

CURRENT DEVELOPMENTS

EUROPEAN UNION LAW

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I. Trade Marks

I. TRADE MARKS

A. European Community Accedes to the Madrid Protocol

The 1891 Madrid Agreement, and the 1989 Madrid Protocol, both administered by WIPO, work to centralise and simplify filing for trade marks worldwide. They do not offer an 'international mark' as such, but they do facilitate the acquisition of national marks. Under the terms of these treaties, applicants may obtain protection in a number of different countries by means of one single application, instead of having to file separate applications in each country. The Madrid Agreement, though successful in many ways, had features which made it unattractive to a number of countries with large numbers of trade mark filings (including Canada, Japan, and the United States), thus undermining its status as a truly international regime. This led to the adoption of the Madrid Protocol, which is somewhat different in its detailed workings. The Protocol has been signed by many Madrid Agreement countries, but also by countries unable to sign the Agreement (including the United Kingdom, Australia, the United States and Japan).¹ The EC is now itself a signatory to the convention, providing an important link between the Community Trade Mark system and the wider international trade mark system. This is the first time that the EC as such has acceded to a WIPO treaty, its accession entering into force on 1 October 2004. The effect is two-fold: Community Trade Mark (CTM) protection may be extended internationally, using a CTM application or a registered CTM as the basic mark for an international application; or, the EC may be designated in an international application. The link between the CTM system and the Madrid system will simplify procedures, reduce the costs for international protection and make administration easier. It is hoped that it will also stimulate trade and boost integration within the EU Internal Market.

B. Community Trade Mark Law

The Community Trade Mark offers the advantage of uniform protection in all countries of the European Union on the strength of a single registration procedure. It coexists with national trade marks. The Office for Harmonization in the Internal Market (OHIM) opened in 1996, and by the end of 2006 it had received well over half a million applications, resulting in over 350,000 registrations. The CTM has been so successful

¹ For current membership of the Madrid Union see: http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/madrid_marks.pdf

that in 2005 OHIM was able to cut fees significantly. The deluge of case law from the ECJ and the CFI (and from the OHIM Boards of Appeal) continues.²

C. Registration

1. Graphic Representation

The requirement of graphic representation continues to pose obstacles for some applicants. In *Sieckmann* the ECJ held that the graphic representation must be 'clear, precise, self-contained, easily accessible, intelligible, durable and objective'.³ For word and figurative marks, this requirement is easily met. Shapes, colours, smells, tastes, sounds, and so on, may be more problematic. OHIM guidelines recommend that where registration of a colour mark per se is applied for, the indication of the colour required should, where possible, include a designation from an internationally recognised identification code.⁴ An OHIM Board of Appeal applied the *Sieckmann* approach to tastes (here, artificial strawberry), and held that a description in written words would be insufficient.⁵ An application to register 'the smell of ripe strawberries', was likewise rejected. The CFI noted that there is currently no generally accepted international classification of smells which would make it possible to identify an olfactory sign objectively and precisely through the attribution of a name or a precise code specific to each smell.⁶ There is much industry pressure to protect the smell of perfumes, but, after *Sieckmann*, trade mark protection seems a remote possibility.⁷ The problem of 'smell-alikes', and whether they are adequately covered by existing unfair competition law, has been referred to the ECJ.⁸

In *Shield Mark*, the Hoge Raad (Supreme Court of the Netherlands) referred a number of questions about sound marks. The applicant had attempted to register two marks: the opening of Beethoven's *Für Elise*, and a cockcrow, both represented in several different ways. The ECJ again invoked the *Sieckmann* requirements. Verbal descriptions such as 'the first nine notes of *Für Elise*' or 'a cockcrow' lacked the necessary precision and clarity. Nor would onomatopoeic representations suffice.

² The admirable OHIM web site provides access to all the decisions of the Boards of Appeal, Opposition and Cancellation Divisions, and links to decisions of the CFI and ECJ: <http://oami.europa.eu/en/mark/default.htm>

³ Case C-273/00 *Ralf Sieckmann v Deutsches Patent-und Markenamt* [2002] ECR I-11737 (paras 46–55).

⁴ Communication No 06/03 of the President of the Office of 10 November 2003. The Communication acknowledges that such an indication may not always be possible, for example because the colour or shade of colour does not exist in the coding system. See also Regulation 2868/95 implementing Council Regulation (EC) No. 40/94 on the Community Trade Mark (CTMR), Rule 3(5). The approach follows the guidance given in Case C-104/01, *Libertel Groep BV v Benelux-Merkenbureau* [2003] ECR I-3793 (paras 26–38).

⁵ R 120/2001-2 *Eli Lilly and Company/The Taste of Artificial Strawberry Flavour* [2004] ETMR 4.

⁶ T-305/04 *Eden v OHIM* [2006] ETMR 14. See also R 186/2000-4 *Institut Pour la Protection des Fragrances (IPF)'s Application* [2005] ETMR 42.

⁷ The industry has had only very limited success in seeking copyright protection for perfume, and it seems unlikely that one isolated decision by the Dutch Supreme Court will provoke Community-wide change in that direction. See Catherine Seville, 'Copyright in Perfumes: Smelling a Rat' (2007) 66 *Cambridge Law Journal* 49–52.

⁸ *L'Oreal v Bellure* [2007] EWCA Civ 968.

The sequence of musical notes, without indications of pitch and duration, was also insufficient. However, appropriate musical notation could determine the pitch and duration of the sounds, and might thus constitute a faithful representation of the sounds. The Hoge Raad had asked whether sonograms, sound recordings, or digital recordings would be adequate, but since the applicant had not used any of these methods the ECJ refused to rule on them. The position of sonograms was considered by the OHIM Board of Appeal in *MGM*, where the company sought to register a mark described as ‘constituted by the sound produced by the roar of a lion’ and ‘represented’ by a spectrogram. The Board in this case was willing to contemplate the use of diagrams as graphic aids to represent sound marks graphically, comparing sonograms to representation using musical notation, since both reproduce pitch, volume, and progression of the sound over time. The particular sonogram submitted, however, was unacceptable because it lacked time and frequency scales and so could not be read.⁹ However, the Fourth Board of Appeal has since held that a spectrogram did not meet the *Shield Mark* requirements, for a number of reasons. It was not ‘self-contained’, because it could not be read as such. The Board considered it unlikely ‘that anybody, even a superior specialist of spectrograms, could, on the basis of the spectrogram alone, and without technical means, reproduce the sound.’ For the same reason, the representation was not clear or intelligible, nor easily accessible to a reader of the CTM Register. The applicant had sought to register a mark consisting ‘of the yell of the fictional character TARZAN, the yell consisting of five distinct phases, namely sustain, followed by ululation, followed by sustain (but at a higher frequency), followed by ululation, followed by sustain at the starting frequency’.¹⁰ The application was accompanied by a spectrogram, whose deficiencies were not remedied by these verbal clarifications. The Board considered that, in contrast, musical notation was not ambiguous.¹¹ However, the Board also noted that it was precisely because it is so difficult to offer a proper graphical reproduction of sounds—although they might function as a trade mark—that the CTM rules now allow the filing of sound files in an electronic CTM application.¹² Such sound files do fulfil the requirements of being easily accessible and self-contained, since the Office publishes the sound file in electronic format, allowing the reader of the CTM Bulletin to hear the sound readily.

2. Service marks

There has been significant resistance to allowing service marks to cover the provision of retail services, such as the provision of customer information, toilet and car parking facilities, credit facilities, delivery services, and childcare. One objection is that these services are merely ancillary to the sale of products, and paid for by customers

⁹ R 781/1999-4 *Metro-Goldwyn-Mayer Lion Corporation’s Application* [2004] ETMR 34 (paras 23–28).

¹⁰ R 708/2006-4 *Edgar Rice Burroughs, Inc v OHIM* (27 September 2007).

¹¹ OHIM accepted a second application for the Tarzan yell, supported by musical notation, because it complied with the required formalities and the ‘yell’ which it described was held to be distinctive. See Press Release (5 November 2007) ‘Tarzan’s trade mark yell’ CP/07/01.

¹² CTMIR, Rule 3(6); Decision No EX-05-3 of the President of the Office of 10 October 2005. A third application for the Tarzan yell, combining a sonogram with an MP3 sound file is currently going through the registration process. See Press Release (5 November 2007) ‘Tarzan’s trade mark yell’ CP/07/01.

indirectly, as part of their purchases of goods. Practices in different jurisdictions differed widely, although the trend has been towards willingness to allow retail services to be registered as service marks. When the CTMR was first adopted, the Council and the Commission made a joint statement to the effect that the activity of retail trading in goods was not a service for which a CTM could be registered. Subsequent OHIM Guidelines reflected this policy, and applications which sought registration of retail services were refused. However, in *Giacomelli*, the Board of Appeal took a wide view of the concept of a service, noting that 'it is a matter of common experience that the consumer prefers the service provided by one particular shop over that of another'.¹³ The fact that a retailer was motivated to perform these activities by the desire to make or increase its profits, rather than to offer a service to the public, in no way altered the fact that a service was being provided. OHIM felt obliged to change its practice as a result. The ECJ has now ruled on the matter, concluding that there is no overriding reason to exclude retail services from the concept of services.¹⁴

3. *The absolute grounds for refusal*

The absolute grounds for refusal to register a trade mark cover inherent objections to a sign's distinctiveness, and various public interest objections, including bad faith.

'Devoid of any Distinctive Character'

Trade marks which are devoid of any distinctive character may not be registered.¹⁵ This is to exclude marks which are not 'capable of identifying the product as originating from a particular undertaking and thus distinguishing it from other undertakings'.¹⁶ A trade mark's distinctiveness is assessed by reference to the goods or services listed in the application and to the perception of the relevant public. The relevant public consists of average consumers of the goods or services in question, who are reasonably well informed and reasonably observant and circumspect.¹⁷ There is also an element of public interest, aimed at ensuring that other traders offering the same type of goods or services will not be unduly restricted.¹⁸ All signs are subject to the same tests for the purpose of assessing their distinctiveness.¹⁹ Nevertheless, in practice, it may be harder for certain types of mark to surmount this hurdle.

Thus, though it may constitute a sign, normally a colour is a simple property of things. Consumers are not accustomed to making assumptions about the origin of goods on the basis of their colour or the colour of their packaging alone. Usually there

¹³ R 46/1998-2 *Giacomelli Sport SpA's Application* [2000] ETMR 277.

¹⁴ C-418/02, *Praktiker Bau- und Heimwerkermärkte* [2005] ECR I-5873; [2005] ETMR 88.

¹⁵ Directive 89/104 to approximate the laws of the Member States relating to trade marks [1989] OJ L 040/1 ('TMD'), Art. 3(1)(b); Regulation 40/94 on the Community Trade Mark [1994] OJ L 11/1 ('CTMR'), Art. 7(1)(b).

¹⁶ Joined Cases C-53/01-C-55/0, *Linde AG, Winward Industries, Rado Uhren AG* [2003] ECR I-3161; [2003] ETMR 78 (para 47).

¹⁷ Case C-363/99, *Koninklijke KPN Nederland NV v Benelux-Merkenbureau* [2004] ECR I-1619; [2004] ETMR 57 (para 34).

¹⁸ Case C-329/02 P, *SAT.1 SatellitenFernsehen GmbH v OHIM* [2004] ECR I-8317; [2005] ETMR 20 (para 26).

¹⁹ Joined Cases C-53/01-C-55/0, *Linde AG, Winward Industries, Rado Uhren AG* [2003] ECR I-3161; [2003] ETMR 78; [2003] RPC 45 (para 42).

is some additional graphic or textual element. As a result, a colour per se is not normally distinctive. The ECJ has acknowledged that there is a public interest in not unduly restricting the availability of colours for the other traders. In the case of a colour per se, 'distinctiveness without any prior use is inconceivable save in exceptional circumstances, and particularly where the number of goods or services for which the mark is claimed is very restricted and the relevant market very specific'.²⁰ The ECJ has taken a similar approach to the registration of combinations of colours.²¹

The same problem arises with shapes. The public is accustomed to perceiving word and figurative marks as identifying the trade origin of the goods, but may not regard shape as communicating anything at all. This will particularly be the case where the sign is indistinguishable from the product itself. Unless a trade mark departs significantly from sectoral norms—and thereby fulfils its essential function of indicating origin—it will be devoid of distinctive character.²² Variants of common shapes for a particular product are thus likely to be regarded as non-distinctive.²³ In *Deutsche SiSi-Werke* the ECJ was asked whether there was a need to keep certain shapes freely available for others to use. It held that this was not the case. Such considerations were relevant only for the exclusion of descriptive marks.²⁴

In several Member States the registration of common surnames has traditionally been viewed with caution, unless accompanied by evidence of acquired distinctiveness. The question has now been considered by the ECJ, which stated unambiguously that the criteria for assessing distinctiveness were the same as those applicable to the other categories of trade mark, and that stricter general criterion of assessment for names were not permitted.²⁵ The ECJ has taken a similar approach to the registration of

²⁰ Case C-104/01, *Libertel Groep BV v Benelux-Merkenbureau* [2003] ECR I-3793; [2003] ETMR 63 (paras 54–55 & 66–67). See also Case C-447/02 P, *KWS Saat AG v OHIM* [2004] ECR I-10107; [2005] ETMR 86.

²¹ Case C-49/02, *Heidelberger Bauchemie GmbH*. (para. 42) [2004] ECR I-6129; [2004] ETMR 99.

²² Joined cases C-456/01 P and C-457/01 P, *Henkel v OHIM* [2004] ECR I-5089; [2005] ETMR 44 (para. 39). See also joined cases C-468/01 P to C-472/01 P, *Procter & Gamble v OHIM* [2004] ECR I-5141, [2004] ETMR 88; Case C-286/04 P, *Eurocermex v OHIM* [2005] ECR I-5797; [2005] ETMR 95; Case C-144/06 P, *Henkel v OHIM* (4 October 2007).

²³ Case T-324/01, *Axion SA v OHIM* [2003] ECR II-1897, [2005] ETMR 72 (cigar and ingot shapes for chocolate not substantially different from a basic shape for these products commonly used in the trade); Case T-360/03, *Frischpack v OHIM* [2004] ECR II-4097, [2005] ETMR 48 (flat box for cheese 'only a slight and unremarkable variation on the typical shape'); Case T-15/05, *De Waele v OHIM* [2006] ECR 1511; Case T-140/06, *Philip Morris Products v OHIM* (12 September 2007) (three-dimensional shape of a packet of cigarettes lacked distinctive character because it differed only slightly from 'standard' cigarette packets). But cf Case T-128/01, *DaimlerChrysler Corp v OHIM* [2003] ECR II-701, where the CFI allowed registration of the shape of a vehicle grille, noting that grilles 'have become an essential part of the look of vehicles and a means of differentiating between existing models on the market made by the various manufacturers' (para 42). See also Case T-305/02, *Nestlé Waters France v OHIM* [2003] ECR II-5207 (water bottle design not commonplace when considered as a whole); Case T-460/05, *Bang & Olufsen A/S v OHIM* (10 October 2007) (shape of loudspeaker, 'a vertical, pencil-shaped column, with a long, rectangular panel attached to one side', held to be 'truly specific', so 'cannot be considered to be altogether common' (paras 39–40).

²⁴ Case C-173/04, *Deutsche SiSi-Werke v OHIM* [2006] ECR I-551; [2006] ETMR 41 (paras 60–63).

²⁵ Case C-404/02, *Nichols Plc v Registrar of Trade Marks* [2004] ECR I-8499; [2005] ETMR 21.

slogans: it may prove more difficult to establish distinctiveness in such cases, but this does not justify laying down specific criteria derogating from the usual criterion of distinctiveness.²⁶ Thus, the term REAL PEOPLE, REAL SOLUTIONS was unregistrable for technical support services in the computer industry, because the relevant public would perceive only its obvious promotional meaning, and would not, without prior knowledge, regard it as a distinctive trade mark for those services.²⁷

Descriptive marks

Descriptive trade marks may not be registered.²⁸ The test was set out by the ECJ in BABY DRY, although it has been criticised for setting a very low threshold for the registration of descriptive marks.²⁹ The Court has qualified this position somewhat in more recent decisions such as POSTKANTOOR, and BIOMILD.³⁰ It is now clear that this exclusion also has a public interest aim: to ensure that descriptive signs may be freely used by all, unless they have become distinctive through use.³¹ The mark as a whole must be found to be descriptive. It is not necessary for all possible meanings to fall within the exclusion. A word will be refused registration if at least one of its possible meanings designates a characteristic of the goods or services concerned.³² To be registrable, there must be 'a perceptible difference between the neologism and the mere sum of its parts'.³³ Although this exclusion is commonly applied to word marks, there is nothing in principle to prevent its being applied to shape marks, or other marks.³⁴

²⁶ Case C-64/02 P, *OHIM v Erpo Möbelwerk* [2004] ECR I-10031; [2005] ETMR 58.

²⁷ Case T-130/01 *Sykes Enterprises Inc v OHIM* [2002] ECR II-5179; [2003] ETMR 57. See also Case T-216/02 *Fieldturf Inc v OHIM* [2004] ECR II-1023; [2004] ETMR 86 (LOOKS LIKE GRASS ... FEELS LIKE GRASS ... PLAYS LIKE GRASS); Case T-122/01, *Best Buy Concepts Inc v OHIM* [2003] ECR II-2235; [2004] ETMR 19; Case T-320/03 *Citicorp v OHIM* [2005] ECR II-3411 (LIVE RICHLY for financial services).

²⁸ TMD, Art 3(1)(c); CTMR, Art 7(1)(c).

²⁹ Case C-383/99 P, *Proctor & Gamble Co v OHIM* [2001] ECR I-6251; [2002] ETMR 3.

³⁰ Case C-363/99, *Koninklijke KPN Nederland NV v Benelux-Merkenbureau* (POSTKANTOOR) [2004] ETMR 57. Case C-265/00, *Campina Melkunie BV v Benelux-Merkenbureau* [2004] ECR I-1699 (BIOMILD). Both discussed below.

³¹ Case C-108/97, *Windsurfing Chiemsee Produktions- und Vertriebs GmbH v Boots- und Segelzubehör Walter Huber* [1999] ECR I-2779; [1999] ETMR 585 (para 25). Joined Cases C-53/01-C-55/0, *Linde AG, Winward Industries, Rado Uhren AG* [2003] ECR I-3161; [2003] ETMR 78; [2003] RPC 45 (para 73).

³² Case C-191/01, P *OHIM v Wm Wrigley Jr Co* [2003] ECR I-12447; [2004] ETMR 9.

³³ Case C-265/00, *Campina Melkunie BV v Benelux-Merkenbureau* [2004] ECR I-1699; [2004] ETMR 58 (para. 41). See also Case C-363/99, *Koninklijke KPN Nederland NV v Benelux-Merkenbureau* (POSTKANTOOR) [2004] ETMR 57; [2005] 2 CMLR 10.

³⁴ Case C-191/01 P, *OHIM v Wm Wrigley Jr Co* [2003] ECR I-12447; [2004] ETMR 9. See also Case T-183/03 *Applied Molecular Evolution Inc v OHIM* [2004] ECR II-3113; [2005] ETMR 60 (APPLIED MOLECULAR EVOLUTION descriptive of the services claimed, given the highly specialized relevant public), but *cp.* Case C-273/05 P, *OHIM v Celltech R&D Ltd* (19 April 2007) (CELLTECH, when considered as a whole, even understood as meaning 'cell technology', not shown to be descriptive of the relevant goods and services). Joined Cases T-178/03 and 179/03, *CeWe Color v OHIM* [2005] ECR II-3105; [2006] ETMR 34 (DigiFilmMaker and DigiFilm). Case T-289/02 *Telepharmacy Solutions Inc v OHIM* [2004] ECR II-2851; [2006] ETMR 10. Case T-230/05, *Golf USA, Inc v OHIM* (6 March 2007); T-461/04, *Imagination Technologies Ltd v OHIM* [2008] ETMR 10 (PURE DIGITAL descriptive of electronic goods).

Certain words may be distinctive in some member states, but descriptive in others. The question arose whether the Spanish trade mark MATRATZEN, registered for beds, could be cancelled on the grounds that it meant 'mattress' in German, and was descriptive. The CFI held that the registration, as a *national* trade mark, of a descriptive term borrowed from the language of another Member State was permitted, unless the relevant public in the state of registration were capable of identifying the meaning of the term.³⁵

Customary and generic marks

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 are not registrable.³⁶ It is for the national court to determine in each case whether the sign has become customary to designate the goods or services covered by the mark.³⁷ In *Alcon*, the registration of BSS as a CTM for ophthalmic preparations was cancelled, because BSS was an abbreviation for 'balanced salt solution' or 'buffered saline solution', and had become customary in current usage among the relevant public (ophthalmologists and ophthalmic surgeons).³⁸

Acquired distinctiveness

The above three absolute grounds of refusal (mark devoid of distinctive character, descriptive, or customary) may be overcome if the mark has become distinctive through use.³⁹ The assessment is a global one, and there is no a priori restriction on the way in which the mark must be used for acquired distinctiveness to be possible. The mark HAVE A BREAK was refused by the UK Registry, because it had always been used as part of the composite phrase, 'Have a break, Have a KIT KAT', and thus was used as an advertising slogan rather than to indicate origin. The ECJ held that there was no requirement that the mark be used independently.⁴⁰

Showing acquired distinctiveness may be particularly challenging for a CTM applicant. In *Ford Motor* the sign OPTIONS for insurance services was refused as devoid of distinctive character in English and French. Ford argued that there was no specific requirement that distinctiveness must be shown throughout the Community, and that it was sufficient that distinctiveness be acquired in a substantial part of the Community. The CFI rejected this argument. The CTM is of unitary character, which implies that it shall have equal effect throughout the Community. Consequently, in order to be accepted for registration, a sign must possess a distinctive character throughout the Community. Thus the requirement is to demonstrate acquired distinctive character in

³⁵ Case C-421/04, *Matratzen Concord AG v Hukla Germany SA* [2006] ECR I-2303; [2006] ETMR 48.

³⁶ TMD, Art 3(1)(d); CTMR, Art 7(1)(d).
³⁷ Case C-517/99, *Merz & Krell v Deutsches Patent- und Markenamt* [2001] ECR I-6959; [2002] ETMR 21.

³⁸ Case C-192/03 P, *Alcon Inc v OHIM* [2004] ECR I-8993; [2005] ETMR 69. See also Case T-322/03, *Telefon & Buch Verlagsgesellschaft v OHIM* [2006] ECR II-835 (WEISSE SEITEN ('white pages') customary for private telephone directories).

³⁹ TMD, Art 3(3); CTMR, Art 7(3).

⁴⁰ Case C-353/03, *Société des Produits Nestlé v Mars UK* [2005] ECR I-6135; [2005] ETMR 96 (para 27).

'the substantial part of the Community where it was devoid of any such character'.⁴¹ This will represent an increasing hurdle as EU membership widens.⁴²

The shape exclusions

Shape marks, like other marks, must satisfy the general requirements for registrability, including distinctiveness. In addition there are specific exclusions intended to prevent the registration of marks which will give their proprietors a monopoly on technical solutions or functional characteristics of a product.⁴³ Not all goods possess an intrinsic shape (e.g. liquids, powder, granules), and these must be packaged in order to be marketed. The packaging chosen inevitably imposes its shape on the goods. If a trade mark application involves goods of this sort, the ECJ has held that the packaging must be assimilated to the shape of the product.⁴⁴

The leading authority in this area is *Philips v Remington*, in which the ECJ held that if the essential functional characteristics of the shape of a product are attributable solely to the technical result, it may not be registered, even if that technical result can be achieved by other shapes.⁴⁵ This approach was applied in a case concerning the registration of the Lego brick for various goods, including construction toys. The Cancellation Division found that each of the elements of the shape of the Lego brick, and the Lego brick as a whole, were necessary to obtain a technical result. On appeal, the Grand Board of Appeal observed that although the fact that the mark had once been the subject of a patent was not in itself a bar to registration: a prior patent is 'practically irrefutable evidence that the features therein disclosed or claimed are functional'. In *Lamborghini* the shape exclusion was applied to a movement mark, described as 'a typical and characteristic arrangement of the doors of a vehicle'. The mark was a functional movement excluded from protection, and the availability of alternative solutions achieving the same technical effect did not overcome the objection.⁴⁶

Public policy, morality and deception

Trade marks which are contrary to public policy or to accepted principles of morality may not be registered.⁴⁷ Blasphemous, racist or discriminatory phrases are excluded, but trade marks that might be considered in poor taste are not, thus DICK AND FANNY was registrable for clothing, in spite of its 'rather smutty flavour'.⁴⁸

⁴¹ Case T-91/99, *Ford Motor Co v OHIM* [2000] ECR II-1925; [2000] ETMR 554 (paras 23–27). See also Case C-108/05, *Bovemij Verzekeringen NV v Benelux-Merkenbureau* [2007] ETMR 29.

⁴² See Case T-141/06, *Glaverbel v OHIM* (12 September 2007).

⁴³ TMD, Art 3(1)(e); CTMR, Art 7(1)(e).

⁴⁴ Case C-218/01, *Henkel v Deutsches Patent- und Markenamt* [2004] ECR 1725; [2005] ETMR 45.

⁴⁵ Case C-299/99, *Koninklijke Philips Electronics NV v Remington Consumer Products* [2002] ECR I-5475; [2002] ETMR 81.

⁴⁶ R 772/2001-1 *Automobili Lamborghini Holding v OHIM* [2005] ETMR 43.

⁴⁷ TMD, Art. 3(1)(f); CMTR, Art 7(1)(f).

⁴⁸ R 111/2002-4 *Dick Lexic Limited v OHIM* (25 March 2003). Compare R 495/2005-G *Screw You v OHIM* [2007] ETMR 7.

The provision also excludes all direct references to or incitements to commit criminal acts, and names of terrorist organizations (as they would be perceived as a direct support for them): both ETA and BIN LADEN have been refused.⁴⁹

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 services, may not be registered.⁵⁰ There must be either actual deceit or a sufficiently serious risk that the consumer will be deceived. Where a world-famous wedding-dress designer later assigned her mark ELIZABETH EMANUEL to another, along with the goodwill in that mark, and the business which made the goods, the ECJ found that the name Elizabeth Emanuel could not be regarded in itself as being of such a nature as to deceive the public as to the nature, quality, or geographical origin of the product it designated.⁵¹

4. *The relative grounds for refusal*

Marks which conflict with earlier marks or signs may not be registered. The existence of earlier rights is a significant risk for applicants. There are over 3 million registered trade marks in the member states of the European Union (including international trade marks in those member states party signed to the Madrid Agreement). In addition, it is very hard for applicants to identify unregistered trade marks and signs.

Identity and similarity

A trade mark will not be registered if it is identical to an earlier trade mark and for identical goods or services.⁵² In these cases of ‘double identity’ there is no need to prove anything further: it is assumed that confusion will result.

If the marks are identical or similar, and the goods and services are identical or similar, confusion must be shown. When assessing the similarity of marks, their visual, aural or conceptual similarity is considered. Much will depend on the circumstances of the case, including the nature of the marks.

Aural similarity may be sufficient, particularly if it is the dominant element of the mark.⁵³ MYSTERY and MIXERY were held to be similar, where the goods might be ordered orally.⁵⁴ But HOOLIGAN for clothing was not confusingly similar to OLLY GAN. Although the marks were phonetically similar, they were visually and conceptually different—the average French or Portuguese consumer would view OLLY GAN as a name, and clothing was usually examined visually at time of purchase.⁵⁵ If a

⁴⁹ ETA: OHIM Refused Trade Marks (7 September 2004). BIN LADEN (thus, and in Arabic characters): R 176/2004-2 *Falcon Sporting Goods v OHIM* (29 September 2004).

⁵⁰ TMD, Art. 3(1)(g); CMTR, Art. 7(1)(g).

⁵¹ Case C-259/04, *Elizabeth Emanuel v Continental Shelf 128 Ltd* [2006] ECR 3089; [2006] ETMR 56.

⁵² TMD Art 4(1)(a); CTMR Art 8(1)(a).
⁵³ Case C-342/97, *Lloyd Schuhfabrik Meyer v Klijsen Handel BV* [1999] ECR I-3819 (LLOYD and LOINT'S for identical goods). Case T-133/05 *Meric v OHIM* (7 Sept 2006) (PAM-PIM'S BABY-PROP confusingly similar to PAM-PAM for near-identical goods).

⁵⁴ Case T-99/01, *Mystery Drinks GmbH v OHIM* [2003] ECR II-43; [2004] ETMR 18.

⁵⁵ Case T-57/03, *Société Provençale d'Achat et de Gestion (SPAG) SA v OHIM* [2005] ECR 287; [2005] ETMR 116.

word mark is short, differences may be as important as similarities. So, the CFI found BASS to be dissimilar to PASH,⁵⁶ and likewise BUD was dissimilar to BIT.⁵⁷ But more importance is normally attributed to the first syllable of a mark, so BUDMEN was similar to BUD.⁵⁸ Endings are usually less significant. SISSI ROSSI and MISS ROSSI shared a common Italian surname, but it was placed at the end of the marks. The dominant elements of the marks were the words ‘Sissi’ and ‘Miss’, which had only an average or slight degree of similarity.⁵⁹ The figurative mark FERRÓ (the word Ferró on a simple banner) was similar to FERRERO: the dominant verbal element was phonetically and visually similar.⁶⁰ Although each mark must be considered as a whole, a compound trade mark (word and figurative) cannot be regarded as similar to another mark which shares one of its components unless that component forms the dominant element within the overall impression created by the compound mark.⁶¹ Here the verbal element ‘Ferró’ was dominant, prevailing over the figurative banner which was of purely secondary importance and had no distinctive character. The signs shared the same letters in the same order, and the differing number of syllables did not detract from this visual similarity.⁶² In contrast, the visual and phonetic similarities between PICARO and PICASSO were counteracted by the strong conceptual difference, since PICASSO would be well known to the relevant public as the name of a famous painter.⁶³

In *Medion v Thomson Multimedia Sales*, Medion was objecting to the use of its trade mark LIFE in a composite sign THOMSON LIFE. Under the German doctrine of *Prägetheorie* (theory of the impression conveyed), a likelihood of confusion would be found where the shared element characterized the later composite mark to such an extent that the remaining components were secondary to the overall impression of the later mark, but not where the shared element merely contributed to that overall impression of the later mark, even if it had an ‘independent distinctive role’ in the

⁵⁶ Case T-292/01, *Phillips Van Heusen Corp v OHIM* [2003] ECR II-4335; [2004] ETMR 60. Conceptual differences were important here, also.

⁵⁷ Case T-350/04, *Bitburger Brauerei Th Simon GmbH v OHIM* (19 October 2006).

⁵⁸ Case T-129/01, *Jose Alejandro SL v OHIM* [2003] ECR II-2251; [2004] ETMR 15.

⁵⁹ Case C-214/05, *Sergio Rossi SpA v OHIM* (18 July 2006). See also Case T-224/01 *Durferrit GmbH v OHIM* [2003] ECR 1589; [2004] ETMR 32 (NUTRIDE and TUFFTRIDE dissimilar); Case T-31/01, *Éditions Albert René v OHIM* [2003] ECR II-4625, [2004] ETMR 62 (ASTERIX and STARIX dissimilar).

⁶⁰ Case T-110/01, *Vedial SA v OHIM* [2002] ECR II-5275; [2004] ETMR 102 (para 51).

⁶¹ Case T-6/01, *Matratzen Concord GmbH v OHIM* [2002] ECR II-4335; [2003] ETMR 31 (para. 33); Case T-31/03, *Grupo Sada v OHIM* (11 May 2005) (para. 49); Case T-214/04, *Royal County of Berkshire Polo Club Ltd v OHIM* [2006] ECR II-239; [2006] ETMR 59 (para. 39).

⁶² Case T-35/04, *Athinaiki Oikogeniaki Artopoiia Avee v OHIM* (15 March 2006) [2006] ECR II-785. See also Joined Cases T-183/02 and T-184/02, *El Corte Ingles, SA v OHIM* [2004] ECR II-965; [2004] ETMR 103 (MUNDICOLOR/MUNDICOR). The ECJ has stressed that a global assessment of the similarity between two marks ‘means more than taking just one component of a composite trade mark and comparing it with another mark’. The comparison must be made by examining each of the marks as a whole: Case C-334/05 P, *OHIM v Shaker di L. Laudato & C. Sas* (12 June 2007). See also Case C-193/06 P, *Société des Produits Nestlé SA v OHIM, Quick restaurants SA* (20 September 2007).

⁶³ Case C-361/04 P, *Ruiz-Picasso v OHIM* [2006] ECR 643; [2006] ETMR 29. See also Case T-149/06, *Castellani SpA v OHIM* [2008] ETMR 22; Case T-112/06, *Inter-Ikea Systems v OHIM* (16 January 2008).

later mark. However, the ECJ did not endorse this approach, and again stressed the importance of considering each of the marks as a whole.⁶⁴

In assessing the similarity of the goods or services concerned, all the relevant factors should be taken into account; their nature, their end users and their method of use, and whether they are in competition with each other or are complementary. What is relevant is the *usual* circumstances in which such goods are marketed, and not the circumstances in which a particular proprietor markets goods, since the latter are dependent on subjective factors and may change over time.⁶⁵

Likelihood of confusion

The requirement is that ‘... there exists a likelihood of confusion on the part of the public ...’⁶⁶ The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. The average consumer is deemed to be reasonably well-informed and reasonably observant and circumspect, although their level of attention is likely to vary according to the category of goods or services in question.⁶⁷ So, in the PICASSO case, it was noted that attention would be particularly high as regards goods such as motor vehicles, which are expensive, and highly technological in character.⁶⁸ If a sign is already in use, the relevant time for assessing the perception of the public concerned is the time when the infringing sign began to be used. This prevents the sign’s owner from claiming that the earlier mark had become less distinctive after this point, perhaps in part because of that user’s activities.⁶⁹

Marks with a reputation

Both the Trade Mark Directive and the Community Trade Mark Regulation offer broader protection for marks ‘with a reputation’, recognising implicitly that trade marks do more than simply indicate origin.⁷⁰ Use of the later mark must take unfair advantage of the earlier mark, or be detrimental to its distinctive character or repute. In *Monopole* the CFI offered guidance on all of these concepts. Here the proprietor of SPA for mineral waters was objecting to the use of SPA-FINDERS for travel services, but there was no ‘antagonism’ between these goods and services which might be detrimental to the repute of SPA mineral waters.⁷¹

⁶⁴ Case C-120/04, *Medion AG v Thomson Multimedia Sales Germany & Austria GmbH* [2005] ECR 8551. See also Case T-434/05, *Gateway, Inc. v OHIM* (27 November 2007). There appears to be some tension with the approach to compound (word and figurative) marks, discussed above: Case T-6/01, *Matratzen Concord GmbH v OHIM* [2002] ECR II-4335 (para. 33).

⁶⁵ Case C-171/06 P, *T.I.M.E. v OHIM* [2007] ETMR 38.

⁶⁶ Case C-251/95, *Sabel BV v Puma AG* [1997] ECR 6191; [1998] ETMR I (para. 23).

⁶⁷ Case C-342/97, *Lloyd Schuhfabrik Meyer v Klijsen Handel BV* [1999] ECR I-3819 (para. 26).

⁶⁸ Case C-361/04, *Ruiz-Picasso v OHIM* [2006] ECR 643; [2006] ETMR 29 (para 23).

⁶⁹ Case C-145/05, *Levi Strauss & Co v Casucci Spa* [2006] ECR I-3703; [2006] ETMR 71 (para. 18).

⁷⁰ CTMR, Art. 8(5); TMD, Art. 4(3).
⁷¹ Case T-67/04, *Monopole SpA v OHIM* [2005] ECR 1825; [2005] ETMR 109 ((para. 48). See also Case T-47/06, *Antartica Srl v OHIM, The Nasdaq Stock Market Inc.* [2007] ETMR 109 where the proprietor of NASDAQ for financial services successfully opposed the use of a very similar sign for sports equipment.

C. Infringement

The rights conferred on a trade mark proprietor mirror the relative grounds for refusal.⁷² To infringe, a mark must be used 'in the course of trade'. Any use which is liable to jeopardise the guarantee of origin may be prevented, because this guarantee constitutes the essential function of the mark. Certain uses for purely descriptive purposes are permitted, therefore.⁷³

In the famous case, *Arsenal FC v Reed*, Arsenal Football Club objected to sales of scarves bearing its mark ARSENAL from stalls outside its football ground. Reed's stall displayed a large sign stating that the scarves were not official Arsenal merchandise, and the evidence indicated that the marks were perceived by the public as 'badges of support, loyalty or affiliation' to Arsenal FC, rather than as a guarantee of origin. Nevertheless, the ECJ focused on the guarantee of origin, and considered that the use of the sign was 'obviously not intended for purely descriptive purposes'. On the contrary, the use of the ARSENAL sign was 'such as to create the impression that there is a material link in the course of trade between the goods concerned and the trade mark proprietor'. The disclaimer on Reed's stall, even if effective for initial purchasers, would not reach consumers who came across the goods after they had been taken away. Such use was liable to jeopardise the guarantee of origin. It was therefore immaterial that the sign was perceived as a badge of support for the proprietor of the mark.⁷⁴

The same reasoning was applied again recently, in *Adam Opel v Autec*. Autec was using the Opel logo (registered by Opel for motor vehicles and toys) on remote-controlled scale model replica cars. Autec also used its own 'Cartronic' and AUTEK trade marks, and argued that it was obvious to the public that the scale model did not come from Opel. The ECJ again emphasised that the exercise of the exclusive right must be reserved to cases in which a third party's use of the sign affects the trade mark's function as a guarantee of origin. Autec's use of the Opel mark could not be prohibited unless it did this. This was a matter of fact for the national court, but the referring court had indicated that the relevant public did not perceive Autec's use of the Opel sign as an indication that the scale models came from Opel.⁷⁵ The parallels with the *Arsenal* case are striking.

D. Defences

A registered mark is not infringed by the use of the mark 'where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts'. This is subject to a proviso of use in accordance with honest practices in industrial or commercial matters.⁷⁶ This defence recognizes that traders may have a legitimate need to refer to a trade mark, even though they have no legal or economic link to its proprietor. In *Gillette v LA-Laboratories*, Gillette was objecting to a statement on packaging that the defendant's razor blades were 'compatible' with its own razor handles. The ECJ held that third party use of a mark is permitted where it

⁷² CTMR, Art. 9; TMD, Art. 4.

⁷³ Case C-2/00, *Hölterhoff v Freiesleben* [2002] ECR 4187; [2002] ETMR 79.

⁷⁴ Case C-206/01, *Arsenal Football Club Plc v Reed* [2002] ECR 10,273; [2003] ETMR 19.

⁷⁵ Case C-48/05, *Adam Opel AG v Autec AG* [2007] ETMR 35. Following the ECJ's ruling, the Nuremberg District Court dismissed the car manufacturer's trade mark infringement complaint.

⁷⁶ CTMR, Art 12(c); TMD, Art 6(1)(c).

constitutes the only means of providing consumers with 'comprehensible and complete information on the intended purpose of the product'. The precise circumstances in each case are a matter of fact to be determined by national courts. The ECJ also clarified that the defence could be used to permit third party use of a mark on a primary product, not just on spare parts and accessories. Reiterating its position in *Deenik*, the ECJ stressed that third party users must not imply a commercial connection with the trade mark owner, nor discredit or denigrate the mark.⁷⁷

The principle of Community-wide exhaustion of rights is now well established and well-understood. In some matters of detail, however, difficulties persist. Parallel trade in pharmaceuticals is attractive because these are high value products, readily transported, and there are wide price fluctuations within the Community. This brings repackagers into constant conflict with trade mark holders, and the ECJ has been consulted many times on permissible limits. In *Boehringer II* the ECJ patiently addressed further questions, once more reaffirming its approach in *Bristol-Myers Squibb*,⁷⁸ but offering yet more detailed guidance on re-boxing and over-stickering, particularly in relation to the de-branding and co-branding of trade marked pharmaceuticals. The Court also held that it is for the parallel importer to prove that the *Bristol-Myers Squibb* conditions have been fulfilled.⁷⁹

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⁷⁷ Case C-228/03, *Gillette Co v LA-Laboratories Ltd Oy* [2005] ECR I-2337; [2005] ETMR 67. Case C-63/97, *Bayerische Motorenwerke AG v Deenik* [1999] ECR I-905, [1999] ETMR 339.

⁷⁸ Joined Cases C-427, 429 & 436/93, *Bristol-Myers Squibb & Others v Paranova A/S* [1996] ECR I-3457.

⁷⁹ Case C-348/04 *Boehringer Ingelheim KG v Swingward Ltd* (26 April 2007).

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