## DEVELOPMENTS

# What's in a name that which we call a rose by any other name would smell as sweet? Reflections on ECJ's Trade Mark Case Law

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### A. Introduction

Shakespeare's famed citation "*What's in a name? That which we call a rose by any other name would smell as sweet*" may be one of the most used quotations in contemporary literature. It serves to provide guidance in reviewing ones assessment of new perspectives on a given topic. The implications of the quotation induce the reader to feel concordant with the assumption that whatever name a given phenomenon is accorded, it is of little importance because the objects are similar and hence there is no reason to emphasise a peripheral and meaningless concept such as a name and the idea which it embraces. By contrast, intellectual property rights, and therein trademark law, is conceptually based on the assumption that a verbal mark, figure or colour of a given good or service need to be protected since these immaterial notions give rise to patrimonial rights conferred to the owner of the registered trademark. A well known slogan or figurative mark is capable of having significant commercial value as demonstrated in the recent dispute between *Apple* and *Cisco* concerning the right of the former to use the trademark *iPhone*. However, it is important to note that the essential *raison d'être* of trademark law is not only to confer patrimonial rights to a legal or natural person and thus prevent an abusive use by a third party, but essentially to guarantee the origin of goods or services to the consumer and hence enable him, without any danger of confusion, to distinguish the goods or services from others which have another origin.[1] Having

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[1] ECJ C-299/99, *Philips,* 2002 E.C.R. I-9517, para. 30; *see also* FI Schechter, *The Rational Basis of Trademark Protection*, Harvard Law Review 813, 1927; B. Fitzgerad, L Gemertsfelder, *Protecting Informational Products through Unjust Enrichment Law*, European Intellectual Property Review 224, 1998.

said that it should also be noted that traditional trademark theory is perceived on the assumption that trademarks serve to minimize the likelihood of consumer confusion and prohibits the use of a trademark with regard to competing or similar goods only. However the "dilution theory" challenges this approach to trademark law as it also disseminates the postulate to prohibit the use of certain famous and/or characteristic trademarks on non-competing goods on the ground that such use dilutes and possibly erodes a given trademark's commercial value and its hold on the consumer.[2]

Differences existing between the European Communities (EC) Member States trademark law regime were susceptible to impede the free movement of goods or services and to create distortion of competition in the Common Market. Therefore, the EC took its first action in 1988 towards harmonization of the trademark law by adopting the first trademark Directive.[3] The purpose of the Directive is to eliminate disparities in the trade mark laws of the Member States[4] by seeking to harmonise the different legislations existing in the Member States and it edifies a common régime of applicable law for the national authorities. The second step was the adoption of Regulation 40/94 [5] which enabled legal or natural persons to register a trade mark that applies to the entire territory of the Community. Both of these instruments form a constituent and interrelated part of a EC trademark *corpus iure*.

The Directive, as much as the Regulation pursues to safeguard the general public interest;[6] that purely descriptive configurations or indications remain freely available to all market operators.[7] Hence, a trademark must be vested with characteristic elements in order to be registered. At the core of the issue lays a complicated task to determine the nature and the scope of the characteristic elements conferring *de iure* title to a trademark. The determination is conducted taking into account such interconnected geometric variables as the determination of

[2] T MARTINO, TRADEMARK DILUTION 26 (1996).

[3] Council Directive 89/104 EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks [1989] OJ L40/1, 1. The Member States were required to transpose the Directive into national law by 31 December 1992.

[4] PM Turner-Kerr, *Confusion of Association under the European Trade Mark Directive*, European Intellectual Property Review 49 (2001).

[5] Regulation 40/94 on the Community trade mark adopted by the Council of the European Union on 20 December 1993, OJ 1994 L/11, 1.

[6] Council Directive 89/104 (note 3), 3(1) (c).

[7] Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* 1999 E.C.R. I-2799, para. 25; Joined Cases C-53/01 to C-55/01, *Linde and others* 1999 E.C.R. I-3161, para. 73.

the average consumer, conceptual semantic differences, and recognition of the trade mark. This article, by conducting an analysis of recent decisions by the Court of First Instance (CFI) and the European Court of Justice (ECJ), seeks to determine the scope and limits of a trademark according to the delimitation as interpreted by the Luxembourg courts.

## B. The Average Consumer

### *I. An Objective Definition*

According to established case law, the essential function of the Community's trademark law is to guarantee the identity of the origin of the marked product or service to the consumer by enabling him, without any possibility of confusion, to distinguish the product or service from others with another origin.[8] Consequently, the underlying and separately interlinked epistemic elements in trademark law are (i) the consumer, (ii) the consumer's subjective perception of a product or service in question, and (iii) confusion. Read in conjunction, these elements determine the scope of the patrimonial rights of the trademark holder. The Courts in Luxembourg have balanced these semi-subjective elements into one objective notion, which determines the ambit of the patrimonial rights of the proprietor of a trademark, namely the "average consumer".[9]

EC trademark law is, as mentioned above, based on the conception of an average consumer. The three aforementioned elements are intertwined, and efforts to merge these elements into an objective and legally applicable notion, has pushed the Courts in Luxembourg to define the average consumer without taking into account the unconscious or ignorant consumer. The average consumer is perceived as one who is reasonably well informed, reasonably observant, and circumspect.[10] However, there is confusion in assessing the definition of the average consumer, which is dependent upon the category and nature of the goods or services.[11] Thus,

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[8] ECJ Case C-39/97, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer,* 1998 E.C.R. I–5507, para. 28; ECJ C-10/89, *CNL-SUCAL v. HAG,* 1990 E.C.R. I–3711, paras. 14 - 13.

[9] For the notion "average consumer" *see* R Incardona, C Poncibò, *The average consumer, the unfair commercial practices directive, and the cognitive revolution*, Journal of Consumer Policy 21-38 (2007).

[10] ECJ, Case C-39/97, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer,* 1998 E.C.R. I–5507, paras. 16 and 29; ECJ C-342/97, *Lloyd Schuhfabrik Meyer,* 1999 E.C.R. I-3819, paras 17-18 and T-104/01 *Oberhauser* v. *OHIM – Petit Liberto (Fifties),* 2002 E.C.R. I-2002, paras. 25 - 26.

[11] Incardona, *supra* note 9, *Lloyd Schuhfabrik Meyer*, para. 26.

the definition of an average consumer depends on a physical variable, namely the nature of the products and services, because the average consumer's level of attention is likely to vary with the category of goods or services for which registration is sought.[12] As such, the determination of an average consumer is done on an ad hoc basis, which varies from case to case.

### *II. An Extensive Conception of Confusion*

The Luxembourg courts have consistently embraced an approach which defines the element of "confusion" on the basis of an extensive conception of that term and hence reducing as such the patrimonial scope of potential trademarks. In this regard the *Armour Pharmaceutical* case is of significant importance. In that dispute the applicant asked the CFI to alter a decision of the Board of Appeal of the Office for Harmonisation in the Internal Market (OHIM or the Office). That ruling overturned a decision of the Opposition Division of the OHIM, which upheld the opposition introduced by *Armour Pharmaceutical* and hence rejected the trademark application introduced by *Teva Pharmaceutical Industries.* The Opposition Division ruled that the trademark for which the application was sought, namely the sign *Galzin*, infringed the patrimonial right of *Armour Pharmaceutical* and its registered word mark *Calsyn*. After having determined that the products for which a trademark registration was sought were similar, the CFI undertook the analysis to determine whether the marks were similar. It responded positively to that question because of the visual and phonetic similarities of the two trademarks. The products in question were pharmaceutical formulations subject to medical prescriptions. The CFI stressed that the average consumer was likely to be very attentive and therefore the therapeutic indications of the goods were constituent elements for determining the level of circumspection of the average consumer. In the words of the CFI: "medicinal products subject to medical prescription such as those being considered in the present case [the] level of attention will generally be higher, given that they are prescribed by a physician and subsequently checked by a pharmacist who delivers them to the consumers."[13] An investigation of that observation would compel the reader to believe that the confusion would have been determined autonomously, that is, not by the perception of the public or final users but by the persons vested authority to issue the medical prescriptions. However, the CFI reasoned that when drawing a conclusion with the similarity of the marks and products in mind, "the apparent differences between the marks are not sufficient to

[12] CFI, T-133/05, *Meric v. OHIM*, nyr para. 73.

[13] CFI, T-483/04 A*rmour Pharmaceutical v. OHIM*, *nyr*, para 80.

eliminate the existence of a likelihood of confusion on the part of the relevant public."[14] That finding was however not based on an assessment of why the average consumer of the goods in question, were inclined to be confused. Could it not be held that the compulsory prescription issued by a physician and subsequently checked by a pharmacist should rule out any chance of confusion of these products for the final consumer? In other words, the relevant public should be the intermediary "consumer" and not the final one as the latter's access to the product in question depends of the consent of the former.

The ruling that the relevant public was subject to confusion with respect to *Galzin* and *Calsyn* lacks credibility because not only was it not based on a relevant assessment in which an autonomous definition of confusion could be adopted, but neither were the findings sufficiently motivated by the CFI. The endorsed approach demonstrates the weight that the CFI puts on the definition of "relevant public" for a given product or service. It is almost a truism to postulate that there were two different "relevant public" in the *Armour Pharmaceutical* dispute, namely the intermediary consumer and the final consumer – having in mind that the final consumer could only access the product in question through the intermediary consumer, being the person who is vested the authority to issue medical prescriptions. The endorsed approach demonstrates the weight that the CFI puts on the definition of "relevant public" for a given product or service.

It can be concluded on the basis of the above that the embraced reasoning of the CFI increases the element of confusion and diminishes accordingly the patrimonial scope of trademarks. Further that ruling of the CFI seems to stand in contrast to the jurisprudence according to which for the purposes of assessing whether there is any likelihood of confusion between marks relating specific products and services emphasis shall be put on the nature of the goods.[15] It is of interest to refer to *Picasso v OHIM*[16] in which *Ruiz Picasso & Others* lodged an opposition against the application, by DaimlerChrysler of the word sign *Picaro* in respect of vehicles and parts therefore, alleging the existence of a likelihood of confusion with the earlier registered Community word mark *Picasso*.[17] The ECJ ruled that where it is established that the objective characteristics have as consequence 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

[14] *Id*., para 81.

[15] Incardona, *supra* note 11.

[16] EC C-361/04, *Picasso v. OHIM*, E.C.R. 2006 I-643.

[17] *Id*., para 7.

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between marks relating to such goods at the crucial moment when the choice between those goods and marks is made."[18]

### C. Particular Characteristics

Article 2 of the Directive is entitled "signs of which a trade mark may consist" and provides a non-exhaustive list of elements which are subject to registration as a trademark, namely 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."[19] A reading of that provision, in conjunction with Article 3 of the Directive, leads to the conclusion that in order to be registered as a trademark, and hence confer patrimonial rights, the mark must be vested with distinctive characteristics.[20]

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[18] *Id*., para 40.

[19] Council Directive 89/104 , *supra* note 3, Article 2.

[20] Council Directive 89/104 (note 3), Article 3: "1. The following shall not be registered or if registered shall be liable to be declared invalid: (a) signs which cannot constitute a trade mark; (b) trade marks which are devoid of any distinctive character; (c) trade marks 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) trade marks 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; ... (g) trade marks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service; ... 3. A trade mark 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 7 of the Regulation reads as follows: "1. The following shall not be registered: ... (b) trade marks which are devoid of any distinctive character; (c) trade marks 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) trade marks 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; ... 3. Para. 1(b), (c) and (d) shall not apply if the trade mark 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."

*I. Neologisms*

The criterion of distinctive characteristics follows an aim of common interest, namely that all signs or indications, which describe or indicate characteristics of the goods or services with respect to the registration sought, remain freely available to all undertakings. It is for that reason that trademarks, which are devoid of any distinctive characteristics, cannot be registered. Hence, a word or slogan that is purely descriptive of the good or the service is not vested with any distinctive characteristics.

The question arises as to whether a word created by the connection of two or more words into a single word, a neologism, which reflects the good or service for which the trademark is sought can be registered. This question arose in *Koninklijke* in which the national authorities in the Netherlands refused *Koninklijke* the right to register the sign *Postkantoor* for certain goods and services for paper, advertising, insurance, postage-stamps, construction, telecommunications, transport, education and technical information and advice because the sign was allegedly exclusively descriptive of the goods and services.[21] The applicant brought proceedings before a national court, which then referred the interpretation of Article 3 of the Directive to the ECJ. The Court ruled first that the assessment should be made by taking into account all the relevant facts and circumstances such as study results which establish that the mark is not devoid of any distinctive characteristics or is not misleading.[22] The question that was of special interest was whether the combination of two words, which individually were descriptive with regard to the products and services for which registration was sought, could as a neologism be conceptually distinctive within the meaning of Article 2 of the Directive. The Court observed that a neologism based on two descriptive words could present its own distinctive characteristics. In the words of the Court: "[i]f a mark, such as that at issue in the main proceedings, which consists of a word produced by a combination of elements, is to be regarded as descriptive for the purpose of Article 3(1)(c) of the Directive, it is not sufficient that each of its components may be found to be descriptive. The word itself must be found to be so."[23] Accordingly, the ECJ embraced a liberal approach in which the combination of two descriptive words for a product or service is not *per se* descriptive for the same reasons. However, the Court did rule that such verbal signs are deprived of characteristic elements in the sense of Article 3(1)(c) of the Directive to the extent that there are no unusual

[21] ECJ, C-363/99, *Koninklijke*, 2004 E.C.R. I-3345.

[22] *Id.*, para. 35.

[23] *Id.*, para. 96.

modifications with regard to the syntax or semantics.[24] Hence, the presumption is that a neologism combined with two descriptive words is descriptive within the meaning of Article 3 of the Directive, and it is for the applicant to prove the contrary. A neologism based on two descriptive words lacks, in the words of the ECJ, characteristic elements unless the neologism creates "an impression which is sufficiently far removed from that produced by the mere combination of meanings lent by the elements of which it is composed" which implies that "the word has become part of everyday language and has acquired its own meaning, with the result that it is now independent of its components."[25]

### *II. Word Combinations*

It can be concluded from the above section that in order for a word or phrase to be registered it must be constitutive of distinctive characteristics. However, the distinctiveness shall not be determined semantically as in Luxembourg's case law with regard to syntagms, that is, combinations of descriptive words need not be conceptually descriptive to be registered because they shall be perceived "as a whole".[26] This issue was debated in *Erpo Möbelwerk* in which the Office of Harmonization for the Internal Market (OHIM) appealed a ruling of the CFI which overturned a decision of the OHIM refusing the private applicant for the trademark: *Das prinzip der bequemlickheit* for household furniture. The trademark application was rejected on the ground that the semantic combination was descriptive of the goods in question and was accordingly devoid of any distinctive character. *Erpo Möbelwerk* appealed the decision and the CFI upheld the private applicants plea in which he alleged a violation of Article 7(1)(b) and (c) of the Regulation. Despite the fact that the word *Bequemlichkeit* (comfort) describes a quality of the good, the word combination *Das Prinzip der Bequemlichkeit,* read in its entirety, cannot, in the view of CFI, be regarded as consisting exclusively of signs or indications which may serve to designate the quality of the good and thus deprived of characteristic elements.[27] In its appeal of the CFI's ruling the OHIM submitted that the CFI had made an error of law because the determination of distinctive characteristics of a trademark consisting of word combinations must be made in a more rigid manner compared to simple word marks or figurative marks because word combinations have a purely advertising function and not one enabling the

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[24] *Id.*, para. 98.

[25] *Id.*, para. 100.

[26] CFI, T-138/00, *Erpo Möbelwerk* v. *OHIM (Das prinzip der Bequemlichke,),* 2001 E.C.R. II-3739, para. 26.

[27] *Id.*, *Erpo Möbelwerk,,* paras. 25 - 29.

origin of the goods to be identified. The ECJ rejected the plea of the OHIM and held that the CFI rightly refused to incorporate an additional criterion, as advocated by the OHIM, for the determination of the distinctiveness of a word combination.[28] That finding seems to find support in the fact that the regulation does not introduce such a differentiation. However, one cannot help but to see the merit in the OHIM plea, which held that the determination of distinctiveness for word combinations should be subject to a more rigid evaluation than for a pure word mark, namely because of the fact that such trademarks are essentially registered for publicity purposes and include implicitly descriptive elements. The approach embraced by the Luxembourg courts can be held to be literal and not contextual albeit the fact that trademark law to a certain extent must be interpreted in a contextual sense because of its implicit casuistic nature.

In *Meric v OHIM* a private applicant requested the CFI to alter the decision of the OHIM, which rejected its application to register the Community trademark *Pam´s-Pim´s Baby-Prop*, and reject the argument entered by *Arbora & Ausonia* which were proprietors of the earlier mark *Pam-Pam*. The CFI confirmed the decision of the Board of Appeal of the OHIM and contributed useful specifications concerning the applicable criteria to use in determining the distinctiveness of word combinations. Whereas the former mark was constituted of two words the mark for which registration was sought was based on four words. The CFI refused however to take into account the words *Baby-Prop* for determining the distinctiveness of the word combination of the trademark for which registration was sought. Consequently the CFI undertook to examine only the first two words because the relevant consumer would only recall the words *Pam-Pim* because they have no particular meaning in Spanish, and because they were situated in the beginning of the word and a "consumer generally pays greater attention to the beginning of a mark than to the end."[29] The word combination *Baby-Prop* was accordingly purely secondary and played only a peripheral role in the determination of whether the trademark was vested characteristic elements.

[28] ECJ, C-64/02, *Erpo Möbelwerk* v. *OHIM (Das prinzip der Bequemlichkeit)*, 2004 E.C.R. I-10031, para. 32.

[29] *Meric v. OHIM* (note 12), para. 51.

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*III. Colours*

What is in a colour? More than one could imagine. It is at the outset of interest, as a matter of conceptual consideration, to refer to the International Klein Blue Colour which the French monochromist artist Yves Klein had patented and which was the central component of his art. These paintings are today displayed in all of the major contemporary art museums and Klein is primarily identified by his monochromist blue paintings. Hence, based on a conceptual approach, there is no reason why a similar line of reasoning should not apply *mutatis mutandis* to trademark law, since a colour is inclined to vest an implicit distinctiveness.

The EC has recognised the commercial value and benefits colour can represent for a commercial operator. This has resulted in the acceptance of colour as a registerable trademark under the Community trademark law régime despite the possible difficulty in perceiving how a colour could be found to vest distinctive elements within the meaning of the Directive and Regulation. However, a careful reading of the Regulation elucidates any such doubt. It is clear that distinctiveness is not only measured by the inventiveness of the mark but also by public perception based on consumer reference to the trademark. This is not only evident in the fact that reputed brands are susceptible to broader patrimonial protection of trademarks than more anonymous marks[30] but finds also support in the reality that the distinctiveness can be acquired by the objective perception the public associates a given good or service. It is important to note that consistent with Article 7(3) of the Regulation, the general applicable criteria to determine distinctiveness does 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."[31] Accordingly, the constitutive criteria for the determination of distinctiveness are derogated if the trademark has by its prior use become distinctive, as perceived by the public; meaning that a colour can be registered if the relevant public associates the colour with a certain product or service.

The dispute in *KWS Saat*, concerned the right to register the colour orange with respect to goods and services within Classes 7, 11, 31 and 42 of the Nice Agreement of 15 June 1957 concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks. The ECJ was to decide an appeal of the CFI. A German applicant filed an application to OHIM in which it sought to register the colour orange for goods covering treatment installations for seeds,

[30] Council Directive 89/104, *supra* note 3, Article 7(2).

[31] Regulation 40/94, *supra* note 5, Article 7(3).

installations for drying seeds, agricultural and horticultural products and technical and business consultancy in the area of plant cultivation, in particular in the seed sector. The request was refused by the Office on the ground that the colour orange was not distinctive within the meaning of Article 7(1)(b) of the Regulation. The applicant filed an appeal in which it sought reversal of the contested decision, based on, *inter alia* breach of Article 7(1)(b) of the Regulation. The CFI upheld the decision of the Office with regard to the goods in Classes 7, 11 and 31, which were not covered by the requested trademark. That finding was based on the observation that the use of orange for those goods is not rare which implied that the trademark applied for would not enable the relevant public to distinguish the applicant's goods from those of other undertakings which are coloured other shades of orange. However, the CFI did find that the requested colour trademark, in the area of plant cultivation, could cover technical and business consultancy services, because in contrast to the goods there were no concurrent undertakings which commercialised their services using similar colours. Hence the risk of confusion was not present and the relevant public was enabled to distinguish the services concerned from those of a different commercial origin.

For reasons irrelevant to the present study, the ECJ rejected the appeal of the private applicant. However what is of interest is the fact that the ECJ recognised that the distinctiveness of a colour could be determined on criteria and methods other than those applicable to words and figurative marks. In the words of the Court: "While the public is accustomed to perceiving word or figurative marks immediately as signs identifying the commercial origin of the goods, the same does not necessarily hold true where the sign forms part of the external appearance of the goods."[32] Because the premises are different, the determination of the distinctiveness applies, following the ECJ´s reasoning, differently. Words and figurative marks are more obvious and produce a more direct effect on the relevant consumer whereas the elements regarding the external appearance, such as a colour, is normally an element which gradually becomes distinctive. Because of the different premises, the ECJ seems to deduce that distinctiveness of the latter follows different criteria. It is of interest in this context to note that CFI ruled, in *Erpo Möbelwerk,* that the same rules of distinctivess were applicable in word combinations as to single words. In the words of the CFI "it is not appropriate to apply to slogans criteria which are stricter than those applicable to other types of sign."[33] In the latter dispute the CFI put special onus on its finding that the applicable criteria are conceptually similar between all marks. It could accordingly

[32] ECJ, C-447/02*, KWS Saat v. OHIM*, 2004 E.C.R. I-10107, para. 79 (emphasis added).

[33] *Erpo Möbelwerk,, supra* note 26, para. 44.

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be held that the Court´s ruling in KWS Saat differs and is inclined to extend the patrimonial scope of trademarks.

## D. Global appreciation of likelihood of confusion

Likelihood of confusion on the part of the public must be appreciated globally, taking into account all factors relevant to the circumstances of the case.[34] This implies that the determination of confusion cannot be made in isolation of the interdependence of trademarks and the goods or services for which registration is sought.

### *I. Conceptual Differences*

A phonetic trademark can be very similar to marks but are vested with a different conceptual meaning. That conceptual difference can, despite the phonetic similarity, deprive the second of being constitutive of a potential confusion as compared to the other, especially if the former is deprived of any precise semantic origin.[35]

In a recent ruling of the CFI, *Jabones Pardo*, a private applicant contested the legality of a decision of the OHIM in which it conferred a private operator the trademark *Yupi*, which allegedly infringed its trademark by confusing the consumer with regard to its products, which were registered under the trademark *Yuki*. The CFI examined the phonetic similarity and emphasised that both words consisted of four letters, the first two ones started with "yu" and the last ones with "I". However, in contrast to *Yuki*, which has no semantic meaning, *Yupi* has a familiar meaning; the term is used to express joy. Hence there was an important conceptual difference between the marks despite the great phonetic similarity.[36]. The CFI put weight on the finding that conceptual differences can neutralize visual and phonetic similarities of two marks if one is subject to a clear and non-ambiguous distinction, which the public is in a position to immediately identify.[37] In the present dispute

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[34] CFI, T-278/04, *Jabones Pardo*, ECR nyr, para 47; ECJ, C-251/95, *SABEL v. Puma, Rudolf Dassler Sport,* 1997 E.C.R. I-6191, para 22.

[35] CFI, T-292/01, *Phillips-Van Heusen v. OHMI – Pash Textilvertrieb und Einzelhandel* (BASS), 2003 E.C.R. II-4335, para. 47.

[36] *Jabones Pardo*, *supra* note 34, para. 64.

[37] *Id*., para 65.

the CFI upheld the applicant's plea, with respect to similar products, and ruled that due to visual similarities and phonetic characteristics, an average consumer was not in a position in which he could immediately distinguish between the two marks because the conceptual differences were not significant.[38] This finding of the CFI was based on the reasoning that only recently had *Yupi* appeared in the Spanish language as demonstrated by a single Spanish dictionary, implying, in the view of the CFI, that its semantic impact was reduced which contributed in turn to diminish the conceptual differences between the two marks.[39] *A contrario* it seems clear that were the word *Yupi* vested a significant ethymologic history the undertaken approach of the CFI would have been different as it would, following that line of thinking increased its distinctiveness. It is of interest to note that this ruling seems to stand in contrast to the CFI's finding in *Meric v OHIM.* In the latter the CFI based its findings, in part, on the absence of any particular meaning of *Pam-Pim* in the Spanish language which was the main element on which the CFI undertook its finding of distinctiveness on the sole basis of the word combination *Pam-Pim* to the exclusion of *Baby Prop*.[40]

In *Mast-Jägermeister* the CFI was called upon to determine what significance to impart a Spanish slogan on a figurative mark. In that dispute a private Spanish operator filed three applications for registration of Community trademarks at the OHIM. The goods for which registration was sought were (i) mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages and (ii) rum, rum liqueurs and aguardientes. That application was followed by two notices of opposition by *Mast-Jägermeister* in which it was held that the trademarks for which the applications sought registration infringed the patrimonial protection in its earlier Community figurative mark. On 25 March 2002 the OHIM's opposition division adopted three decisions in which it upheld the applicants oppositions and rejected the three applications for registration because of the similarity of the signs and because the goods were in part identical and in part similar. In other words, it was likely that the goods would be subject to confusion by the Spanish consumer. Those decisions were appealed and on 19 December 2002 the First Board of Appeal of OHIM rejected the applicant's oppositions. The Board of Appeal found that, despite the identity of certain goods at issue there was no reason to deduce that there would be a likelihood of confusion between the marks applied for and the earlier mark. That ruling was based on the visual and phonetic differences and the absence of any

[38] *Id.*, paras 67-68.

[39] *Id.*, para 67.

[40] *Meric v. OHIM*, *supra* note 12, para. 51.

important conceptual similarity between the marks. The applicant filed that decision to the CFI.

In its application to the CFI for an annulment of the decision, the applicant argued that the Board of Appeal had based its assessment of confusion on an erroneous over emphasis of the term "venado" and "venado especial". In Spanish "venado" means deer, which merely describes for the Spanish speaking consumer, the image in the marks. Hence in the applicants view the mere descriptive function of the figurative element cannot be superseded by the word "venado". The applicant argued also that even for the non-Spanish-speaking public the similarity between the conflicting signs cannot be denied as based on the "venado" component in the marks. The CFI held that the semantic element of the marks did not influence Spanish consumers, who will not perceive the term "venado" or "venado especial" independently but as a direct reference to the figurative element, namely the deer. Because of the similar conceptual elements, the word "venado," which implies some figurative differences, was not capable of altering the similarity of marks. Consequently, the additional semantic elements in the mark did not provide the mark with any distinctive characteristics for purposes of registration.[41]

*II. The Dominant Factor*

The mark is perceived as a whole in the eyes of an average consumer, which implies that distinctiveness is measured in the light of the fact that the average consumer will not proceed to analyse its various details but will mainly recall the dominant factor.[42] It is that factor which will determine in turn whether the mark is inclined to confuse the consumer since the average consumer will normally not be in a position in which he is capable to make an identical comparison between the marks in question, but rather must place his trust in an imperfect image of those marks which he has retained in his mind.[43]

In *Mast-Jägermeister* the applicant submitted that the Board of Appeal conferred excessive weight to the differences in detail between the marks applied for and the earlier mark as against the very great similarities between them because the relevant public retains only an impression of the figurative signs and not the

[41] CFI, Joined Cases T-81/03, T-82/03, T-103/03, *Mast-Jägermeister v. Licorera Zacapaneca,* 2006 E.C.R. nyr, para. 100.

[42] *SABEL v. Puma*, *supra* note 34, para. 23.

[43] CFI, T-388/00, *Institut für Lernsysteme v. OHIM – Educational Services,* 2002 E.C.R. II-4301, para. 47.

details, such as the fact that, in the earlier mark, the deer's fur is striated and its head is drawn in the style of an etching whilst the marks applied for do not display such features. The confusion, in the applicants view, was that "venado" is purely descriptive and thus added no additional value to the trademark for which registration was sought. In its analysis the CFI held that the perception of an average consumer of goods or services has a dominant role in the examination of the likelihood of confusion. The CFI embraced hereafter a pragmatic approach in which it put weight on the fact that an average consumer perceives a mark as a whole without aiming to "proceed to analyse its various details"[44] because he has only the possibility of retaining an imperfect image of the trademark. Without any cross-references to previous case-law in order to assess whether there was a likelihood of confusion for the average consumer in its quest to determine whether the figurative differences altered the dominant element, which was the deer, the CFI held that the rectangular frame of the marks for which registration was sought could be conceived as constitutive of a sufficiently distinctive element.[45]

### *III. Association Does Not Mean Confusion*

Article 5(1)(b) of the Directive confers exclusive rights to the proprietor of a trademark and sets out the criteria for which the non-consensual use of a trademark by a third party can amount to infringement. The proprietor can refuse the utilization of a trademark if it (i) is identical or similar to the registered mark or if (ii) it is similar to the good or services covered by the trademark and if (iii) it is inclined to produce a confusion on the part of the public. Albeit producing guidelines for the constituent elements for the determination of the outer scope of the patrimonial attributes of a trademark the provision does not include an indicative list of criteria for the determination of confusion although being a central component in trademark law. This gives place to the core function of adjudicative bodies, namely the interpretation of law. In a now famous case, *Sabel v Puma* the ECJ was invited to rule whether a perceptive association of a trademark vis-à-vis another mark was constitutive of a likelihood of confusion. In its ruling the ECJ held that association does not mean confusion. In that dispute *Puma* brought an opposition against the application by *Sabel* of an allegedly similar trademark to its own similar products. *Puma* was the registered proprietor of *inter alia* two German trademarks comprising a "bounding puma" and a "leaping puma" device registered for, *inter alia* jewellery, leather goods and clothing. *Sabel* sought the trademark of a

[44] *Mast-Jägermeister v. Licorera Zacapaneca, supra* note 41, para. 75.

[45] *Id.*, para. 106.

"bounding cheetah" in respect of, *inter alia* jewellery and ornaments. The applicant's trademark consisting of a "bounding cheetah" was followed by the word *Sabel* under the visual component of the mark.

The Court recalled at the outset that Article 4(1) of the Directive provides that a trademark shall not be registered if, because its identity with or similarity to, an earlier trademark and the identity or similarity of the goods covered by the two marks, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier mark.[46] The German national court held that there was *prima facie* no confusion but it did however have some reserves due to the ambiguous wording of Article 4(1) of the Directive.[47] It is hence in this context that the German Court stayed proceedings and referred the question to the ECJ asking whether the criterion of the likelihood of confusion is to be interpreted as meaning that the mere association which the consumer might make between the two marks, as a result of a resemblance in their semantic content, is a sufficient basis for finding that there exists a likelihood of confusion taking into account that one of those marks is not especially well known to the public.[48] The ECJ was firm in its decision in which it ruled that likelihood of association is not an alternative to, but is merely a possible element of, likelihood of confusion.[49] The reasoning embraced by the Court found support in the tenth recital of the Directive in which the finding of confusion was to be made on the basis of an overall assessment of the trademark taking into account all factors relevant to the circumstances of each case, reputation being one of others.[50]

Hence confusion is determined on various factors including linguistic, conceptual and distinctiveness criteria which may interact as the effectivity of one criteria depends of the effectivity and singularity of the second.

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[46] *Sabel v. Puma*, *supra* note 34, para. 18.

[47] The relevant part of Article 4(1) of the Directive provides that the "proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade: ... any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark." (emphasis added)

[48] A. Carboni, *Confusion Clarified: Sabel BV v. Puma AG*, European Intellectual Property Review 107 (1998).

[49] *Sabel v. Puma*, *supra* note 34, para. 26.

[50] *Id*., para. 22.

*IV. Supplementary Patrimonial Rights to Reputed Marks*

As established in the above section, confusion is measured by the public perception of the product or service in question. Hence the definition of confusion is to be measured on the probability and capacity of the average and relevant consumer to distinguish a product and service from a similarly situated product or service.[51] The determination of confusion is subject to conditions, notably that a lesser degree of similarity between a product or service may be offset by a greater degree of similarity between the marks, and vice versa.[52] Hence the greater the similitude of the products and services the lesser the similarities of the marks need be in order to establish confusion. The inter-dependence of these elements was clear in *Meric v OHIM* where the CFI held, after having established that the similarly situated products were identical, that the "corollary of that identity is that the scope of any differences between the signs in question is reduced."[53] This is of special importance in disputes where one mark is highly distinctive[54] or is vested greater reputation in the market than the other.[55] Registration of a trademark can namely be refused if the "infringed" trademark has a particular reputation. The extensive scope is even more protective if the same mark is, in addition to the vested reputation, also characterized by a highly distinctive mark.[56] Stated in other words, the more distinctive the reputed trademark, the greater the risk of confusion as the determination of the protection scope of the trademark depends of a likelihood of confusion of the average consumer. Consequently, marks with a "highly distinctive character, either *per se* or because of the reputation they possess on the market, enjoy broader protection than marks with a less distinctive character."[57]

Whereas Article 4(1) of the Directive applies to similar trademarks for similar products Article 5(2)[58] applies to similar trademarks to products or services which

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[51] *Jabones Pardo*, *supra* note 34), para. 47.

[52] *Canon*, *supra* note 10, para. 17.

[53] *Meric v. OHIM*, *supra* note 12, para. 74.

[54] *Canon*, *supra* note 10, para. 18.

[55] *Sabel v. Puma*, (note 34), para. 24.

[56] *Canon*, (note 10), para. 24.

[57] *Id.*, para. 18.

[58] Council Directive 89/104 (note 3) Article 5(2) provides that: "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

are not similar to those for which the trade mark is registered. The damage to the distinctive character of a trade mark reflects what is named dilution. The soundness for the attribution of broader patrimonial rights to distinctive and reputed trademarks is for instance if third operators are authorised to use the mark Rolls Royce for restaurants, clothes and other gadgets the acquired distinctiveness of the trademark Rolls Royce will be subject to erosion.[59]

An exegetic interpretation of Article 5(2) leads one to conclude that the infringement of the provision is not determined on the ground of the determination of a confusion, but rather of "unfair advantage" or "detriment"[60] to the reputed or distinctive trademark. In such situations, i.e. in which a trademark is well known and/or has particular characteristics the patrimonial attributes of a trade mark are perceived extensively in which the trade mark is protected as a thing in itself rather than fulfilling the function of an indication of origin.[61] The underlying reasoning for that supplementary protection is to counteract free-riding or dilution of well known trademarks which are likely to have detrimental effects to the proprietor of the attracted trademark.[62]

Thus infringement of Article 5(2) can be determined autonomously as the applicable scope of the provision covers, contrary to Articles 4(1)(b) non-similar products or services.[63] Infringement of the patrimonial rights of the proprietor can be found if there is "unfair advantage" or if the trademark for which registration is sought is "detriment" to the proprietor of the earlier trademark.[64] Stated in other words, there need not be confusion in order to fine an infringement of the proprietor of the mark. Hence Articles 4(1)(b) and 5(1)(b) on the one hand and 5(2)

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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." (emphasis added) Article 8(5) of the Regulation applies *mutatis mutandis*.

[59] *See* Opinion of Advocate General Jabobsin C-408/2001, *Adidas-Salomon AG & Others v. Fitnessworld Trading Ltd*, 2003, E.C.R., I-12537, para. 37, referring to the now famous article of FI Schechter, *supra* note 1, 813.

[60] Council Directive 89/104, *supra* note 3 Article 5(2).

[61] FW MOSTERT, FAMOUS AND WELL-KNOWN MARKS – AN INTERNATIONAL ANALYSIS 65 (1997).

[62] Martino, *supra* note 2, 43 - 46.

[63] It should be noted that, unlike Article 5(1) of the Directive, Article 5(2) does not require Member States to provide in their national law for the protection to which it refers. It is a facultative option.

[64] *See* ECJ, C-292/00, *Davidhoff*, 2003, E.C.R. I-389, paras. 20-22.

on the other have different purposes as the *raison d´être* of the former are perceived to confer the consumer a guarantee of origin in the case of similar goods or services whereas the second grants greater protection to marks which are vested with a particular reputation, even where the goods or services are dissimilar[65] although the determination of infringement of Article 5(2) can be difficult as the "définition de la notoriété d´une marque est en fait souvent sujette à discussion".[66]

The *Canon* saga provided some early lessons on the limited, in comparison to the scope of Article 5(2) of the Directive, geometric variable scope of Article 4(1) of the Directive with regards to trademarks vested a special reputation. In those proceedings the Japanese company *Canon Kabushiki Kaisha* opposed the registration, by the applicant *Metro-Goldwyn-Mayer Incorporation,* in Germany of the word trademark *CANNON* for the following goods and services: "films recorded on video tape cassettes; production, distribution and projection of films for cinemas and television organisations."[67] The trademark for which registration was sought allegedly infringed its trademark "Canon," registered in Germany in respect of, *inter alia*, "still and motion picture cameras and projectors; television filming and recording devices, television retransmission devices, television receiving and reproduction devices, including tape and disc devices for television recording and reproduction."[68]

The *Bundesgerichtshof* stayed the proceedings and set the question as to whether account may be taken, when assessing the similarity of the goods or services covered by the two marks, of the distinctive character, in particular the reputation, of the mark with earlier priority so that the likelihood of confusion within the meaning of Article 4(1)(b) of the Directive must be taken to exist even if the public attributes the goods and/or services to different places of origin.[69] The Court responded in the affirmative in that special attention should be conferred to earlier marks which have gained a certain reputation in the public opinion: "the distinctive character of the earlier trade mark, and in particular its reputation, must be taken into account when determining whether the similarity between the goods or services covered by the two trade marks is sufficient to give rise to the likelihood of

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[65] PM. Turner-Kerr, *supra* note 4, 51.

[66] G. Bonet, *Arrêt de la Cour du 22 juin 2000, affaire C-425/98, Marca Moda CV v. Adidas*, Revue Trimestrielle de droit communautaire 385 (2002). For definition of "reputation" in the meaning of Article 5(2) of the Directive, *see* ECJ, C-395/97, *General Motors Corp v. Yplon SA*, 1999, E.C.R. I-3599.

[67] *Canon*, *supra* note 10, para. 2.

[68] *Id.*

[69] *Id.*, paras. 5-7.

confusion."[70] The Court ruled hereafter that the reputation of a trademark can offset the lack of similarity of the goods or services for which registration is sought: "for the purposes of Article 4(1)(b) of the Directive, registration of a trade mark may have to be refused, despite a lesser degree of similarity between the goods or services covered, where the marks are very similar and the earlier mark, in particular its reputation, is highly distinctive."[71]

The ECJ was invited to rule on the scope of Article 5(2) in the *Adidas* case.[72] In that dispute Adidas-Salomon is the proprietor of a figurative trade mark formed by a motif consisting of three very striking vertical stripes of equal width, running parallel, which appear on the side and down the whole length of the article of clothing. *Fitnessworld* markets fitness clothing under the name *Perfetto* and a number of those articles of clothing bear a motif of two parallel stripes of equal width and are applied to the side seams of the clothing. Adidas claimed that *Fitnessworld* marketing of the clothes in question created a likelihood of confusion on the part of the public, since the public might associate that clothing with *Adidas*' clothing and *Fitnessworld* thus takes advantage of the repute of the *Adidas* mark.[73] Although "confusion" is not a constituent criterion to trigger Article 5(2) of the Directive the Court operates on the assumption that the degree of similarity between the mark with a reputation and the sign must have the effect that consumer establishes a link between the sign and reputed trademark.[74] The establishment of the link seems though to be subject to rigorous criteria as is clear in the *Adidas* dispute in which the ECJ, on the basis of a finding of fact by the national Dutch Court, recognized that if the relevant consumers view the sign, which is not vested the same reputation, is purely an embellishment "it necessarily does not establish any link with a registered mark."[75] In other words the fact that the marks are similar for the different products is not "sufficient for such a link to be established."[76]

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[70] *Id.*, para. 24.

[71] *Id.*, para. 19, emphasis added.

[72] ECJ, C-408/2001, *Adidas-Salomon AG & Others v. Fitnessworld Trading Ltd*, 2003, E.C.R., I-12537.

[73] *Id.*, paras. 7-9.

[74] *Id.*, para. 38.

[75] *Id.*, para 40.

[76] *Id.*

It can be concluded on the basis of the above that the protective patrimonial scope of trademarks has different scopes whose material extension are determined on the basis of the reputation of the mark. Non-reputed marks are vested a lesser degree of protection than reputed marks, whose application goes beyond the goods or services for which registration of the mark was originally sought and whose registration could conceptually be authorised if the opponents trademark was not vested the specific reputation. The underlying reasoning for the different scopes is dictated by economic premises and social needs because of the fact that reputed marks will always be subject to greater copying which are likely to confer unfair advantages to the free riders.[77]

## E. Conclusion

Trademark disputes represent a significant portion of all cases which go before the CFI and the Court. This demonstrates the significant economic and financial issues at stake in such disputes. The trademark case law evolves on a case by case basis in which all rulings are established in a legal environment where facts are determinant not only for the definition of the average consumer, but also for the determination of inter alia constitutive characteristics, the finding of the dominant factors, conceptual differences which in turn determine whether there is a likelihood of confusion or whether a sign is "detrimental" to the proprietor due to the reputation the trademark of the latter is vested.

It could be expected that rulings in trademark disputes would, because of their grand number and extremely case by case rulings, be characterized by inconsistencies. However, it seems that the Luxembourg courts have edified a transparent and fully consistent case law on the basis of which private applicants are in a position to perceive their legitimate expectations to the patrimonial attributes of their respective trademarks. The Courts in Luxembourg have succeeded to establish a *jurisprudence constante* of applicable rules which determine the scope and constituent elements of trademark law.

[77] Mostert, *supra* note 61, 19-21.