

A trade mark



Introduction

A trade mark is a way for one party to distinguish themselves from another. In business, a trade mark provides a product or organization with an identity which cannot be imitated by its competitors.

According to section 1(1) of the 1994 Act, a trademark is ‘ any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of another’.

In *Sigla SA v OHIM* (Office of Harmonization for the Internal Market) the Court of First Instance (CFI) stated that a trade mark does also convey other messages concerning the qualities or particular characteristics of the goods or services which it covers, such as luxury, lifestyle, exclusivity, adventure, youth. A mark has then an inherent economic value which is independent of and separate from that of the goods and services for which it is registered. The CFI held that ‘ these messages are conveyed, by trademarks with reputation and confer on it significant value which deserves protection because the reputation of a mark is the result of considerable effort and investment on the part of its proprietor’.

However, how far the UK courts and the European Court of Justice (ECJ) have recognised this “ inherent economic value” of registered trade marks?

Relative Grounds for Refusal

Marks which conflict with earlier marks or signs may not be registered. The grounds for refusal of the registration of a trade mark are found in section 5 of the Trade Marks Act 1994 and Article 8 of the Community Trade Mark Regulation (CTMR):

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Identical marks on identical goods and services: section 5(1)/Article 8(1) (a);

Identical marks on similar goods and services that there exists a likelihood of confusion on the part of the public which includes the likelihood of association with the earlier mark: section 5(2) (a)/Article 8(1) (b);

Similar marks on similar goods and services and there is a likelihood of confusion which includes the likelihood of association, between the marks: section 5(2) (b)/Article 8(1) (b);

Identical or similar marks on goods or services which would take unfair advantage of, or be detrimental to, the distinctive character of the earlier mark, without due cause: section 5(3)/Article 8(5).

UK incorporated Articles 4(4) (a) of the EC Trademark Directive and 8(5) of the Community Regulation 40/94 into domestic law under section 5(3) of its Trade Marks Act 1994.

According to section 6, Earlier Marks cover UK and Community Trade Marks with an earlier registration date and Community Trade Marks with seniority derived from an earlier UK mark. They can also be marks registered under the Madrid Protocol and “ well known” trademarks protected under Article 6bis of the Paris Convention.

Article 4(4)(a) of the EC Trademark Directive allows any Member State to provide that ‘ a trade mark shall not be registered where, the trade mark is identical with, or similar to, an earlier national trade mark and is to be registered for goods or services which are not similar to those for which the earlier trade mark is registered, where the earlier trade mark has a

reputation in the Member State concerned and where the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark’.

There are four main grounds for infringement, which are set out in section 10 of the Trade Mark Act 1994. They are the same grounds for refusal of registration, as contained in section 5. Any act of infringement is not required to be held with any previous knowledge or intention to carry out the act. To infringe, a mark must be used ‘in the course of trade’. Any use which is liable to put at risk the guarantee of origin may be prevented, because this guarantee constitutes the essential function of the mark.

Identical and Similar Marks under Section 10(1)

If the marks are identical or similar, and the goods and services are identical or similar, confusion must be shown. A mark is considered similar if in the mind of the average consumer the likelihood of confusion for the goods/services is at issue. The marks must be compared as wholes because the average consumer generally recognizes marks as a whole. Section 10(1) prohibits the use of an identical mark to the registered mark upon goods or services for which the mark is registered.

In *Reed executive v Reed Business Information Ltd* it was held that the marks were similar, not identical. The claimant alleged that the defendants had infringed its trade mark. The defendant had used ‘Reed’ as part of the composites ‘Reed Elsevier’ and ‘Reed Business information’. Jacob LJ did

not think that ‘ Reed Business information’ was identical to ‘ Reed’ and he noted that the additional words would not be ignored by the average consumer.

The ECJ in *SA Societe LTJ Diffusion v SA Sadas* stated that the criterion ‘ must be interpreted strictly. The definition of identity implies that the two elements should be the same in all aspects’. The level of identity between the marks must be high. In *Origins Natural Resources Inc v Origin Clothing Ltd* the marks ‘ Origin’ and ‘ Origins’, were held to be similar but not identical.

Likelihood of Confusion

Likelihood of confusion is arising from similarity with an earlier mark and goods and services for which that earlier mark is registered. If there exists a likelihood of confusion on the part of the public, the trade mark will not be registered under section 5(2). As recommended in *British Sugar plc v James Robertson & Sons Ltd*, that to apply section 5(2) is to ask first whether the marks are the same or similar and then whether the goods are the same or similar. Finally, ask whether the proviso applies and whether there is a likelihood of confusion, including a likelihood of association between the marks. If the answer to all three questions is positive, then there will be a conflict.

In *Sabel v Puma* the ECJ held, that the likelihood of confusion must be appreciated globally, taking into account factors including the recognition of the trade mark on the market, the association which can be made between the registered mark, the sign and the degree of similarity between the mark, the goods and the services. The Court considered that there is a greater

likelihood of confusion where the earlier trade mark has a highly distinctive character.

It was noted in *Ruiz-Picasso v OHIM*, that attention would be particularly high as regards goods which are expensive, and highly technological in character. The ECJ said in *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* that, if the association between the marks causes the public to believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion.

In *Marca Mode CV v Adidas AG* it was held that ‘ the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense’.

Protection for Marks with Reputation

Article 8(5) of the Trade Mark Directive and Article 4(4) the Community Trade Mark Regulation offer protection for marks ‘ with a reputation’, recognising that trade marks do more than simply signify origin. In *Bristol Myers Squibb v. Paranova* the “ essential function” of the trade mark was held to be to guarantee origin to the consumer without any risk of confusion. Some marks because of their reputation have obtained a value not confined to the basic distinguishing function of a mark, so that they should be entitled to protection.

The CFI give guidance in *Sigla* on the distinction between the notion of the likelihood of confusion and the risk of unfair advantage. The Court noted that a likelihood of confusion occurs where a consumer is attracted to a product or service covered by the applied for mark because of a misunderstanding

that it comes from the same origin as that covered by an earlier mark which is identical or similar. However, the risk of unfair advantage might happen where the consumer is attracted to the mark itself, without confusing the origin of the good or service.

The Court in *Sigla* held that: ‘ Article 8(5), ensures that a mark with a reputation is protected with regard to any application for an identical or similar mark which might affect its image, even if the goods or services covered by the mark applied for are not similar to those for which the earlier mark with a reputation has been registered’. Being able to prove that the trade mark ‘ has a reputation’ is a key to a trade mark owner’s ability to benefit.

Dilution

Section 5(3) of the Trade Marks Act 1994 offers the means for an earlier trade mark holder to prevent registration of a later trade mark which dilutes the distinctiveness and exclusivity of his trade mark.

The dilution claim it appears as section 10(3) of the Act: A person infringes a registered trade mark if he uses in the course of trade a sign which is identical with or similar to the trade mark, and is used in relation to goods or services which are not similar to those for which the trade mark is registered. The trade mark must have a reputation in the UK, namely the use of the sign must be without due cause and must either take ‘ unfair advantage of’ or be ‘ detrimental to’ the distinctive character or repute of the trade mark.

In *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Jacobs* found that the concept of detriment encapsulates dilution, which is often referred

to as ‘ blurring’ and means that the mark is no longer capable of arousing an immediate association with the goods for which it is registered or used. This concept of detriment is sometimes referred to as ‘ tarnishment,’ and means that the goods for which the infringing sign is used, appeals to the public’s senses which accordingly affects the mark’s power of attraction.

Reputation

The justification for the laws protecting trade marks focuses on the recognition and their quality. Kur stated that reputation could be claimed by ‘ a trademark with a relatively low degree of renown, yet which possesses an attractive, strongly associative image’. The question of the reputation needed by a trade mark to qualify for protection was decided by the ECJ in *General Motors Corporation v Yplon* .

It was stated in this case that the stronger the earlier mark’s distinctive character and reputation, the easier it will be to find that detriment has been caused to it. The ECJ held that the words “ has a reputation” in Section 5(3) of the Trade Marks Act, Article (4)(4)(a) of the 89/104 directive and Article 8(5) of regulation 40/94 require the mark known only by a significant part of the public concerned by the products or services covered by it. To oppose a trade mark under Article 8(5) a challenger must prove in the case of an earlier Community trade mark the trade mark has a reputation in the Community and, in the case of an earlier national trade mark, the trade mark has a reputation in the Member State concerned.

The Court held that a national Court when is deciding whether a mark had a reputation has to take into account facts like ‘ the market share held by the

trade mark, the intensity, geographical extent, and duration of its use, and the size of the investment made by the undertaking in promoting it'. In Hag II the Advocate General stated that trade marks found their justification 'in a harmonious dove-tailing between public and private interests', the right purpose of the law being to protect the 'clarity of the signal transmitted by the mark'.

The CFI in *Spa Monopole v OHIM-Spa finders*, held in that the reputation for certain goods or services can not be extended to other goods and services. The Court held that the reputation for mineral waters could not constitute the evidence of reputation for goods in class 3 (namely soaps, perfumery and cosmetics) and that 'the proprietor of the earlier mark is not required to demonstrate actual and present harm to his mark. He must adduce prima facie evidence of a future risk, which is not hypothetical, of unfair advantage or detriment'.

Marks with Reputation on Similar or Dissimilar Goods

Section 5(3) of the 1994 Act has been amended to mirror section 10(3) which is relevant to goods and services that are dissimilar to those of the relevant registration. There is no need for there to be any 'likelihood of confusion' for an infringement under section 10(3).

It was considered in *Davidoff & Cie SA and Zino Davidoff SA v Gofkid Ltd* that a well known mark should receive the same protection where the goods are similar as it receives where the goods are dissimilar. The Court held that member states were entitled to provide specific protection for registered trade marks with a reputation in cases where a later mark or sign, which is

identical with or similar to the registered mark, is intended to be used or is used for goods or services identical with or similar to those covered by the registered mark.

In *Adidas v Fitnessworld* the ECJ held that ‘ it is sufficient for the degree of similarity between the mark with a reputation and the sign to have the effect that the relevant section of the public establishes a link between the sign and the mark’. It was considered that where a member state exercises the option under Article 4(4) (a) of the directive it is bound to grant the protection in question in cases of use by a third party of a later mark or sign which is identical with or similar to the registered mark with a reputation, in relation to goods or services which are not similar and to goods or services which are identical with or similar to those covered by that mark.

In this case the Court stated that ‘ Article 5(2) of the directive establishes, for the benefit of trade marks with reputation, a form of protection whose implementation does not require the existence of likelihood of confusion’. The ECJ considered that Article 5(2) of the Directive must be interpreted in the sense that, where the sign is used for identical goods or services, a mark with a reputation must benefit from protection which as extensive as where a sign is used for non-similar goods or services.

Unfair Advantage or Detriment

A trade mark will not be registered where the use of the later mark must either take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

The Court held in *Spa-Finders* that ‘ Unfair advantage encompasses cases of clear exploitation and free-riding on the coat-tails of a famous mark or an attempt to trade upon its reputation, unfairly drawing on and profiting from an earlier mark owner’s goodwill and investment in promotion’.

Detriment could take the form of tarnishing or blurring. The association between two marks and between the goods or services to which they relate could be detrimental to the strength and reputation of the earlier mark if it tarnished it by association or made it less distinctive.

Evidence of reputation can go a long way toward proving unfair advantage or detriment.

Unfair Advantage of the Earlier Mark

Advocate General Jacobs in the *Adidas* case considered that the concept of ‘ unfair advantage of distinctive character or repute’, as found in Article 5(2) of the EC Trademark Directive was ‘ intended to encompass instances where there is clear exploitation and free-riding on the coattails of a famous mark or an attempt to train upon its reputation’.

The CFI in *Sigla*, stated that the unfair advantage of the repute takes place where there is a risk that the image of the mark with a reputation or the characteristics which it projects are transferred to the goods covered by the second mark, with the result that the marketing of those goods is made easier by that association with the earlier mark with a reputation.

Sir Thomas Bingham, in *Taittinger SA v Allbev*, stated that it would be unfair to allow others to ‘cash in on the reputation that they had done nothing to establish’.

In *L’Oreal SA v Bellure NV*, the defendants were a cosmetic company who were trying to pass off their brand as that of L’Oreal’s. The L’Oreal trade mark is very popular. Jacob LJ looked at the importance of unfair advantage and stated that the relation between the defendants’ packaging and the registered marks, if established, would give an advantage on the defendants. He gave as an example of unfair advantage, where a well known mark in one field is used by another in a same field and therefore excludes the chance for the owner of the registered mark to move into that field in the future.

In *Akteselkabet af 21 November 2001 v OHIM*, the earlier mark benefited from a reputation for ‘apparatus for recording transmission or reproduction of sound or images’ and evidence has been given of its use in sporting events, while the other trade mark was applied for clothing. It was considered by the CFI that as the public was familiarized to seeing the TDK mark on clothing related to sporting events, the use of the second sign on clothing could make the public to believe that such clothing was manufactured by, or under licence from, the owner of the TDK mark.

Detrimental to the Distinctive character of the earlier mark

It was held in *Spa-Finders* that there is detriment where the earlier mark is no longer able of beginning direct association with the goods for which it is registered and used. The CFI held that the existence of a link between the

marks Spa and Spa-Finders in the mind of the relevant public is not enough to show the risk of detriment to the distinctive character.

The Court in *Intel Corporation Inc v CPM United Kingdom Ltd* said that article 4(4)(a) of the Directive was to be interpreted as meaning that whether there was a link between the earlier mark with a reputation and the later mark was to be assessed globally, taking into account all the relevant factors which included the fact that, for the average consumer, who was reasonably well informed, observant and circumspect, the later mark called the earlier mark with a reputation to mind was tantamount to the existence of such a link between the conflicting marks.

It was held in *Intel* that ‘ the fact that the earlier mark had a reputation for certain types of goods or services, and those goods or services and the goods or services for which the later mark was registered were dissimilar or dissimilar to a substantial degree, and the earlier mark was unique in respect of any goods or services, did not necessarily imply that there was a link between the marks’.

Jacob LJ thought that there should be more than a ‘ mere calling to mind’ of the earlier mark by the average consumer when confronted with the later mark on dissimilar goods. Any detriment should be to the distinctiveness of the earlier mark in relation to the goods and services it covers, not to its attractiveness more generally.

The more unique the earlier mark appeared, the greater the likelihood that the use of a later identical or similar mark would be detrimental to its distinctive character.

Detriment to the Repute

In *Claeryn v Klarein* the Court considered that the concept of detriment to the repute of a trade mark, often referred to as degradation or tarnishment of the mark, describes the situation where the goods for which the infringing sign is used, appeal to the public's senses in such a way that the trade mark's power of attraction is affected.

The case of *Sigla SA v OHIM*, explained that the detriment to the repute occurs where the goods or services, for which the reputed trademark is unjustifiably used, have a quality or a value which may have a negative influence on the image of the earlier mark with reputation.

The CFI held in *Spa-Finders* that there is no 'antagonism' between the goods and services covered by the marks which might be detrimental to the repute of Spa mineral waters. The Court notes that it is unlikely that the mark Spa-Finders will tarnish the image of the Spa mark. These marks designate different goods consisting, in mineral waters and, on the other hand, in publications and travel agency services. The Court find that it is unlikely that the goods and services covered by the mark Spa-Finders, even if they turn out to be of lower quality, would diminish the power of attraction of the mark Spa. The closer the goods are the easier to prove a detriment to the repute will be.

Without Due Cause

When an opponent has established that its earlier trade mark has a reputation, and that use of the applicant's mark will take unfair advantage of, or to be detrimental to, the earlier mark, the obligation then falls upon the applicant to show that the use would not be without due cause.

Jacob LJ noted in *L’Oreal v Bellure* that the onus of establishing due cause lies with the defendant. In the *Nasdaq Stock Market Inc* case the CFI held that Nasdaq was distinctive and conveyed an image of modernity which was attractive and relevant to the stock market and to other goods such as the applicant’s. It was considered that the applicant had not established that its use of the trade mark would be founded on due cause within the meaning of Article 8(5), and the Court held that there was no due cause for the applicant’s use of the sign.

The Court in *Premier Brands UK v Typhoon Europe*, applied the criterion from *found* that Typhoo was an established brand of tea with a reputation and that the defendant used its mark without due cause. It was held that there would be no likelihood of confusion but proceedings commenced in relation to section 10(3), on the idea that the goods in subject were dissimilar. Neuberger J held that the phrase ‘without due cause’ required an applicant to show some reasonable grounds for using its sign in relation to its goods even this was unfair or detrimental to the earlier mark. Good faith would not justify the registration of a mark.

In *Hollywood SAS v Souza Cruz SA* it was held that ‘the condition of due cause is not fulfilled merely by the fact that the sign is suitable for identifying the products for it is used, the applicant has already used this sign for these or similar products within and outside the territory of the community or the applicant invokes a right ensuring from a filing over which the filing by the proprietor of the opposing trade mark takes precedence’. These factors are guidelines which may the Court use in balancing the competing interests present in dilution cases.

Conclusion

A trademark is a powerful right. For many businesses, a Trade Mark is a valuable asset which plays a key role in the commercial success of the business. Reputation can improve the distinctiveness of the mark and increase its scope of protection. Trade marks act as a motivation to sustain quality since they act as a guarantee to the consumer.

The ECJ has treated the requirement that the trade mark must have a reputation as a threshold that can be included into a global appreciation. As the ECJ has interpreted it, the additional zone identifies that the economic value of a trade mark can reflect ability for doing something more than presenting its important meaning and that this ability can require certain legal protection.