

is either rejected or the respective trade mark is registered if the registration fee has been duly paid, Art. 45 CTMR, Rule 23 (2) Implementing Regulation.

A Community trade mark is – provided that the use requirements are met – valid for ten years from the filing date with the possibility of infinite renewal, Art. 46 CTMR.

### 5.6.3 Relation to Brand Value

Proper trade mark registration is a “yes or no” issue – it either exists or not. Its absence will, in most cases other than of trade marks acquired through use or well-known marks, be a serious value detractor since this crucial factor of securing legal freedom to operate for the corresponding brand is missing. The *eBay* example mentioned above at 5.6.1 illuminates this. Furthermore, failing trade mark protection can even be an issue of sheer existence or survival of the brand, especially if it is still juvenile and does not consist of much more than the signs for which trade mark protection is sought.<sup>744</sup>

Whereas failing trade mark registration is generally a clear value detractor or even value destructor, affirmed registration is not a mirror image to the extent that it is as much a value enhancer as failing registration is a detractor. Rather, it is, since it creates legal scarcity, a basic prerequisite for most brands to be able to build value at all,<sup>745</sup> but not a guarantee that this will happen at all, let alone to a noteworthy degree.

What is more, registration fees<sup>746</sup> and possible attorney’s fees<sup>747</sup> play a dual role with respect to trade mark and brand value. Firstly, within the overall branding strategy, they need to be weighed against the benefit a registered trade mark entails. Such cost-benefit analysis should be carried out on a regular strategic basis, the respective outcome of which would then be implemented by (refraining from) registration. For instance, as a rule of thumb, one can say that registration of a Community trade mark is expedient in case the proprietor’s business activities extend to three or more EU Member States or are likely to do so in the foreseeable future.<sup>748</sup>

744 Cf. *supra* at 5.1.

745 Cf. *supra* at 2.1.3.3.7.

746 Above at 5.3.2.

747 Representation by an attorney is not mandatory in order to get a German or a Community trade mark registered.

Secondly, once the trade mark is registered, all costs accrued in this context need to be subtracted from the (expected) revenue streams derived from the corresponding brand in order to reach the ‘net effect’ of these value streams.<sup>749</sup> This will be carried out in the course of the DCF and decision tree analysis.<sup>750</sup>

In the course of the legal dimension, correct registration is an item which merely needs to be ticked off in terms of ‘yes’ or ‘no’. Failing registration is a considerable value detractor (unless the mark is well-known or acquired through use), since the respective brand must be managed without the underlying legal (trade mark) freedom to operate. Existing registration, however, is not automatically a considerable value enhancer but a mere value enabler, since it secures a legal side of brand-related freedom to operate but does not show how well the brand is in fact utilised to enhance its value.

## 5.7 Origin of Trade Mark Protection: Non-Registered Trade Marks

### – Trade Marks Acquired Through Use and Well-Known Marks

#### 5.7.1 Introductory Remarks

Not only do trade marks enjoy legal protection by means of formal registration, but also – without being registered – as trade marks acquired through use or as well-known marks. The quality of legal protection of registered marks, trade marks acquired through use (or ‘use marks’) and well-known marks is generally the same with respect to the proprietor’s rights to exclusive use of the mark – if, where and as long as the respective mark enjoys protection. However, there exist differences regarding, inter alia, priority and territorial scope of protection<sup>751</sup> as well as the implications of these legal issues on brand value. Therefore, the legal framework with regard to trade marks acquired through use and well-known marks shall be briefly introduced in the following paragraphs.<sup>752</sup>

748 *Hasselblatt*, Münchener Anwalts Handbuch Gewerblicher Rechtsschutz, § 38 at no. 241.

749 Similar to *Spannagl/Biesalski*, Brand Rating-Modell, p. 86.

750 Cf. above at 3.2.2.1.3.

751 *Marx*, Deutsches, europäisches und internationales Markenrecht, at no. 382.

752 As mentioned above, this work mainly deals with registered trade marks. More on

It shall be mentioned in advance that there exists no piece of EU legislation harmonising the law of use marks and/or well-known trade marks on a European level. Rather, European legislation takes trade marks acquired through use into account “only in regard to the relationship between them and trade marks acquired by registration”.<sup>753</sup> Hence, one’s attention needs to be turned to national legislation (this work will use the example of German law) and international conventions, most notably the Paris Convention and the TRIPs Agreement, the latter two being incorporated into domestic laws.

### 5.7.2 Well-Known Marks

Well-known marks, i.e. unregistered (or registered) marks that are widely known in the marketplace, are protected through implementation of the respective provisions of the Paris Convention and the TRIPs Agreement into national laws.

Art. 6<sup>bis</sup> Paris Convention creates an international minimum standard of protection of well-known marks against registration or use on identical or similar goods and against trade marks which are reproductions, imitations or translations.<sup>754</sup> This basically corresponds to the level of protection hitherto awarded to registered trade marks only and is therefore of particular importance for unregistered trade marks. Art. 6<sup>bis</sup> Paris Convention does not require that the sign in question actually be in use in the country concerned, provided that the sign is well-known there (thus, the notoriety of the sign concerned must exist in the country in question but can be based on use in a foreign country). Neither does it define when a mark is well-known in this sense but leaves this question for the national lawmakers and courts to decide. In most countries, a rather high degree of notoriety is required, ranging from 60% to 80%.<sup>755</sup> Such fame must be the result of a communication

the protection of non-registered trade marks can be found at *Götting*, IIC 2000, 389; *Marx*, *Deutsches, europäisches und internationales Markenrecht*, at no.s 584 et seq.; *Phillips*, *Trade Mark Law: A Practical Anatomy*, pp. 393 et seq.

753 Cf. Recital four of the CTMD. The CTMR, for instance, refers to such unregistered trade marks in Art. 8(2)(c) which deals with relative grounds for refusal of protection based on conflicting earlier rights. According to Art. 8(2)(c) CTMR, registration of a Community trade mark must be denied in case, inter alia, it conflicts with a national mark which is well-known pursuant to Art. 6<sup>bis</sup> Paris Convention.

754 *Lackert/Perry*, *Building and enforcing intellectual property value* 2008, 63, 64.

755 *Götting*, IIC 2000, 389, 406.