language necessity
- market necessity

Due cause (*Interflora*)

- keyword advertising is a common online marketing tool which is justifiable if it does not lead to unfair competition
- the key difference with earlier generic word cases – it is not a word that is common, but the online service that uses both common and distinctive words
- at the end of a day, the effect of the keyword advertising is hardly distinguishable from the situation in which all ‘keyword trademarks’ are generic
- the CJ not so much expanded understanding of the necessity condition, but the condition was replaced by the fair competition requirement
- this close association of the due cause requirement with a condition of fair competition should be considered as originating from AG Mengozzi remarks in *L’Oreal v. Bellure* regarding the connection between the due cause and the unfair advantage tests – the CJ input is the expansion of AG Mengozzi reasoning to all forms of injuries of trademark with repute

Due cause (*Red Bull*)

- due cause requirement as a general clause balancing interests of earlier and later trademark users
- the balancing is required due to the fact that the protection of a reputable trademark is broader and the trademark law should be provided with the **general clause mitigating the extensive rights of an earlier user**
- even closer association of the liability for reputable trademark infringement with the quasi-tort liability for **unfair competition** acts by the exclusion of the liability if the junior user acts in good faith
- **good faith** – non-exclusive (and fact-specific) list of factors: (a) how that sign has been accepted by, and what its reputation is with, the relevant public; (b) the degree of proximity between the goods and services for which that sign was originally used and the product for which the mark with reputation was registered; and (c) the economic and commercial significance of the use for that product of the sign which is similar to that mark

Due cause and abuse of rights

It is necessary to balance interests of market operators in order to prevent them from abuse of their market position and to ensure the free market competition.

Polish Supreme Court 05.07.2012, ref. IV CSK 23/12

Similarities	Dissimilarities
<i>onus probandi</i> – both are used as a defence	abuse of rights doctrine focuses on rights of trademark proprietor due cause is established on the basis of rights / facts concerning the alleged infringer
both are instruments of rights / interests balancing (proportionality in horizontal relations)	abuse of rights defence can be established only in exceptional circumstances due cause has broader scope of application

Drafts of new EU trademark acts

Article 9 (2) (c) CTMR

...the sign is identical with, or similar to, the European trade mark irrespective of whether it is used in relation to **goods or services which are identical with, similar to or not similar** to those for which the European trade mark is registered, where the latter has a reputation in the Union 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 European trade mark.

Article 5 (2) >>> Article 10 (2) (c) TMD

Without prejudice to the rights of proprietors acquired before the filing date or the priority date of the registered trade mark, the proprietor of a registered trade mark shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign in relation to goods or services where the sign is identical with, or similar to, the trade mark irrespective of whether it is use in relation to **goods or services which are identical with, similar or not similar** to those for which the trade mark is registered, where the latter has a reputation in the Member State 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 trade mark.

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