

lux Design Office,⁹⁷ and of the unregistered Community design – on the date on which the design was first made available to the public in the Community.⁹⁸ Hence those respective dates will be taken into account when judging whether the design is “subsequent” within the meaning of Art. 25 (1)(e) CDR. In the context of Art. 8(4) CTMR the General Court has expressed the view that the existence or protection of a prior sign invoked under the provisions of the UK law of passing off must be established at the time of the filing of the contested trade mark rather than on the date when the goods or services bearing the contested mark were offered on the market.⁹⁹ It is submitted that these considerations are adequate also in the Community design context.

C. Right to prohibit the use of a prior distinctive sign

Not every use of a prior distinctive sign in a Community design will lead to its invalidity. It is necessary that the owner of the prior sign has the right to prohibit the use, i.e. that the design falls into the scope of protection of the sign and infringes the owner’s rights.

The scope of protection of trade marks, company symbols and work titles, trade names, names and unfair competition provisions, with the view on the potential conflict with a design right are described below.

1. The scope of protection of trade marks

The provisions on scope of protection of the CTMR mirror those of the TMD, and hence should be interpreted in the same way.¹⁰⁰ Therefore the protection for trade marks based on the CTMR and harmonized national laws will be described simultaneously, with a reference to the relevant provisions of both texts. Additionally, Art. 8 CTMR and Art. 4 TMD use substantially identical terms as Art. 9 CTMR and Art. 5 TMD respectively, accordingly the interpretation given by the

97 Art. 12 and 34 CDR, however if the documents from the national office reach OHIM later than 2 months after the national filing – the date of receiving the documents by OHIM counts as the filing date. Remarkably, the priority does not influence the term of protection of the registered Community design, Art. 43 CDR, Suthersanen, *supra* note 21, 147-148.

98 Art. 11 and 110a CDR.

99 GC Case T-303/08 - *Tresplaine Investments v OHIM*, O.J. (C 30) 35, available at: http://curia.europa.eu/jmcs/jmcs/j_6/ under the case number, para. 98-99.

100 Cornish/Llevelyn/Aplin, *supra* note 48, 708.

Court on Art. 8 CTMR or Art. 4 TMD applies also to infringement, as confirmed by the European Court of Justice.¹⁰¹

The owner of a trade mark is entitled to prevent others from using in the course of trade:

- a sign identical to the trade mark for identical goods or services as those for which the trade mark is registered¹⁰² (double identity),
- a sign identical or similar for identical or similar goods or services as those for which the trade mark is registered, when there exists a likelihood of confusion with the trade mark,¹⁰³
- identical or similar sign for goods or services that are not similar when the trade mark has a reputation and when such use takes unfair advantage or is detrimental to the distinctive character or repute of the mark.¹⁰⁴

a) Use in the course of trade

The first requirement for the trade mark protection, common for all three types of infringement is that the allegedly infringing sign (the design at issue) is used in the course of trade.¹⁰⁵ Use in the course of trade will be found where the “sign is used in the scope of a commercial activity in pursuit of an economic advantage, instead of acts for private purposes or acts that are not directly or indirectly aimed at gaining an economic advantage”.¹⁰⁶ The registration of a Community design will presuppose its use in the course of trade “since the purpose of registering a design is its use for commercial purposes”.¹⁰⁷

The requirement of use in the course of trade became a starting point¹⁰⁸ for a discussion on whether the infringing sign must furthermore be used “as a trade mark” and if yes what exactly does it mean.

101 ECJ Case C-425/98 - *Marca Mode CV and Adidas AG*, 2000 ECR I-04861, para. 26-28.

102 Art. 9(1)(a) CTMR, Art. 5(1)(a) TMD.

103 Art. 9(1)(b) CTMR, Art. 5(1)(b) TMD.

104 Art. 9(1)(c) CTMR, Art. 5(2) TMD. The implementation of Art. 5(2) TMD was optional, however all Member States transposed this provision into their national laws (Cornish/Llevellyn/Aplin, *supra* note 48, footnote 530).

105 The non-exhaustive lists of such uses are provided in Art. 9(2) CTMR and 5(3) TMD.

106 Jehoram/van Nispen/Huydecoper, *supra* note 39, 266; ECJ Case C-206/01 – *Arsenal Football Club plc v Matthew Reed*, 2002 ECR I-10273, para. 40.

107 ICD 000001477 - *Hee Jung Kim v Zellweger Analytics Limited*, OHIM Invalidity Division March 1, 2006, available at: <http://oami.europa.eu/ows/rw/pages/RCD/caseLaw/decisionsOffice/invalidity.en.do> under the ICD number, para. 17.

108 ECJ Case C-206/01 – *Arsenal Football Club plc v Matthew Reed*, 2002 ECR I-10273, para. 42.

b) Trade mark use: use affecting the trade mark function

As the ECJ stated in *Arsenal*, “the exclusive right was conferred in order to enable the trade mark proprietor to protect his specific interests as proprietor, that is, to ensure that the trade mark can fulfil its functions” and therefore that this right may only be exercised where the use by the third party of the sign affects or is liable to affect its functions as trade mark.¹⁰⁹ This requirement is no longer an explicit requirement of granting protection,¹¹⁰ it is nevertheless taken into consideration by the courts finding infringement under double identity and likelihood of confusion.¹¹¹ It is not required for the protection of marks with a reputation.¹¹²

There are three¹¹³ main functions of trade marks:¹¹⁴

- Origin function – trade marks indicate the source from which the goods come, or with which they are connected, “thus enabling the consumer who purchased them to repeat the experience which proved to be positive, or to avoid it if it proves to be negative, on the occasion of subsequent acquisition”,¹¹⁵
- Quality function – trade marks provide for a “guarantee that all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality”,¹¹⁶
- Investment or advertising function – trade mark use is bound with investments in promotion of the goods or services bearing it and in advertising of the mark itself – therefore this investment should be protected in itself, as

109 ECJ Case C-206/01 – *Arsenal Football Club plc v Matthew Reed*, 2002 ECR I-10273, para. 51.

110 Cornish/Llevelyn/Aplin, *supra* note 48, 780; *Tesco Stores Ltd v Elogicom Ltd* [2006] EWHC 403, E.T.M.R. 91 para. 34; ECJ Case C-487/07 - *L’Oreal v Bellure*, 2009 ECR I-05185, para. 58, 65, the Court did require that any of the functions of a trade mark is affected by the infringing use, however blurred this condition by recognizing many trade mark functions.

111 ECJ Case C-48/05 - *Adam Opel AG v Autec AG*, 2007 ECR I-01017, para. 37.

112 Ilanah Simon, *Embellishment: Trade Mark Use Triumph or Decorative Disaster?* [2006] 6 E.I.P.I.R. 321, 328 (hereinafter: Simon 2006).

113 In ECJ Case C-487/07 - *L’Oreal v Bellure*, 2009 ECR I-05185, para. 58, the ECJ has expressly recognized also the communication function of trade marks. It is however arguable that this function is a consequence of the origin and quality function, as trade marks may carry a message regarding the source and quality of goods or services.

114 Cornish/Llevelyn/Aplin, *supra* note 48, 655.

115 CFI Case T-130/01 - *Sykes Enterprises Incorp. v OHIM*, 2002 ECR II-05179, para. 18. This function has been recognized as essential in ECJ Case 102/77 - *Hoffmann-La Roche & Co. AG v Centrafarm*, 1978 ECR 01139, para. 7; recital 8 CTMR, recital 10 TMD.

116 ECJ Case C-39/97 - *Canon Kabushiki Kaisha and Metro-Goldwyn-Meyer Inc.*, 1998 ECR I-05507, para. 28; ECJ Case C-206/01 – *Arsenal Football Club plc v Matthew Reed*, 2002 ECR I-10273, para. 48.

certain uses of a trade mark may damage its value “by detracting from the allure and prestigious image of the goods in question and from their aura of luxury”.¹¹⁷

After *L’Oreal v Bellure*, where the ECJ contended that the functions of a trade mark that can be affected by the infringing use include not only the origin function, but also any other function, and giving by way of example the quality, communication, investment and advertising functions, the problem of trade mark infringement by way of affecting its function remains unclear. Recognition of new and undefined functions of a trade mark stirs doubts as to whether this requirement remains part of the infringement test. It also lowers the legal certainty on the market. Some authors suggest that such harmonization is a negative development of the trade mark law and has no solid legal ground, since it conflicts with the protection provided under Art. 5(5) TMD which refers the protection of trade mark functions other than that of distinguishing goods or services to national law.¹¹⁸

Despite the broadening of the trade mark protection by acknowledging new functions, the courts have also recognised certain types of uses as not influencing any of the functions. Merely descriptive use on goods or on their packaging does not influence any trade mark function and the public does not perceive such use as use of the sign for the goods in question, hence such use is not infringing.¹¹⁹ If that is the case, there would be no need for the defendant (Community design owner) to call upon any of the defences to the infringement, because with the lack of trade mark use the infringement is denied already at an earlier stage.¹²⁰ As an example of a use that does not influence any of the trade mark functions, the ECJ has recognized the use to denote particular characteristics of the goods.¹²¹ The use as embellishment was considered to be a use that does not influence any trade mark function by the Advocate General Jacobs in his opinion in the case *Adidas v Fitnessworld*.¹²² However the ECJ¹²³ did not share this ap-

117 ECJ Case C-337/95 - *Christian Dior BV v Evora BV*, 1997 ECR I-06013 para. 45, similarly in ECJ Case C-59/08 - *Copad SA v Christian Dior Couture SA* et. al., 2009 ECR I-03421 para. 37 and ECJ Case C-487/07 - *L’Oreal v Bellure*, 2009 ECR I-05185, para. 58.

118 Po Jen Yap, *Essential Function of a Trade Mark: From BMW to O2* [2009] E.I.P.R. 81, 86.

119 Jehoram/van Nispen/Huydecoper *supra* note 39, 262; Ilanah Simon, *How Does “Essential Function” Doctrine Drive European Trade Mark Law?* [2005] 4 IIC 401, 413 (hereinafter: Simon 2005).

120 Christian Rütz, *Großbritannien: Die Frage der “markenmäßigen Benutzung” nach der Entscheidung des Court of Appeal in Arsenal v Reed*, GRUR Int 2004, 472, 478.

121 ECJ Case C-2/00 – *Hölterhof v Freiesleben*, 2002 ECR I-04187, para. 17.

122 Opinion of Advocate General Jacobs Case C-408/01 - *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd*, 2003 ECR I-12537, para. 61.

123 ECJ Case C-408/01 - *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd*, 2003 ECR I-12537, para. 41.

proach and held rather that if the relevant public considers the element to be a pure embellishment, they will not establish a link between the two marks – and that will be the basis for non-infringement.

Various types of infringing use are likely to influence different functions of a trade mark, therefore the assessment regarding the function that is being influenced by a certain use is part of the analysis of the three types of trade mark infringement presented below.

c) Use for goods or services

The protection for trade marks is granted when the allegedly infringing sign is used “in relation to goods or services”.¹²⁴ Since a design is defined through the notion of a product,¹²⁵ it is imminently connected with the goods (and more loosely – with services). However one of the characteristics of the design protection is that it is not limited as far as products to which it is applied are concerned.¹²⁶ Trade marks on the other hand are protected with regard to the goods or services for which they have been obtained or similar goods.¹²⁷ This has raised a question of whether by the fact that a design stretches onto any products, it automatically is used for the goods or services covered by any trade mark, or whether it should be established if the products covered by the design are at least similar to those protected by the trade mark.

As the OHIM Board of Appeal has found, “when the registered Community design contains a two-dimensional figurative logo, which may be applied to an infinite range of products and services, including those protected by the prior trade mark, the contested design is liable to jeopardise the guarantee of origin, which constitutes the essential function of the trade mark”.¹²⁸ Thus in such cases it is irrelevant whether the goods or services of the trade mark are similar to those for which the design is or may be used. A stronger opinion was presented by Schlötelburg, who stated that a design comprises all possible goods or ser-

124 Art. 9(1) CTMR, Art. 5(1)–(2) TMD.

125 Art. 3 CDR.

126 Though Art. 36(2) CDR requires that the application for a registered Community design indicates the products for which it is intended to be used, under Art. 36(6) CDR that indication does not affect the scope of protection of the registered design.

127 Art. 9(1) CTMR, Art. (1)–(2) TMD, with the exception of marks with a reputation, which can be protected also when used in relation to goods or services not similar to those for which the trade mark exists.

128 Case R 609/2006-3 - *Honeywell Analytics Ltd v Hee Jung Kim*, OHIM Board of Appeal May 3, 2007, available at: http://oami.europa.eu/search/legaldocs/la/EN_boa_index.cfm under the case number, para. 27.

vices and therefore it is obsolete to compare the goods or services because the ones for which the infringing design may be applied are always identical to those covered by the trade mark at issue. Consequently, according to him, the invalidation of the design should result already when it is established that the signs used by the prior trade mark and by the design are identical or similar, comparison of goods or services is not necessary.¹²⁹ Ruhl and the OHIM itself propose a different approach by stating that one should not give up the comparison of goods or services for which the trade mark and the design in question are applied. How far the comparison should go depends on the characteristics of the design, which may be applicable only to certain goods (e.g. shape of a product), to many types of goods (e.g. designs for surfaces) or to any possible good (e.g. logos).¹³⁰

Furthermore the design needs not be attached to goods – it can be used in relation to them, which is judged by the relevant public.¹³¹ Therefore it is possible to apply for the invalidation of a design which has not yet been put into use, the abstract judgement of possible use in relation to goods for which the trade mark is applied is sufficient to establish the infringement of such trade mark.

d) Double identity

The infringement under Art. 9(1)(a) CTMR / Art. 5(1)(a) TMD will be found where a third party uses an identical sign without the authorisation of the trade mark owner for identical goods or services and this use affects or is liable to affect “the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods or services”.¹³² This protection is absolute¹³³ and unconditional.

In the case *LTJ Diffusion v Sadas*, the ECJ clarified the notion of identity of signs by stating that “sign is identical with the trade mark where it reproduces,

129 Martin Schlötelburg, *Musterschutzz an Zeichen*, GRUR 2005 123, 126-127 (hereinafter: Schlötelburg); similarly: Gottschalk/Gottschalk, *supra* note 49, 467.

130 Ruhl 2007, *supra* note 89, Art. 25 para. 31; Hartwig and Traub also suggest examination of goods or services for similarity in Comments to ICD 000001477 - *Hee Jung Kim v Zellweger Analytics Limited*, OHIM Invalidity Division March 1, 2006, in Hartwig, *Designschutz in Europa* [2007] Vol.1 Carl Heymanns Verlag 211, 220 (hereinafter: Hartwig 2007), the same approach has been included in *Community Design Invalidity Manual*, *supra* note 15, C.7.4.

131 Amanda Michaels, *A Practical Guide to Trade Mark Law* [2002] Sweet&Maxwell 4.17.

132 *L'Oreal v eBay* [2009] EWHC 1094 (Ch) para. 283 and the caselaw cited therein.

133 In comparison to protection under Art. 9(1)(b) CTMR and Art. 5(1)(b) TMD, double identity does not require proving likelihood of confusion, Simon 2005, *supra* note 119, 412; confirmed in Recital 8 to CTMR, Recital 10 to TMD, and in ECJ Case C-245/02 - *Anheuser-Busch Inc. v Budějovický Budvar, národní podnik*, 2004 ECR I-10989 para. 63.

without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer”¹³⁴.

Whether the signs and goods are identical is judged from the standpoint of the average consumer, that is a consumer of the goods in question who is reasonably observant and circumspect¹³⁵ and compares the signs and goods globally,¹³⁶ relying on his imperfect recollection of the signs that he has come across on the market, not side-by side, while the level of his attention will vary according to the category of the goods or services for which the sign is protected under the trade mark.¹³⁷ Even though the stronger, more distinctive signs are granted more protection,¹³⁸ the decision-making body may not include the level of distinctiveness of the mark claiming protection and its elements upon comparison of the signs to such an extent as to call into question the validity of the earlier mark.¹³⁹

Despite the absolute character of the protection, for the protection under double identity to step in it must be established that the allegedly infringing use is a use that affects any of the functions of the trade mark.¹⁴⁰ Additionally, where the infringing goods are identical to the ones of the trade mark owner, Art. 5(1)(a) TMD establishes a presumption that those functions are compromised.¹⁴¹ Therefore where there exists an identity of both signs and goods or services, the analysis of the infringement under double identity boils down to answering the question whether the design at issue uses an identical sign to the sign of the mark.

The case-law has provided for an example of invalidation of a Community design on the basis of Art. 25(1)(e) CDR in connection with Art. 5(1)(a) TMD in the “pasteboard multi package container” design which in the drawing included bottles bearing a trade mark.¹⁴²

- 134 ECJ Case C-291/00 - *LTJ Diffusion SA v Sadas Verbaudet SA*, 2003 ECR I-02799, para. 54.
- 135 ECJ Case C-210/96 - *Gut Springenheide and Tusky*, 1998 ECR I-04657, para. 31.
- 136 ECJ Case C-251/95 - *Sabel BV and Puma AG v Rudolf Dassler Sport*, 1997 I-06191, para. 23.
- 137 ECJ Case C-342/97 - *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, 1999 ECR I-03819, para. 26, confirmed with respect to invalidation of a Community design in GC Case T-148/08 - *Beifa Group Co. Ltd. v OHIM*, 2010 ECR II-01681, para. 51.
- 138 ECJ Case C-425/98 - *Marca Mode CV and Adidas AG*, 2000 ECR I-04861, para. 38, referring to ECJ Case C-251/95 - *Sabel BV and Puma AG v Rudolf Dassler Sport*, 1997 I-06191, para. 24.
- 139 ECJ Case C-196/11 P - *Formula One Licensing BV v OHIM*, May 24, 2012, available at: http://curia.europa.eu/jcms/jcms/j_6/ under the case number.
- 140 ECJ Case C-487/07 - *L’Oreal v Bellure*, 2009 ECR I-05185, para. 58.
- 141 Opinion of Advocate General Ruiz-Jarabo Colomer Case C-206/01 - *Arsenal Football Club plc v Matthew Reed*, 2002 ECR I-10273, para. 52.
- 142 Case R 137/2007-3 - *Zygmunt Piotrowski v Compagnie Gervais Danone*, OHIM Third Board of Appeal Sept. 18, 2007, available at: http://oami.europa.eu/search/legaldocs/la/EN_boa_index.cfm under the case number, para. 4, 20-22.

e) Likelihood of confusion

Under Art. 9(1)(b) CTMR / Art. 5(1)(b) TMD respectively, the scope of protection of a trade mark covers the use of a sign which is identical or similar to the trade mark and is used for goods which are identical or similar to those covered by the trade mark, when there exists a likelihood of confusion on the part of the public between the sign and the trade mark, which includes the likelihood of association between them.

The similarity of signs, of goods and likelihood of confusion are assessed from the point of view of relevant consumer of the goods or services in question¹⁴³ (for further analysis of the notion of the relevant consumer see *supra* under d).

(1) Similarity of signs

The assessment of the degree of similarity of signs follows the same considerations as the review under the double identity test (see *supra* under d). The elements of the mark in question which are devoid of distinctive character may not be taken into account upon comparison, as they do not contribute to the mark's function as origin indicator.¹⁴⁴ The comparison is made between the trade mark as registered (or as used – in the case of unregistered trade marks in Germany) and the alleged infringer's actual practice,¹⁴⁵ i.e. in the case of the registered Community design – the design as registered and in the case of the unregistered Community design – the design as made available to the public. It has however been suggested by Hager that in the case of shape marks the shape features not directly apparent from the registration should not be ignored, because the public does not perceive the shape marks in their two-dimensional graphic representation but in the form in which they are actually used. Ignorance of the features deriving from use would “falsify the identifying function of shape trade marks”. According to him these considerations should however not go as far as to create a different object of comparison than that which was registered.¹⁴⁶ This approach has not been shared by the General Court who, judging on invalidation of a Community design, annulled the decision of the OHIM Board of Appeal stating that it was issued on the basis of a comparison with a three-dimensional image,

143 ECJ Case C-210/96 - *Gut Springenheide and Tusky*, 1998 ECR I-04657, para. 31.

144 Just as “if an element of a product is not perceived by the public as an indication of origin, the protected sign as such cannot be impaired”, Hager, *supra* note 24, 410.

145 Cornish/Llevellyn/Aplin, *supra* note 48, 785.

146 Hager, *supra* note 24, 414.

while the registered trade mark was two-dimensional. The reason for the annulment being the fact that “a three-dimensional mark (...) is not necessarily perceived by the relevant public in the same way as the figurative mark”, the three-dimensional sign being perceived from a number of angles, the two-dimensional only as an image.¹⁴⁷ However the OHIM Board of Appeal was of the opinion that when a two-dimensional pattern (protected as trade mark) is put on a three-dimensional design, the overall impression may be such that the design uses the trade mark.¹⁴⁸

The global appreciation of the signs covers the visual, aural and conceptual similarity and must be based on the overall impression given by the marks. However a finding of similarity on all those levels of comparison is not required. It is enough that the existence of at least one of them is found by the court, taking into account the situation in which the consumer encounters the products bearing the mark.¹⁴⁹ Therefore the comparison of signs is not made in isolation from the goods which are covered by the trade mark (even though the goods are compared at a subsequent step of the test).

The visual similarity is the core of comparison in judging the conflict between a design and a prior mark, as design is defined through the appearance of a product¹⁵⁰ and the visual comparison includes the mark’s colour, size, shape and position.¹⁵¹ However aural and conceptual elements should not be disregarded when judging infringement of a trade mark by a subsequent design, as the elements of a design may also have sound and meaning (when they include words which need to be pronounced¹⁵² or accordingly words or symbols that may be ascribed a certain meaning¹⁵³). It is submitted that while these should not be disregarded upon the assessment of the overall impression, they should not be given as much weight as the visual elements precisely because the design is the appearance of the product and not its sound or meaning.

As far as similarity of signs is concerned, the prior trade mark does not need to be reproduced identically in the Community design at issue. It is sufficient

147 GC Case T-148/08 - *Beifa Group Co. Ltd. v OHIM*, 2010 ECR II-01681, para. 121.

148 Case R 211/2007-3 - *Burberry Ltd. v Jimmy Meykrantz*, OHIM Third Board of Appeal Mar. 3, 2008, available at: http://oami.europa.eu/search/legaldocs/la/EN_boa_index.cfm under the case number, para. 15, as a result invalidating the CD for lack of individual character, not under Art. 25(1)(e) CDR.

149 Jeremy Philips, *Trade Mark Law. A Practical Anatomy* [2003] Oxford University Press, 320 (hereinafter: Philips).

150 Art. 3(a) CDR.

151 Philips, *supra* note 149, 322.

152 Especially in cases of word marks and designs for logos, e.g. word mark FOR YOU and a logo with a “4U” element.

153 E.g. trade mark 007 and a design including a picture of a man in a tuxedo pointing a gun.

that the mark is incorporated in the design. Therefore additional elements may not change the perception of the design as using the trade mark,¹⁵⁴ although their incorporation might lead to the trade mark being “swallowed up” in the design and therefore not being used in it at all.¹⁵⁵ Conversely, the OHIM Invalidity Division did not find similarity of signs where the prior trade mark was figurative, even though the phonetic comparison pointed to identity as both signs used the word “flex”, however that element was found to be the only similarity and due to the presence of other elements in both signs, was considered to be “not sufficient to constitute similarity between a feature of the registered Community Design and the sign of the Community trade mark”.¹⁵⁶

(2) Similarity of goods or services

As indicated above (see *supra* at c), depending on the characteristics of the design and its capability to be used in relation to different goods or services, the comparison of goods or services for which the allegedly infringing design might be applied will include different scope of goods or services, and in cases where the design (e.g. logo) can be applied to any goods or services it can be assumed that the goods or services are identical. Similarly as establishing the similarity of signs, the decision on similarity of goods is a question of fact.¹⁵⁷

When assessing the similarity of goods, “all relevant factors relating to those goods should be taken into account, such as nature of the goods, (...) intended purpose, method of use and whether they are in competition with each other or are complementary”.¹⁵⁸ The final question that needs to be asked is however: Would a relevant consumer, taking a global appreciation approach, consider the goods as being similar? Answering this question often requires a balancing exercise between the various factors, as in different circumstances one might outweigh the other. Some authors have also argued that “the *Canon* factors are sub-

154 Case R 609/2006-3 - *Honeywell Analytics Ltd v Hee Jung Kim*, OHIM Board of Appeal May 3, 2007, available at: http://oami.europa.eu/search/legaldocs/la/EN_boa_index.cfm under the case number, para. 18, where a design was found using a word mark “MIDAS”. Confirmed in GC Case T-148/08 - *Beifa Group Co. Ltd. v OHIM*, 2010 ECR II-01681, para. 50.

155 See *supra* under A.

156 ICD 000002756 - *Flex Equipos de Descanso S.A. v The Procter and Gamble Company*, OHIM Invalidity Division Jul. 26, 2007, available at: <http://oami.europa.eu/ows/rw/pages/RCD/caseLaw/decisionsOffice/invalidity.en.do> under the ICD number, para. 20.

157 Gert Würtenberger, *Community Trade Mark Law Astray or Back to the Roots!* [2006] E.I.P.R. 549, 550 (hereinafter: Würtenberger).

158 ECJ Case C-39/97 - *Canon Kabushiki Kaisha and Metro-Goldwyn-Meyer Inc.*, 1998 ECR I-05507, para. 23.

concepts which should be used to define whether the goods may in the actual marketplace come from the same or linked companies. Mere similarity of goods of themselves is (...) not sufficient to prove that the goods are similar”.¹⁵⁹

In *Canon*, the Court has also stated the principle of proportionality, prescribing that the more similar the goods are, the lower is the degree of similarity between the signs which will result in finding the likelihood of confusion, while the less similar the goods the higher degree of similarity of signs will need to be found in order to find likelihood of confusion.¹⁶⁰

(3) Likelihood of confusion

The decision on existence of likelihood of confusion is a question of law.¹⁶¹ It requires the assessment of all circumstances by way of global appreciation from the point of view of the average consumer of the goods or services in question¹⁶² judging the “capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking”.¹⁶³ The global appreciation takes into account both the goods or services in question and the strength of the protected mark¹⁶⁴ and also the level of consumer attention with regard to different kinds of goods, which means that if “the objective characteristics of a given product mean that the average consumer purchases it only after a particularly careful examination, it is important in law to take into account that such a fact may reduce the likelihood of confusion between the marks relating to such goods at the crucial moment when the choice between those goods and marks is made”.¹⁶⁵ It follows additionally that the comparison and assessment of the likelihood of confusion are made at the point of sale. However in *Arsenal*, the Court recognized also post-sale confusion.¹⁶⁶ The General Court recognised that the relevant public in the case of instruments for writing should comprise of

159 Jukka Palm, *Canon, Waterford... How the Issue of Similarity of Goods Should be Determined in the Field of Trade Mark Law* [2007] E.I.P.R. 475, 478.

160 ECJ Case C-39/97 - *Canon Kabushiki Kaisha and Metro-Goldwyn-Meyer Inc.*, 1998 ECR I-05507, para. 17.

161 Würtenberger, *supra*, note 157, 551. The author submits therefore that the likelihood of confusion should not be judged from the perspective of relevant consumer, but rather should only be a means to help the decision-maker decide the question of law.

162 ECJ Case C-342/97 - *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, 1999 ECR I-03819, para. 25.

163 *Id.* para. 22.

164 Cornish/Llevellyn/Aplin, *supra* note 48, 784.

165 ECJ Case C-361/04P - *Claude Ruiz-Picasso v OHIM*, 2006 ECR I-00643, para. 40.

166 ECJ Case C-206/01 - *Arsenal Football Club plc v Matthew Reed*, 2002 ECR I-10273, para. 57.

the public at large, since the goods are everyday products and the level of attention is relatively low.¹⁶⁷ On the other hand in a case concerning high-end mixers, the UK High Court defined the relevant public narrowly. “As both mixers were premium priced products, targeted at design-conscious consumers”, the expectations and knowledge of those consumers had to be taken into account when judging infringement.¹⁶⁸

The basis for the likelihood of confusion must be the level of similarity between the signs and goods or services, “recognition of the mark on the market, the association that can be made with the used or registered sign”,¹⁶⁹ in fact all factors relevant to the circumstances of the case need to be taken into account,¹⁷⁰ i.e. the spectrum of the relevant factors will vary from case to case. In particular, under the “neutralisation doctrine” when there are “confusing similarities in visual, phonetic, conceptual or figurative respects, the significant differences in one of these criteria may neutralise the likelihood of confusion arising from other criteria”.¹⁷¹

When it is established that there exists a similarity between the signs, upon assessing the likelihood that the relevant consumer will be confused by them, the descriptive or only weakly distinctive elements should not be disregarded, but judged as a part of the overall impression that the signs make. Because of their descriptiveness or low level of distinctiveness, similarity between such elements is less likely to create likelihood of confusion, as the relevant consumer will not concentrate on such elements when making his judgement.¹⁷² Conversely, the protection of a distinctive element of a mark must be recognized if such a component “maintains an autonomous distinctive position in the composite mark, even without constituting its dominant element”.¹⁷³

Under Art. 9(1)(b) CTMR / Art. 5(1)(b) TMD, the finding of likelihood of confusion includes the likelihood of association between the signs. In *Marca Mode* the ECJ stated that the likelihood of confusion and the likelihood of asso-

167 GC Case T-148/08 - *Beifa Group Co. Ltd. v OHIM*, 2010 ECR II-01681, para. 108.

168 *Whirlpool Corp v Kenwood Ltd* [2008] EWHC 1930 (Ch.), confirmed in *Whirlpool Corp v Kenwood Ltd* [2009] EWCA Civ 753, E.T.M.R. 7 para. 83.

169 Recital 8 CTMR, Recital 10 TMD.

170 ECJ Case C-251/95 - *Sabel BV and Puma AG v Rudolf Dassler Sport*, 1997 I-06191, para. 22.

171 Württenberger, *supra* note 157, 549; CFI Case T-6/01 - *Matrazen Concord GmbH v OHIM*, 2002 ECR II-04335 para. 35; similarly: Paola A. E. Frassi, *The ECJ Rules on the Likelihood of Confusion Concerning Composite Trade Marks: Moving Towards an Analytical Approach* [2006] IIC 438, 442-443.

172 Philips, *supra* note 149, 346-347; Hager, *supra* note 24, 412, who suggests the complete exclusion of non-distinctive elements when comparing marks consisting of both protectable and non-protectable elements (at 413).

173 ECJ Case C-120/04 - *Medion AG v Thomson multimedia Sales Germany & Austria GmbH*, 2005 ECR I-08551, para. 30.

ciation are not separate concepts that should be applied alternatively, but that likelihood of association constitutes part of the likelihood of confusion concept and serves to define its scope.¹⁷⁴ Additionally mere association, without the element of confusion is not enough to find infringement.¹⁷⁵

(4) Influence on trade mark functions

Since the likelihood of confusion must concern the source of the products, it is required that the use of the allegedly infringing sign influences the mark's origin function. As the ECJ stated in *Canon*, there can be no likelihood of confusion, "where it does not appear that the public could believe that the goods or services come from the same undertaking or, as the case may be, from economically-linked undertakings".¹⁷⁶

Therefore the OHIM Board of Appeal found it conceivable that when the public encounters a logo (incorporating a design) applied to products or their packaging, they might perceive that logo as an indication of commercial origin. That would lead to jeopardising the essential function of a trade mark.¹⁷⁷

f) Protection for trade marks with reputation

The protection under Art. 9(c) CTMR / Art. 5(2) TMD is granted against the use of a sign which is similar or identical to the trade mark which has a reputation in the Community (in the case of a Community trade mark) or nationally (in the case of a national trade mark) and where the use of that mark by the defendant is without due cause and takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the mark.

Establishing the similarity or identity of signs and goods follows the same considerations as in the two prior types of infringement (see *supra* at d and e).¹⁷⁸

174 ECJ Case C-425/98 - *Marca Mode CV and Adidas AG*, 2000 ECR I-04861, para. 34.

175 ECJ Case C-251/95 - *Sabel BV and Puma AG v Rudolf Dassler Sport*, 1997 I-06191, para. 26.

176 ECJ Case C-39/97 - *Canon Kabushiki Kaisha and Metro-Goldwyn-Meyer Inc.*, 1998 ECR I-05507, para. 30. Confirmed in the context of invalidation of a Community design in GC Case T-148/08 - *Beifa Group Co. Ltd. v OHIM*, 2010 ECR II-01681, para. 97.

177 Case R 609/2006-3 - *Honeywell Analytics Ltd v Hee Jung Kim*, OHIM Board of Appeal May 3, 2007, available at: http://oami.europa.eu/search/legaldocs/la/EN_boa_index.cfm under the case number, para. 28.

178 ECJ Case C-252/07 - *Intel Corporation Inc. v CPM United Kingdom Ltd*, 2008 ECR I-08823, para. 62-63.

The infringement can be found irrespective of whether the sign is used for different goods, or for similar or identical goods or services.¹⁷⁹ In this context, the ECJ does not require a degree of similarity of signs that would lead to likelihood of confusion.¹⁸⁰ It is sufficient that the similarity is such that “the relevant section of the public establishes a link between the sign and the mark”¹⁸¹ i. e. it is enough that the design at issue “brings the mark to mind”,¹⁸² even though the public does not confuse the two signs. The owner can enforce his rights even in the cases where it is clear that the consumers are not misled as to the relation between the two signs. And, since the detriment to the distinctive character or to the mark’s repute is not required either,¹⁸³ it is enough to show that the advantage taken is unfair, without furnishing further evidence as to the consequences of such an advantage being taken.¹⁸⁴

To be granted protection, the mark must have a reputation¹⁸⁵ in a substantial part of the territory for which it exists - in the case of a Community trade mark it will be a substantial part of the Community, which can be a country¹⁸⁶ or in the case of a national mark - part of a region.¹⁸⁷ When establishing the reputation of a mark the Court needs to take all relevant factors into account, i. a. “the market share held by the trade mark, the intensity, geographical extent and duration of its use and the size of investment made by the undertaking in promoting it”,¹⁸⁸ but “showing a niche reputation”¹⁸⁹ is sufficient to meet the (...) standard of marks with a reputation”.¹⁹⁰

179 ECJ Case C-292/00 – *Davidoff & Cie SA v Gofkid Ltd*, 2003 ECR I-00389, para. 30.

180 ECJ Case C-251/95 - *Sabel BV and Puma AG v Rudolf Dassler Sport*, 1997 I-06191, para. 20.

181 ECJ Case C-408/01 - *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd*, 2003 ECR I-12537, para. 31.

182 Jehoram/van Nispen/Huydecoper *supra* note 39, 304.

183 ECJ Case C-487/07 - *L’Oreal v Bellure*, 2009 ECR I-05185, para. 50.

184 Cornish/Llevelyn/Aplin, *supra* note 48, 793.

185 In GC Case T-255/08 - *Eugenia Montero Padilla v OHIM*, 2010 ECR II-02551, para. 54-55, the Court found that the name of a renowned Spanish composer could not serve as relative ground for refusal under Art. 8(2)(c) CTMR as it was not well known as source indicator. Although the “reputation” of a mark required for granting the broadened protection includes a lower threshold of “reputation” that the well known marks under Art 8(2)(c) CTMR, this reputation should relate to the sign being a trade mark.

186 ECJ Case C-301/07 - *PAGO International GmbH v Tirolmilch registrierte Genossenschaft mbH*, 2009 ECR I-09429, para. 30.

187 ECJ Case C-375/97 - *General Motors Corporation v Yplon SA*, 1999 ECR I- 05421, para. 31.

188 *Id.* para. 27; ECJ Case C-301/07 - *PAGO International GmbH v Tirolmilch registrierte Genossenschaft mbH*, 2009 ECR I-09429, para. 25.

189 Among the consumers for whom the goods or services are intended, ECJ Case C-375/97 - *General Motors Corporation v Yplon SA*, 1999 ECR I- 05421, para. 26.

190 Martin Senftleben, *The Trade Mark Tower of Babel – Dilution Concepts in International, US and EC Trade mark Law* [2009] IIC 45, 74.

The first type of infringement of a reputed trade mark occurs when the accused design takes unfair advantage of the distinctive character or the repute of the mark. Even though the ECJ pointed to the fact that “a trade mark with a reputation necessarily has distinctive character, at the very least acquired through use”¹⁹¹ and usually considers them together, the distinction between such marks can be made “because there are trade marks with limited distinctive character but of good repute and trade marks with considerable distinctive character but of only moderate repute”.¹⁹² The concept of taking unfair advantage of the distinctive character or repute of the mark was addressed by the ECJ in *L’Oreal v Bellure* where the court referred to the notions of “parasitism” and “free-riding” known from national unfair competition laws. The Court defined the unfair advantage as “seeking by [the use of the mark] to ride on the coat tails of mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark’s image”.¹⁹³ Such exploitation does not in fact need to cause damage to the reputation, even potentially. The stress of the assessment lies in taking unfair advantage.¹⁹⁴

The other type of infringement is the use that is detrimental to the distinctive character of the trade mark (blurring). It has been defined by the ECJ that the “detriment is caused when the mark’s ability to identify the goods or services for which it is registered is weakened, since the use of an identical or similar sign by a third party leads to dispersion of the identity and hold upon the public mind of the earlier mark”¹⁹⁵ and it “requires the evidence of a change in the economic behaviour of the average consumer (...) consequent to the use of the later mark, or a serious likelihood that such a change will occur in the future”.¹⁹⁶ The more distinctive and/or known a trade mark is, the larger is the risk of the detriment to its distinctive character.¹⁹⁷ Unfortunately this proved to be an insufficient guid-

191 ECJ Case C-252/07 - *Intel Corporation Inc. v CPM United Kingdom Ltd*, 2008 ECR I-08823, para. 73.

192 Jehoram/van Nispen/Huydecoper *supra* note 39, 308 -309, giving as examples of the first category the trade mark “Ideal Standard” and of the second – “Lidl”.

193 ECJ Case C-487/07 - *L’Oreal v Bellure*, 2009 ECR I-05185, para. 50.

194 *Id.* para. 43.

195 *Id.* para. 39, ECJ Case C-252/07 - *Intel Corporation Inc. v CPM United Kingdom Ltd*, 2008 ECR I-08823, para. 29.

196 ECJ Case C-252/07 - *Intel Corporation Inc. v CPM United Kingdom Ltd*, 2008 ECR I-08823, para. 77.

197 ECJ Case C-375/97 - *General Motors Corporation v Yplon SA*, 1999 ECR I- 05421 para. 30.

ance as the rightowners have difficulties in enforcing their rights in cases of blurring.¹⁹⁸

The third type of infringement, causing detriment to the reputation, occurs “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”, in particular where the goods on which the sign is used “possess a characteristic or quality which is liable to have a negative impact on the image of the mark”.¹⁹⁹

The provisions require that the use takes unfair advantage of or causes detriment to the distinctiveness or repute of the mark, without due cause. This notion has not been so far clarified by the Court of Justice. It has however been suggested that due cause could be derived from the limitations provisions of Art. 12 CTMR and Art. 6 TMD respectively. This would mean that the use of the trade mark in a descriptive manner, the necessity to use the mark or having earlier rights could serve as a justification for the use of a mark with a reputation.²⁰⁰

The protection afforded to marks with a reputation is granted irrespective of the use influencing any of the trade mark functions.²⁰¹ Establishing a link is enough to find infringement and “this is a link between the two parties’ marks and not between the later mark and the earlier user, as is required in the confusion cases”.²⁰² Whereas when the sign is viewed purely as an embellishment by the relevant public, no link with the mark is established and therefore the requirement for grant of protection is not fulfilled. However where the sign is seen as an embellishment but nevertheless such a level of similarity exists that a link is established, the infringement is given.²⁰³ The use as an embellishment as a concept should be distinguished from the descriptive use which does not influence any of the trade mark functions. Since a trade mark with a reputation is granted protection irrespective of detriment to any of its functions – descriptive use could not be used as a defence in the sense of double identity and likelihood of confusion. The fact that the sign is used as pure embellishment does not constitute an infringement because it does not lead to establishing a link between the signs, not because it does not influence the mark’s function.²⁰⁴

198 Ilanah Simon Fhima, *The Court of Justice protection of the advertising function of trade marks: an (almost) sceptical analysis* [2011] JIPLP 325, 328.

199 ECJ Case C-487/07 - *L’Oreal v Bellure*, 2009 ECR I-05185, para. 40.

200 Jehoram/van Nispen/Huydecoper *supra* note 39, 317-318.

201 ECJ Case C-48/05 - *Adam Opel AG v Autec AG*, 2007 ECR I-01017, para. 37; Simon 2006, *supra* note 112, 328.

202 Simon 2006, *supra* note 112, 323.

203 ECJ Case C-408/01 - *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd*, 2003 ECR I-12537, para. 41.

204 Simon 2006, *supra* note 112, 324.

Therefore it must be stated that the protection under Art. 9(1)(c) CTMR/ Art. 5(2) TMD “does establish and was intended to establish a wider form of protection than is laid down in Art. 5(1) [TMD] and that only one of the three types of ‘injury’ covered by Art. 5(2) need to be proved”.²⁰⁵

The “anti-dilution” protection under Art. 9(1)(c) CTMR/ Art. 5(2) TMD and Art. 5(5) TMD is strongly affected by unfair competition considerations. While it can be a reasonable solution in jurisdictions such as Benelux, “where unfair competition laws are generally precluded from the sphere of trade marks”,²⁰⁶ they might prove problematic in the countries with elaborate unfair competition protection, resulting in overprotection of trade marks and limiting the freedom of traders to develop products, which includes the freedom of copying. A detailed analysis of Art 5(5) TMD goes beyond the scope of this thesis as it has been implemented only by the Benelux countries.

2. The scope of protection of distinctive signs under unfair competition law

The lack of comprehensive harmonization of law in the EU results in large differences between the treatment of distinctive signs under unfair competition rules. Since Art. 25(1)(e) CDR includes application of national laws, it is necessary to consider the national protection of signs. In this part of the thesis German regulations of such protection will be described.

According to §1 UWG the statute protects against unfair commercial practices, i.e. such behaviours of the market participants which can to an appreciable extent influence the behaviour of competitors, consumers or other market participants. In this respect the parties interested in protection of their distinctive signs under unfair competition will usually be the competitors of the accused design owner. As signs are basically protected under trade mark law, the German case-law²⁰⁷ developed a rule that the protection under unfair competition provisions will be available when the rules of trade mark law do not provide for a relevant protection or when there has been a gap left on purpose by the legislator.²⁰⁸ The rationale for such an approach is that the overprotection might hinder the competition when the owners of signs could use both exclusive rights and unfair competition to exclude others from using the same subject – matter and thereby

205 Christopher Morcom, *L’Oreal v Bellure – Who Has Won?* [2009] E.I.P.R. 627, 634.

206 Cornish/Llevelyn/Aplin, *supra* note 48, 792-793.

207 BGH GRUR 1999, 161, 162 - *MAC Dog*.

208 Wirtz in: Horst-Peter Götting and Axel Nordemann, *UWG. Handkommentar* [2010] Nomos §3, para.83 (hereinafter: Götting/Nordemann); BGH NJW-RR 2003, 1551, 1552 - *Tupperwareparty*, English translation available in [2004] IIC 459, 461.