

13 Stretching the Trademark Protection System

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The European trademark protection system, which is based on the Trademark Directive and the Community Trademark Regulation, offers a broad scope of protection in two respects. First, in that it allows for trademark protection without stern demands. This can be seen from the liberal approach of case law regarding the conditions for securing registration and assessing the validity of the trademark, such as the capacity to distinguish. It can also be seen from the large possibilities left to protect shapes, colours, sounds and even scents. Second, in that the scope of infringement can extend over uses of a mark for dissimilar goods or services.

In our research paper we present an overview of recent case law on these questions by the European Court of Justice and by the Court of First Instance of the European Communities, against the background of Japanese trademark law. The comparison shows that the European system seems to be the more liberal one. We can see that in the growing tendency in Europe to accept, at least in principle, non-traditional marks and in the readiness to extend the protection scope of marks into the field of dissimilar goods and services.

Introduction

For a good understanding of what is going to follow it has to be kept in mind that under the present European system trademarks can be protected, to the choice of the applicant, either by a unitary Community trademark for 15 countries at a time or by national legislation.

The Community Trademark System, which became fully operational on 1 April 1996, provides for trademark protection with “unitary effect”. Essentially, this is “one-stop shopping” for trademark registration in the EU. Simply by filing a single application for and registering a Community Trademark, trademark protection is valid throughout the territory of the EU member states. Once registered, a Community Trademark is subject to a single set of uniform rules throughout the EU. These rules relate, for example, to the scope of protection of the mark, to the renewal and invalidation of the registration and to all possible legal proceedings relating to it. The proprietor of the (registered) Community Trademark shall enjoy exclusive rights to the mark, implying that he can prohibit the use of his mark by third parties throughout Union territory. Registration of the mark shall be valid for a period of ten years and may be renewed for further periods of ten years.

The Office for Harmonization in the Internal Market (OHIM) is located in Alicante, Spain, and is charged with the administration of Community Trademarks. Applications for the registration of trademarks in the EU are filed with this office.

The Community trademark does not replace the individual trademark laws of the EC Member States that still can differ from State to State, though only within the limits determined by the TM Harmonisation Directive. It did not in fact appear to be justified to require undertakings in all

cases to apply for registration of their trademarks as Community trade marks; national trademarks continue to exist for those undertakings which do not want protection of their trademarks at Community level.

This European trademark protection system, which is based on the Trademark Directive (TMD) and the Community Trademark Regulation (CTMR) offers a broad scope of protection in two respects. First, in that it allows for trademark protection without stern demands. This can be seen from the liberal approach of case law regarding the conditions for securing registration and assessing the validity of the trademark, such as the capacity to distinguish. It can also be seen from the large possibilities left to protect shapes, colours, sounds and even scents. Second, in that the scope of infringement can extend over uses of a mark for dissimilar goods or services.

We intend to present an overview of recent case law on these questions by the European Court of Justice (hereafter referred to as “ECJ”) and by the Court of First Instance of the European Communities (hereafter referred to as “CFI”), against the background of Japanese trademark law. The comparison might prove instructive to answer the question if we in Europe tend to go beyond the outer limits of the trademark protection system.

Securing the registration and assessing the validity of a distinctive trademark

A. The Japanese trademark system

The Japanese trademark system adopts the principle of registration. Before registering a trademark, a substantive examination is thereby carried out in the Japanese Patent Office.

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Trademarks will not be deemed to meet the substantive requirements and will therefore be refused if they do not enable consumers to differentiate the applicant's goods or services from those belonging to other parties.

Art. 3 (1) of the Japanese Trademark Law No. 127 of April 13, 1959, as amended, excludes trademarks from registration on a number of absolute grounds. These exclusions have to do with the substantive requirement of distinctiveness.

However, in the case of a trademark falling under the paragraphs (iii) to (v), art. 3 (2) is also saying that, where, as a result of the use of such trademarks, the consumers are able to recognize the goods or services as being connected with a certain person's business, trademark registration may nevertheless be obtained. This is what is generally known under the name "secondary meaning"

B. The European trademark system

1 In general

Whereas the rights in a Community trademark may not be obtained otherwise than by registration, national trademark laws in the EC are allowed under the directive to continue to protect trademarks acquired through use only. It did not appear to be necessary to undertake full-scale approximation of the trademark laws of the Member States in this respect.

The articles 2 and 3 TMD as well as art. 4, 7 and 51 CTMR all contain provisions that require signs of which a trademark may consist to be capable of distinguishing the goods or services of one undertaking from those of other undertakings.

It is indeed on this most important absolute ground of objection against the validity of a trademark that we are going to concentrate in this paper leaving aside questions around possible other absolute grounds or around the relative grounds of objection which arise out of earlier conflicting rights.

2 The essential function of the trademark

The European Court of Justice sees the distinctive character of a trademark as the necessary condition for the mark to fulfil its essential function of identifying the undertaking that markets the goods or services. It must serve to identify the product or service as originating from a particular undertaking, and thus to distinguish that product or service from those of other undertakings.

A distinctive character, seen as the expression of the function of identifying the undertaking, does not however imply that any supplementary conditions would have to be imposed. Creative originality for instance cannot be required. Nor can the lack of distinctiveness result from the mere finding of the absence of a minimum amount of

imagination.

3 No exclusion per se

The Court of Justice, in the context of Article 3.1.c. TMD, has expressly stated that there is no reason to read a concept of "Freihaltebedürfnis" into the European texts. According to this theory, stemming from German case law, a preliminary search should be carried out in order to make sure that there is no real, current or serious need to leave a particular sign or indication free. This theory could lead, even without the legal texts saying so, to exclusions of particular types of signs *per se*, like in the case of geographical indications or of single colours, or at least render their protection more difficult to obtain.

It appears therefore, that except for the general requirement of distinctiveness, which has to be decided on a case to case basis, there are no *per se* exclusions in the European Community for the validity of a trademark, that would not stem from explicit statutory exceptions.

This last situation only occurs in the case of signs that would not be capable of being represented graphically in the sense of art. 2 TMD or art. 4 CTMR, or in the case of signs consisting exclusively of the shapes meant in art. 3.1.e TMD or art. 7.1.e CTMR.

4 A typical application: the case of word marks

a. In general

Let us now turn to some examples in the field of the most commonly used signs by trade and industry, which are word marks.

In relation to art. 7.1.c CTMR, the *BABY-DRY* decision of the Court of Justice of September 20, 2001 has stated, that, in order to assess the distinctiveness of an indication the starting point should be the "normal usage from a consumer's point of view" and "the terms used in the common parlance of the relevant class of consumers to designate the goods or services or their essential characteristics". Any perceptible difference with this normal usage is therefore apt to confer distinctive character on the trademark.

The European Court of First Instance already used a similar criterion before the *BABY-DRY* judgment of the ECJ, holding that a word mark will only then be caught by the prohibition of article 7.1.c CTMR if the relevant consumers will immediately see the link between the meaning of the word and a characteristic of the particular goods or services.

For instance, the term "*electronica*" in a trademark application relating to catalogues and the organisation of trade fairs and conferences in the sector of electronic components and assemblies, was deemed to consist exclusively of a word which for the relevant consumers described an essential characteristic of the goods and services in question. It was therefore rejected as a trademark on the

basis of art. 7.1.b and 7.1.c CTMR, being a purely descriptive indication Too severe in the light of *Baby-Dry* seems to be that other early judgment of the CFI, holding, on the basis of art. 7.1.c that a word like *VITALITE* would only be acceptable for food for babies or for mineral and aerated waters, but not for other goods having a specific medical, nutritional or dietetic purpose because this sign would then directly and immediately inform the consumer of one of the characteristics and purposes of the goods, which is gaining renewed vitality.

In the period after *BABY-DRY* the Court of First Instance has decided that *LITE*, being a word created from a simple phonetic transcription of the English word “light”, is used as an everyday word in the food and catering industry to identify or distinguish a quality of foodstuffs and is therefore ineligible for protection. *ELLOS* is too descriptive for clothing, footwear, and headgear for male customers as it is simply the third person plural pronoun in the Spanish language, and may therefore may be used, in the Spanish-speaking part of the Community, to designate the purpose of those goods. But it can be accepted when applied to customer services for mail-order sales.

b. Word combinations

As regards trademarks composed of more than one word, the Court of Justice in its *BABY- DRY* judgement has ruled that descriptiveness must be determined not only in relation to each word taken separately but also in relation to the whole which they form. Any perceptible difference between the combination of words and the terms used in the common parlance of the relevant class of consumers to designate the goods or services or their essential characteristics is apt to confer distinctive character on the word combination enabling it to be registered as a trademark.

It therefore annulled the judgement of the Court of First Instance that had held that *BABY-DRY* was not capable of constituting a Community trademark for nappies. This Court had been of the opinion that signs composed exclusively of words which may serve in trade to designate the intended purpose of goods must be regarded as intrinsically incapable of distinguishing the goods of one undertaking from those of another, even if the ground for refusal obtains only in part of the Community. Since the purpose of nappies is to be absorbent, in order to keep babies dry, it had concluded that the term ‘*BABY-DRY*’ merely conveyed to consumers the intended purpose of the goods but exhibited no additional feature to render the sign distinctive.

The Court of Justice admits that this word combination unquestionably alludes to the function which the goods are supposed to fulfil, but adds that it nevertheless does not satisfy the disqualifying criteria set forth in article 7.1.c CTMR. Whilst each of the two words in the combination may form part

of expressions used in everyday speech to designate the function of babies' nappies, their syntactically unusual juxtaposition is not a familiar expression in the English language, either for designating babies' nappies or for describing their essential characteristics. Word combinations like *BABY-DRY* cannot therefore be regarded as exhibiting, as a whole, descriptive character. They are “lexical inventions bestowing distinctive power on the mark” so formed and may not be refused registration under Article 7.1.c.

The Court of First Instance that, in the period before *BABY-DRY*, had followed a rather restrictive approach for accepting word combinations now seems to have somewhat softened its position. *New Born Baby* for instance was accepted for dolls and their accessories on the basis of art. 7.1.b and c. On the same basis, the German expression “*Das Prinzip der Bequemlichkeit*” („The principle of comfort”) was also acceptable for furniture and vehicles. The targeted public of professionals working in the food industry or the hotel business will perceive the word combination *EUROCOOL* as a distinctive sign for services relating to the refrigerated transport of products undertaken in Europe and to their preservation by cold storage.

But in a series of other recent cases the court of First Instance made subtle distinctions. *Streamserve* was an acceptable word combination for manuals and publications, but not for data processing equipment that is precisely required for the technical function of transferring digital data from a server, so as to enable them to be processed as a steady and continuous stream. For computer hardware it was therefore too descriptive in the sense of art. 7.1.c CTMR. *TELEAID* is a common descriptive indication for services of remote assistance and for car alarm systems, but could be accepted under both art. 7.1.b and c CTMR for apparatus and services in the general sector of communications. The same solution applies for the word combinations *CARCARD* and *TRUCKCARD* that cannot be valid as a trademark for goods or services involving cards related to cars or trucks , but may be protected for data processing and telecommunications in general. *SAT.2* is descriptive and not distinctive enough for services relating to satellite transmissions, but can be accepted for services relating to a database, to the production and the exploitation of music, film, video, computer games and multimedia

Special problems concerning the protection of shapes, colours, sounds, smells and scents

A. The Japanese trademark system

In order to assess the flexibility of a trademark system it can be useful to examine also if it permits the less traditional features of a product to be placed under trademark protection. This concerns the protection for shapes, single colours, sounds or scents.

Art. 2 (1) of the Japanese Trademark Law gives a definition of a “Trademark” that also includes “three-dimensional shapes”.

Colours per se are not registrable under the present Act, as this same provision stipulates that “Trademark in this Law means characters, figures, signs, three-dimensional shapes or any combination thereof, or any *combination thereof with colors*”. However, a long, extensive use of a trademark in a certain colour may cause the trademark to acquire distinctiveness (secondary meaning).

Not registrable yet are other non-traditional marks such as sounds, musical tunes or jingles. And the same is true for smells and scents.

B. The European trademark system

1 The shape of a product

In the European system, signs consisting of the shape of a product can be protected, albeit that that art. 3 1.e TMD and art. 7.1.e CTMR exclude from protection:

“signs which consist exclusively of:

- the shape which results from the nature of the goods themselves, or
- the shape of goods which is necessary to obtain a technical result, or
- the shape which gives substantial value to the goods”.

According to the seventh recital in the preamble to the Directive, those grounds for refusal have been listed in an exhaustive manner, which shows that as a rule the distinctive shape of a product can be protected.

Art. 3.1.e TMD and art. 7.1.e CTMR thus concern certain signs which are not such as to constitute trademarks and are a preliminary obstacle liable to prevent a sign consisting exclusively of the shape of a product from being registrable or valid. If any one of the criteria listed in these articles is satisfied, a sign consisting exclusively of the shape of the product or of a graphic representation of that shape cannot be registered as a trademark.

In the very recent Philips/Remington case of June, 18, 2002, the Court of Justice said that : “The rationale of the grounds for refusal of registration laid down in Article 3(1)(e) of the

Directive is to prevent trade mark protection from granting its proprietor a monopoly on technical solutions or functional characteristics of a product which a user is likely to seek in the products of competitors. Article 3(1)(e) is thus intended to prevent the protection conferred by the trade mark right from being extended, beyond signs which serve to distinguish a product or service from those offered by competitors, so as to form an obstacle preventing competitors from freely offering for sale products incorporating such technical solutions or functional characteristics in competition with the proprietor of the trade mark”.

As regards, in particular, signs consisting exclusively of the shape of the product necessary to obtain a technical result, listed in Article 3.1.e, second indent TMD, the Court said that: “(this) provision is intended to preclude the registration of shapes whose essential characteristics perform a technical function, with the result that the exclusivity inherent in the trademark right would limit the possibility of competitors supplying a product incorporating such a function or at least limit their freedom of choice in regard to the technical solution they wish to adopt in order to incorporate such a function in their product”.

In this case the question was raised whether the establishment that there are other shapes which could achieve the same technical result can overcome the ground for refusal or invalidity contained in Article 3.1.e, second indent. Here the Court was of the opinion that “there is nothing in the wording of that provision to allow such a conclusion”. It said that “in refusing registration of such signs, Article 3(1)(e), second indent, of the Directive reflects the legitimate aim of not allowing individuals to use registration of a mark in order to acquire or perpetuate exclusive rights relating to technical solutions. Where the essential functional characteristics of the shape of a product are attributable solely to the technical result, Article 3(1)(e), second indent, precludes registration of a sign consisting of that shape, even if that technical result can be achieved by other shapes”.

Where the particular shape of a product does not fall under the grounds of exclusion listed in the articles 3 1.e TMD and art. 7.1.e CTMR, there is no reason to prevent a sign consisting exclusively of the shape of a product from being registrable or valid if it satisfies the normal criteria for trademark protection. Article 2 of the Directive makes no distinction between different categories of trademarks. According to the Court of Justice “the criteria for assessing the distinctive character of three-dimensional trade marks, such as that at issue in the main proceedings, are thus no different from those to be applied to other categories of trade mark”. In particular, the Directive in no way requires that the shape of the article in respect of which the sign is registered must include some

capricious addition, such as an embellishment which has no functional purpose. Under Article 2 of the Directive, the shape in question must simply be capable of distinguishing the product of the proprietor of the trademark from those of other undertakings and thus fulfil its essential purpose of guaranteeing the origin of the product.

2 Colours

There is no explicit ground for refusal of colour marks to be found in the European texts. So it will be accepted as quite normal that colours, as an element of complex trademarks, or in combinations of different colours can show the necessary distinctive features to be valid.

Some uncertainty remains as to the question to know if a single colour of a product will stand the test.

The Boards of Appeal in the OHIM in Alicante are taking up a quite restrictive position towards registering single colours or shades of colours. The reason is that they tend to consider basic colours as an element that is not distinctive and that has to be kept free for the use of all.

The Court of First Instance found that the use of basic colours, such as blue or green, in the layers or in the form of speckles on a washing tablet is commonplace and is even typical of detergents. The use of other basic colours, such as red or yellow, is one of the most obvious variations on the typical design of these products. According to this Court the same would be true of the various shades of those colours. For that reason, the applicant's argument that the mark applied for was distinctive because one of the layers of the tablet was "pale green" was also dismissed.

It will be interesting to see what the position of the Court of Justice will be, when it will answer preliminary questions addressed to it by the Dutch Supreme Court in the so called LIBERTEL case, which has to do with the colour "orange" for telecommunications services.

3 Sounds, smells and scents

In principle, there seems to be no fundamental obstacle for registering sounds or scents as trademarks in Europe. The practical problem is that, according to art. 2 TMD and art. 4 CTMR, they have to be capable of being represented graphically.

The OHIM in Alicante has issued examination guidelines which, according to art. 8.2, par.2, make it possible that sound trademarks are applied for. If they can be represented graphically, such as by musical notation, and can distinguish the goods or services of one undertaking from another, they are accepted.

A scent mark will run up against similar practical difficulties. Will it be enough to circumscribe it by words or do we need a chemical formula? A Board of Appeal in the OHIM already accepted for registration "the smell of fresh cut grass" as an olfactory mark for tennis balls.

Infringement by using a mark for dissimilar goods or services

A. The Japanese trademark system

In approaching the question of the liberal character of a particular trademark system it can be useful not just to see how broad the criteria for protection are, but also to examine how far the scope of protection of a trademark reaches. A good test for the flexibility of a trademark system is then to see if it accepts or not that there can be an infringement by using the mark for dissimilar goods or services.

Nothing in the wording of art. 37 of the Japanese Trademark Law, containing the list of acts that shall be deemed to be an infringement of a trademark right, seems to indicate that the scope of protection of the Japanese trademark right could also, and out of itself, extend over certain dissimilar goods or services. In Chapter VII of the same law, there is however set down a possibility for the owner of a « well-known » trademark to take administrative action in order to extend his right to certain dissimilar goods or services. This necessitates an additional application by the trademark owner for the registration of a so-called « defensive trademark ». The purpose of this system is to protect highly well known principal trademarks against free ride on their reputation or dilution of their distinguishing power.

Furthermore, but under the same condition that a trademark is "well-known", it may well be that the subsequent registration or use of an identical or similar trademark with respect to non-similar goods or services would be seen as "causing confusion" with another person's business. If this appears to be the case it is possible that the registration of the confusing trademark is refused on the basis of art. 4 (1) (xv) of the Trademark Law, or that the use of the confusing trademark falls under the rules of the Japanese Unfair Competition Prevention Act.

B. The European trademark system

For a Community trademark art. 9.1.c CTMR says that it shall confer on the proprietor an exclusive right 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 Community trade mark in relation to goods or services *which are not similar* to those for which the Community trade mark is registered, where the latter has a reputation in the Community 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 Community trade mark".

For Article 5.2 TMD, unlike Article 5.1 TMD,

to protect trademarks in relation to non-similar products or services, there has to be a certain degree of knowledge of the earlier trademark among the public. "It is only where there is a sufficient degree of knowledge of that mark that the public, when confronted by the later trade mark, may possibly make an association between the two trade marks, even when used for non-similar products or services, and that the earlier trade mark may consequently be damaged", said the European Court of Justice on September, 14, 1999 in the General Motors/Yplon case.

The question then presents itself how "well known" such a trademark has to be in order to enjoy protection extending to non-similar products or services. The extended trademark protection is not limited to famous brands alone. According to the Court of Justice it may be enough that a registered trademark is "known by a significant part of the public concerned by the products or services which it covers". But "it cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined". "Territorially, the condition is fulfilled when, in the terms of Article 5(2) of the Directive, the trade mark has a reputation in the Member State. In the absence of any definition of the Community provision in this respect, a trade mark cannot be required to have a reputation throughout the territory of the Member State. It is sufficient for it to exist in a substantial part of it".

If the required condition as to the existence of a reputation is fulfilled, as regards both the public concerned and the territory in question, one must also examine the other condition laid down in Article 5.2 TMD which is that the earlier trade mark must be detrimentally affected without due cause. Here the European Court observed "that the stronger the earlier mark's distinctive character and reputation the easier it will be to accept that detriment has been caused to it".

A good example of a national system that extended trademark protection to non-similar products or services is the Benelux, where the Uniform Trademark Law contains an article 13.A.1.c saying that "the proprietor of a mark may, by virtue of his exclusive right, prohibit any use in the course of trade, without due cause, made of a mark that has a reputation in the Benelux territory, or of a similar sign, for goods that are not similar to those for which the mark is registered, where use of such sign takes unfair advantage of or is detrimental to the distinctive character or the repute of the mark".

In its earlier, quite comparable wording, this text has been interpreted by the Benelux Court of Justice in a case where the use of the word KLAREIN for detergents was deemed to be similar and detrimental to the earlier well known

trademark for a Dutch gin, which was called CLAERYN.

Conclusion

Is Europe just stretching the trademark protection system, or is it putting too much stress on it? It is difficult to answer this question. One thing seems clear: if we compare the European solutions with Japanese practice, the European system seems to be the more liberal one. We can see that in the growing tendency in Europe to accept, at least in principle, non-traditional marks and in the readiness to extend the protection scope of marks into the field of dissimilar goods and services.

This is not to say that we should already now jump to the conclusion that the European trademark system is definitely the more flexible one. For one thing, case law may change: it would be sufficient, for instance, for the European Court of Justice to decide that single colour marks in principle are excluded, for the European trademark system to show quite a different face. For another, the legislator can always intervene to adapt its system to new needs. For example the Japanese legislator just modernised its trademark law on one aspect that is not so clearly settled in Europe, that is the internet use of trademarks. By its 2002 amendment Japan adapted its Trademark Act to provide that the term "use" of a mark in art. 2 (3) should include the showing online of trademarks in connection with business transactions and promotional activities.