

# The Public Interest in European Trade Mark Law

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This article attempts to track the various cases in which the public interest behind a provision has been identified by the Court of Justice of the European Union (CJEU) and to demonstrate the impact that that public interest has had on how provisions of European trade mark law<sup>1</sup> are interpreted. It is the author's contention that, while the public interest plays a central role in European trade mark law, its importance is often not acknowledged explicitly by the CJEU. Moreover, there is no single public interest in trade mark law. Instead, those interpreting European trade mark law have identified competing interests. Where the public interest is raised, it plays a crucial role. This piece seeks to demonstrate that where the question is raised in the registrability context, the articulation of the public interest leads to the answer favouring a reduction in the scope of trade mark law, whereas

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<sup>1</sup> Namely Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (OJ L 299, 8.11.2008, p. 25. This has now been replaced by Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (Recast) (OJ C 327, 12.11.2013, p. 42) and Regulation (EU) 2015/2424 of the European Parliament and of the Council of 16 December 2015 amending Council Regulation (EC) No 207/2009 on the Community trade mark and Commission Regulation (EC) No 2868/95 implementing Council Regulation (EC) No 40/94 on the Community trade mark, and repealing Commission Regulation (EC) No 2869/95 on the fees payable to the Office for Harmonization in the Internal Market (Trade Marks and Designs) (OJ L 341, 24.12.2015, p. 21–94).

where the context is one of infringement, the different articulation of the public interest means that the question is answered in a way that expands the scope of trade mark law.<sup>2</sup> Indeed, this is so much the case that identical terms can be interpreted in diametrically opposite ways in the two contexts

It should be noted that ‘public interest’, and the subsidiary term ‘interest’ are terms of art,<sup>3</sup> and it is the thesis of this article that these terms in particular are used in particular by the Court in order to mould the shape of trade mark law at critical junctures. While the Court may, of occasion, have recourse to broader notions of public policy, it is contended that the term ‘public interest’ is the key tool used consistently by the Court, and so it is this in particular that the article tracks.

### **Thinking about the public interest**

The one thing scholars agree about the public interest is that it is difficult to define.<sup>4</sup> Many see this as a sign that, in reality, there is no such thing as the public interest. For example, the political scientist Sorauf<sup>5</sup> identifies a number of meanings which have been ascribed to the public interest. Of particular relevance in relation to the way in which the term has been used in trade mark law are ‘the public

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<sup>2</sup> For an alternative dichotomous view of the public interest in trade mark law see J. Davis, ‘Promoting the public interest and the European Trade Mark Directive: a contradictory approach’ (2013) 14 ERA Forum 117.

<sup>3</sup> Interestingly (and unsurprisingly), the concept of ‘public interest’ plays a role in shaping the rights and obligations elsewhere in EU law. See, for example, the labour law cases of *Laval un Partneri Ltd v Svenska Byggnadsarbetareförbundet & ors* Case C-341/05; *International Transport Workers' Federation & anor v Viking Line ABP & anor* Case C-438/05; *AGET Iraklis* Case C-201/15. A similar phenomenon is documented in the context of environmental law in F. Jacob, ‘The Role of the European Court of Justice in the Protection of the Environment’ (2006) 18 JEL 185, 185-200, and in the context of the regulation of genetically modified organisms specifically, M. Lee, ‘GMOs in the Internal Market: New Legislation on National Flexibility’ (2016) 79 MLR 317, 325-333.

<sup>4</sup> For an overview, see the account in R. Giblin & K. Weatherall, ‘If we designed copyright from scratch, what might it look like?’, pp. 8-20 in R. Giblin & K. Weatherall, *What If We Could Reimagine Copyright* (ANU Press, 2016).

<sup>5</sup> F. Sorauf, ‘The Public Interest Reconsidered’ 19 *The Journal of Politics* 616 (1957).

interest as a superior value' (which will often be the consumer interest)<sup>6</sup> and 'the public interest as a balance of interests'.<sup>7</sup> It is argued that the ambiguity surrounding the public interest can actually be an advantage, and that in the case of trade mark law, it has different meanings in different contexts, allowing it to act as a tool for furthering the objectives of the Court and the trade mark system more generally, and also allowing it to take into account the differing interests of the various actors who play a role in the market.

### **The public interest as a tool for constraining the reach of trade mark law**

In the first group of cases we will examine, the public interest has been used as a way of constraining trade mark law in order to protect the interests of third parties. Of particular importance in these cases is the need (whether explicit or implicit) to keep certain marks free so that other traders can make use of them in order to compete effectively. These cases are primarily in the field of registrability, so generally the countervailing trade mark right is yet to crystallise,<sup>8</sup> perhaps making it easier for the Court to take a more pro-competitor approach.

#### Descriptive marks

Article 3(1)(c) of the Directive<sup>9</sup> prohibits the registration of signs which 'which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or services'. The public interest behind those provisions was first identified in *Windsurfing Chiemsee* as 'that descriptive signs or indications relating to the

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<sup>6</sup> P.619.

<sup>7</sup> P.622. The other interests Sorauf identifies are 'the public interest as a commonly held value', 'the public interest as moral imperative' and 'the public interest undefined'.

<sup>8</sup> Because, except in invalidity cases, the applied for mark is yet to be granted.

<sup>9</sup> Directive 2008/95 (as recently amended as per n.1). The parallel to Art.3(1)(c) is Art.7(1)(c) of the Regulation.

categories of goods or services in respect of which registration is applied for may be freely used by all, including as collective marks or as part of complex or graphic marks.<sup>10</sup>

Identifying the need to keep certain marks free for others to use as the public interest suggests that the provision should be interpreted in a way that favours signs remaining in the public domain over proprietisation via trade mark registration. This is apparent in *Windsurfing Chiemsee* itself. Chiemsee, as the name of a lake, had a *prima facie* geographical meaning. However, consumers would not believe that goods were manufactured in the middle of lake. Thus, the CJEU had the choice: (i) the provision could apply only to marks which were currently being used to describe the geographical origin of goods or (ii) the exclusion could include marks which *could* be used in the future in a geographically descriptive way. In the light of the public interest identified, the Court took the view that limited the reach of trade mark law and deemed unregistrable marks which were *capable* of designating geographical origin, even if they did not do so at present.<sup>11</sup> This opens the way for third parties to use these terms in the future, rather than placing them in the hands of one undertaking.

The CJEU extended the impact of this ruling from geographical descriptiveness to the descriptiveness provision generally in *DOUBLEMINT*.<sup>12</sup> There the question was whether, in order to be descriptive, the sign had to *currently* be in use descriptively. Again, after identifying the underlying public interest in keeping marks free, the CJEU answered that, as in *Windsurfing*, future potential use and meanings needed to be taken into account.<sup>13</sup> Thus, marks which *could* be used descriptively in the future were left open for third party use.

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<sup>10</sup> *Windsurfing Chiemsee Produktions- und Vertriebs GmbH (WSC) v Boots- und Segelzubehör Walter Huber and Franz Attenberger* (C-108/97) [1999] E.C.R.I-2779; [1986] 3 C.M.L.R. 489, para.25.

<sup>11</sup> Para.37.

<sup>12</sup> *Office for Harmonisation in the Internal Market (Trade Marks and Designs) v Wm. Wrigley Jr. Company (DOUBLEMINT)* (C-191/01 P) [2003] E.C.R.I-12447.

<sup>13</sup> Para.32.

Wrapped up in its answer is a further subsidiary question: where a sign has multiple meanings, should the sign be barred from registration if *any* of its meanings are descriptive, or only if they *all* are? In answering that if *any* of the mark's meanings are descriptive, this renders the mark unregistrable, the Court adopted an approach aligned with the public interest in keeping the maximum number of signs possible free for others to use.<sup>14</sup> This approach was by no means a foregone conclusion. In the US, ambiguity lifts a mark from being descriptive (and thus needing evidence of acquired distinctiveness to be registered) to being suggestive (and so being *prima facie* registrable).<sup>15</sup> We can thus see *DOUBLEMINT* as a clear example of the public interest driving trade mark law in a way that maximises competition in the registrability context where alternative options were available.

The descriptiveness cases also highlight an important issue to which we will return,<sup>16</sup> of whether the fact that there are alternative ways of conveying the information in question should prevent the application of the exclusion from registrability. In *Postkantoor*, after citing the public interest in keeping certain marks free, the CJEU answered this question affirmatively. The fact that the sign in question was not the only way of describing the goods or services in question, and that there were more usual ways of describing the goods or services did not prevent a sign from being descriptive.<sup>17</sup> An analogous scenario involving alternatives can be seen in *Castel-Freres*.<sup>18</sup> The

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<sup>14</sup> *Ibid.* See similarly *Telefon & Buch Verlags GmbH v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* (C-326/01 P) [2004] E.C.R. I-1371; [2005] 3 C.M.L.R. 21, para.37.

<sup>15</sup> See J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* (Thomson Reuters, 4<sup>th</sup> ed, June 2017 update), §11:19.

<sup>16</sup> In relation to the availability of the 'intended purpose' defence and analogously in considering whether a shape is necessary to give a technical result.

<sup>17</sup> *Koninklijke KPN Nederland NV v Benelux-Merkenbureau (POSTKANTOOR)* (C-363/99) [2004] E.C.R. I-1619; [2005] 2 C.M.L.R. 10, para.58. Reaffirmed in *Agencja Wydawnicza Technopol sp. z o.o. v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-51/10 P) [2011] E.C.R. I-1541, para.39.

question before the Court was whether one can escape a finding of descriptiveness by misspelling the mark. The CJEU answered in the negative. A mark would be descriptive as long as it did not create a perception different enough to outweigh the resemblance between the earlier geographical indication and the disputed mark.<sup>19</sup> Again, there was a choice of adopting a wide or narrow interpretation of the scope of the descriptiveness exclusion and, with the public interest in the background, the wide approach was adopted, even though there were other means available for conveying the same information to consumers.

The public interest also played an important role in expanding the scope of Art.3(1)(c) to include descriptive shapes. In *Linde*,<sup>20</sup> the CJEU was asked whether shapes could be barred from registration for descriptiveness under Art.3(1)(c), bearing in mind that there are already specific exclusions regarding shape marks in Art.3(1)(e).<sup>21</sup> The Court found that Art.3(1)(c) could apply to shape marks, irrespective of the existence of Art.3(1)(e).<sup>22</sup> The public interest previously identified in *Windsurfing Chiemsee* of keeping descriptive indicia free for all to use applied just as much in relation to three-dimensional shapes as much as any other type of sign, and so descriptive shapes could not be registered in the absence of acquired distinctiveness.<sup>23</sup> Here the Court could have narrowed the reach of the descriptiveness ground in the light of the existence of the specific shape exclusions but chose not to in the light of the public interest underlying Art.3(1)(c). In the same vein,

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<sup>18</sup> *Castel Frères SAS v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* (C-622/13 P) EU:C:2015:297.

<sup>19</sup> Paras 71-80.

<sup>20</sup> *Linde AG; Winward Industries Inc.; and Rado Uhren AG* (C-53/01 to C-55/01) [2003] E.C.R. I-3161; [2005] 2 C.M.L.R. 4.

<sup>21</sup> Art.3(1)(e) prevents the registration of shapes which derived from the nature of the goods themselves, are dictated by technical function, or add substantial value to the goods.

<sup>22</sup> Para.70

<sup>23</sup> Paras 71-77.

in *Henkel*, the CJEU used the public interest in order to justify the expansion of the descriptive marks exclusion to include not just the goods themselves, but also their packaging.<sup>24</sup>

The seeming exception to the rule that the public interest has led to the Court adopting the more restrictive route in the area of descriptive signs is in respect of neologisms. In *Campina Mekunie*,<sup>25</sup> the Court was asked whether it should be presumed that a mark composed entirely of descriptive terms is itself descriptive. It is submitted that answering this question in the affirmative would be the option that would be most protective of the public interest in keeping marks free. However, the CJEU answered that this cannot be automatically assumed, and allowed for the possibility that a mark composed of descriptive terms *could* create an impression sufficiently far removed from the mere combination of its parts in order to allow the mark to be registrable.<sup>26</sup> Nevertheless, the cited<sup>27</sup> public interest in keeping marks free is clearly working in the background in this case. While the court was prepared to allow for registrability in principle, in practice the Court found that a neologism composed of descriptive words will, in the ordinary course of events, be assumed to be descriptive without further evidence of consumers seeing it differently.<sup>28</sup> As will be discussed below, a similar approach can be seen in relation to the distinctiveness of neologisms.

Functional marks

Art.3(1)(e) excludes three categories of marks from registration:

- Shapes which result from the nature of the goods themselves
- Shapes which are necessary to obtain a technical result

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<sup>24</sup> *Henkel KGaA* (C-218/01) [2004] E.C.R. I-1725, para.44. The shape in question was a detergent bottle.

<sup>25</sup> *Campina Melkunie BV v Benelux-Merkenbureau* (C-265/00) [2004] E.C.R. I-1699; [2005] 2 C.M.L.R. 9.

<sup>26</sup> Para.40.

<sup>27</sup> Paras 35-36.

<sup>28</sup> Para.39. This approach was followed in *Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) v Celltech R&D Ltd. (CELLTECH)* (C-273/05) [2007] E.C.R. I-2883, paras 77-79.

- Shapes which give substantial value to the goods.

These exclusions share a public interest based on keeping certain marks free for others to use with Art.3(1)(c). One of the earliest articulations of this interest (which focuses on the second indent of Art.3(1)(e)) was in *Philips*:

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.<sup>29</sup>

and

that a shape whose essential characteristics perform a technical function and were chosen to fulfil that function may be freely used by all, that provision prevents such signs and indications from being reserved to one undertaking alone because they have been registered as trade marks.<sup>30</sup>

This was expressed more succinctly in *Hauck* as ‘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’.<sup>31</sup>

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<sup>29</sup> *Koninklijke Philips Electronics NV v Remington Consumer Products Ltd.* (C-299/99) [2002] E.C.R. I-5475; [2002] 2 C.M.L.R. 52, para.78.

<sup>30</sup> Para.80.

<sup>31</sup> *Hauck GmbH & Co. KG v Stokke A/S and Others* (C-205/13) EU:C:2014:2233, para.18. The first phrase of this definition was originally put forward in *Lego Juris A/S v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-48/09 P) [2010] E.C.R. I-8403, para.43.



The public interest in keeping technical solutions free for others to use is particularly visible in the way in which the CJEU has adopted the second indent of Art.3(1)(e), which prevents the registration of marks which ‘consist exclusively of the shape of goods which is necessary to obtain a technical result’. The fundamental question has been whether a shape can be considered ‘necessary’ to obtain a technical result if there are other shapes which are also capable of achieving the same technical outcome. For example, in *Philips v Remington*,<sup>32</sup> the sign in question consisted of three shaver heads arranged in an equilateral triangle. It would be perfectly possible (although perhaps not quite as efficient) to shave with a shaver consisting of two heads in a row, three heads in an Isosceles triangle, or even four heads in a square shape. Thus, it is hard to say that the particular shape for which Philips held a trade mark registration was ‘necessary’ to achieve the technical result of shaving in the way in which language is conventionally used. However the CJEU found that the provision applied where the shape was chosen for its technical result, even if there are other shapes which allow the same technical result to be obtained.<sup>33</sup> This maximises the scope of the functionality exclusion and was justified by reference to the public interest in keeping functional signs free from being ‘monopolised’ by one undertaking. This approach was reaffirmed in *Lego Juris*.<sup>34</sup> There the CJEU highlighted that allowing registration where there were alternatives available would not be effective in protecting third party access to a sufficient range of shapes, because trade mark owners can prevent the use of similar, and not just identical marks.<sup>35</sup> This approach seems analogous to that adopted to Art.3(1)(c). As we have seen, there too, the fact that there were alternative ways of achieving the result (in that case, communicating the descriptive message to consumers) did not lift the mark in question out of the scope of the exclusion. In both cases, this approach is explicitly identified as being justified by the underlying public interest in keeping certain marks free for other undertakings to use.

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<sup>32</sup> *Philips*, n.29.

<sup>33</sup> Paras 80-83.

<sup>34</sup> *Hauck*, n.31.

<sup>35</sup> Paras 55-60.

A further (albeit less prominent) example of the public interest being used to widen the second indent functionality exclusion can be seen in *Pi-Design*.<sup>36</sup> There the question before the Court was whether tribunals should take into account the way in which a sign has actually been used in order to judge whether it is functional. Ordinarily, a trade mark representation is expected to be self-contained. However, in this case, the CJEU found that

the requirements which must be satisfied by the graphic representation in order to fulfil its function, which concern a sign's general aptness to constitute a trade mark within the meaning of Article 4 of Regulation No 40/94, cannot restrict the competent authority's examination under Article 7(1)(e)(ii) of the regulation in such a way as might undermine the public interest underlying the latter provision.<sup>37</sup>

Consequently, the actual use of the mark could be taken into account in determining whether the features of the sign in question had a technical purpose. Thus, in analysing the mark, the tribunal was not constrained by the two-dimensional figurative mark consisting of a picture of a blade with black dots on. Instead, it could take into account whether actual use suggested that those dots were in fact dents in the knife-blade, designed to prevent the knife from slipping.<sup>38</sup> Looking at both the mark as registered and the mark as used increases the material that can be taken into consideration in assessing functionality, and so increases the likelihood of a functionality finding. A similar approach was taken in the *Rubik's Cube* case.<sup>39</sup> There the CJEU used the public interest underlying the second indent to justify its finding that the General Court should have considered the internal mechanism of the cube

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<sup>36</sup> *Pi-Design AG and Others v Yoshida Metal Industry Co. Ltd and Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) and Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) v Yoshida Metal Industry Co. Ltd* (C-337/12 P to C-340/12 P) EU:C:2014:129.

<sup>37</sup> Para.58.

<sup>38</sup> Paras 68-69. The CJEU did not ultimately reach a decision of whether the sign was functional, but referred the question back to the General Court.

<sup>39</sup> *Simba Toys GmbH & Co KG v EUIPO* (C-30/15 P) EU:C:2016:849, paras 38-54.

as part of its functionality analysis. This was despite the fact that, being internal, this was not visible to those viewing the graphical representation and description of the toy. These decision is particularly significant because, from the way the CJEU describes it, it appears that the public interest in the functionality ground allows functionality to override the graphic representation requirement. On the face of the Directive, these two grounds should be of equal importance.

Finally, the interest in keeping marks free for others to use embodied by the second indent has been used ambitiously by the Advocates General in order to overcome the fact that, prior to the recast Directive, the functionality exclusions were explicitly limited to shapes. Thus, in *Dyson*,<sup>40</sup> Advocate General Leger opined that the underlying public interest justified viewing shapes as including functional features [other than shapes] that affected the appearance of the product. Consequently, the transparency of Dyson's bin was, according to the Advocate General, barred by the second indent. Similarly, in *Louboutin*, Advocate General Szpunar opined that a colour applied to an element of the surface of the goods (in this case the red sole of Louboutin shoes) should be considered an element of the shape of the goods. If it was not, it would 'remove the freedom of competitors to offer goods incorporating the same functionality' and so 'the general interest underpinning Art.3(1)(e)...would not be fully served'.<sup>41</sup> In *Dyson*, the CJEU<sup>42</sup> made no mention of the Advocate General's reasoning, limiting itself to finding that the mark in question was not a sign. The CJEU's approach to *Louboutin* remains to be seen.

The one example of where the public interest has been used to *narrow* the second indent ground for refusal is in *Nestle v Cadbury*.<sup>43</sup> There the CJEU was asked whether a ban on registered shapes which are necessary to obtain a technical result applies only to how the goods themselves

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<sup>40</sup> *Dyson Ltd v Registrar of Trade Marks* (C-321/03) EU:C:2006:558, paras 77-102.

<sup>41</sup> *Christian Louboutin, Christian Louboutin SAS v Van Haren Schoenen BV* (Case-163/16) EU:C:2017:495, paras 51-58.

<sup>42</sup> *Dyson Ltd v Registrar of Trade Marks* (C-321/03) EU:C:2007:51.

<sup>43</sup> *Société de Produits Nestlé SA v Cadbury UK Ltd* (C-215/14) EU:C:2015:604.

function, or whether it also applies to the way in which those goods are manufactured. Arguably, the public interest based on allowing competitors to enter the market for functional goods on equal terms would suggest that the second indent should apply to the way in which goods are manufactured since constraints on methods of manufacture can make a difference to the price of goods or even on the competitor's ability to produce those goods at all. However, the CJEU found that only the way in which the goods function need be taken into account, and that their method of manufacture was unimportant<sup>44</sup>. This was explained partially by the fact that there is no reference to the method of manufacture in the wording of the provision,<sup>45</sup> but also because consumers are interested in how goods function, and do not care about how they are manufactured.<sup>46</sup> It should be remembered that consumer perception plays a deep-seated role in the justification for and operation of trade mark law. In this case, consumer perception has overridden the public interest in keeping marks free, causing a departure from what it is argued, is the norm, i.e. that in registrability cases, the public interest widens the scope of the exclusion. As discussed above, the same phenomenon is visible in relation to descriptive marks, where the fact that consumers view composite word marks as a whole means that the descriptiveness of their component parts is not considered *per se*.

In *Hauck*, the same public interest of keeping certain aspects free for competitors was identified as underlying the first indent, which prevents the registration of shapes resulting from the nature of the goods themselves. There the CJEU was asked whether the provision only applied where the shape was indispensable. This was answered in the negative, as it would mean that the exclusion would only apply to natural shapes or regulated products which must be made in that shape for legal reasons. This would be incompatible with the public interest of allowing competitors to use shapes that they need to compete. Instead the provision was interpreted as applying to shapes where one or

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<sup>44</sup> Para.57.

<sup>45</sup> Paras 53 to 54.

<sup>46</sup> Para.55.

more essential characteristics is inherent to the generic function of the product, and which consumers may be looking for in the product.<sup>47</sup>

There is a clear link here with the approach taken to the second indent, in that in both instances, the public interest is seen as not being sufficiently protected by a rule that allows registration where there is an alternative shape available.

An expansive approach has also been taken to the third indent of Art.3(1)(e) – a shape which gives substantial value to the goods. It was long thought that the purpose of this provision was to prevent trade mark law from overlapping with copyright. Consequently that the exclusion applied where the value added was attributable to the aesthetic qualities of the shape in question. However, in *Hauck*, after highlighting the purpose of the provision as preventing overlap with ‘other rights’ (i.e., not limited to copyright, but also potentially encompassing patents and designs), the CJEU confirmed that the provision applies not only to value that stems from artistic or ornamental sources, but also from functional aspects.<sup>48</sup> Again, in increasing the considerations that can be taken into account when assessing functionality, the CJEU has increased the possibilities for marks to be deemed unregistrable, and consequently open to use by third parties.

An interesting aspect of this decision is that the Court considered whether consumer perception of whether the aspect of the shape in question added substantial value to the goods was decisive. The Court found that it was not,<sup>49</sup> which stands in contrast to the approach taken both in relation to Art.3(1)(b) and the method of manufacture in the second indent. Here, the public interest in keeping marks free is overriding consumer perception.

More generally, the public interest has been used to explain the finding that the various grounds under Art.3(1)(e) can be applied concurrently, but cannot be used in combination when they

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<sup>47</sup> N.31, paras 20-27.

<sup>48</sup> N.31, paras 30-32.

<sup>49</sup> Para.34.

are only partially made out. This outcome is perhaps inevitable though as a matter of statutory interpretation.<sup>50</sup>

#### Marks lacking distinctiveness

Art.3(1)(b) prevents the registration of marks which are devoid of distinctive character. The public interest identified as underlying Art.3(1)(b) is less about keeping signs free for others to use,<sup>51</sup> and more about ensuring that the subject-matter of the registration is in fact capable of acting as a trade mark. Thus, in *SAT.1*, the CJEU identified the public interest behind this provision as being ‘manifestly, indissociable from the essential function of a trade mark’.<sup>52</sup> The essential function of a trade mark was in turn identified as ‘to guarantee the identity of the origin of the marked product to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin’.<sup>53</sup> On first glance, this approach has led to decisions where the public interest *expands* the reach of trade marks. For example, in *SAT.1*, the CJEU overturned the General Court’s decision on distinctiveness because the GC has considered the meaning of the components of the mark (SAT + . + 2) separately, rather than considering the impression that the mark as a whole made on consumers. The more expansive view, as was discussed in relation to descriptiveness, would be to also consider whether the individual components were distinctive.

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<sup>50</sup> *Hauck* (n.31), paras 39-43; *Nestle* (n.43), paras 46-51. Because there is nothing in the wording to the Directive to suggest that they can be combined, or that one excludes the other.

<sup>51</sup> Indeed, this is explicitly ruled out *SAT.1 SatellitenFernsehen GmbH v European Union Intellectual Property Office* (C-329/02 P) [2004] E.C.R. I-8317; [2005] 1 C.M.L.R. 57, para.36.

<sup>52</sup> Para.27.

<sup>53</sup> Para.23.

However, when applying Art.7(1)(b) in practice, the CJEU has implicitly adopted an approach that narrows the reach of trade mark protection and expands the scope of the exclusion from registrability. This is particularly visible in relation to both shapes and colours. This is unsurprisingly. On the one hand, limiting the availability of such signs can have a serious impact on the ability of competitors to provide competing products. However, on the other hand, such signs do not fit easily in the descriptiveness ground which has keeping certain marks free as its underlying public interest.

In relation to shape marks, the CJEU, beginning in *Linde*, has repeatedly stated that the same test for distinctiveness applies for shape marks, as compared to other types of marks.<sup>54</sup> However, the Court has gone on to say that *in practice*, it may be more difficult to establish that consumers will recognise a shape of a product as indicating origin.<sup>55</sup> Indeed, in *Henkel*,<sup>56</sup> the Court went further. While purporting to apply the same standard of distinctiveness to shape marks as to other marks, it expressed the test as follows

a simple departure from the norm or customs of the sector is not sufficient to render inapplicable the ground for refusal given in Article 3(1)(b) of the Directive. In contrast, a trade mark which significantly departs from the norm or customs of the sector and thereby fulfils its essential original function is not devoid of distinctive character.<sup>57</sup>

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<sup>54</sup> *Linde* n.20, para.46.

<sup>55</sup> *Linde* n.20, paras 46-48, *Henkel* n.24, para.52.

<sup>56</sup> *Henkel* n.24.

<sup>57</sup> Para.49. For an example of this approach in operation, see *Deutsche SiSi-Werke GmbH & Co. Betriebs KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-173/04 P) [2006] E.C.R. I-551, para.63, where the CJEU differentiated between Art.3(1)(c), which the Court said looks at whether the shape may be commonly used *in the future* by competitors and Art.3(1)(b), which considers whether the shape is *already* in general use.

Nowhere else is a ‘significant’ departure from existing signs on the market required and generally a vaguer (and arguably lower) level of distinctiveness has sufficed.<sup>58</sup> It is thus submitted that what the Court is doing is limiting the scope of trade mark law through the registrability criteria, while at the same time paying lip-service to what it has identified as the public interest behind Art.3(1)(b). In practice, this makes it very difficult to register a shape mark, particularly where it consists of the shape of the product itself or its packaging.

The Court has been explicit about its use of the public interest to limit registration on distinctiveness grounds in relation to colour marks. In *Libertel*, it was put to the Court that there was a finite number of colours and that the supply could be exhausted if applicants were permitted to register undelimited single colours. The CJEU has explicitly identified descriptiveness and the shape mark provisions of Art.3(1)(e) as those which protect the public interest in keeping marks free for other competitors to use. However, colours are not shapes<sup>59</sup> and descriptiveness did not capture the objection to registration here, which was not directly based on the relationship between the goods/services and the (colour) mark. Nevertheless, the CJEU accepted that there was a public interest in not unduly restricting the availability of colours for other traders to use, and that this could be considered under Art.3(1)(b). Moreover, in line with the approach taken elsewhere in Art.3(1)(b) - that it is sometimes very difficult as a matter of fact to show that a mark is distinctive - the Court found that it was ‘near inconceivable’ that an undelimited colour would be distinctiveness absent use. This public interest was reaffirmed in *Heidelberger Bauchemie*<sup>60</sup> in relation to combinations of colours. There the Court allowed the registration of colour combinations but took a restrictive

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<sup>58</sup> See J. Mellor *et al*, *Kerly’s Law of Trade Marks and Trade Names* (Sweet & Maxwell, London, 2014), §§ 8:042 - 8:056.

<sup>59</sup> Although going forward, the Recast Directive, Art.4(1)(e) has amended the functionality ground so that it is no longer limited to shapes.

<sup>60</sup> *Heidelberger Bauchemie GmbH* (C-49/02) [2004] E.C.R. I-6129, para.41.



approach to when they could be registered, requiring a systematic arrangement of the colours in a predetermined and uniform way.<sup>61</sup>

However, even in relation to word marks, when it comes to compound word marks, the way in which the CJEU has applied Art.7(1)(b) to actual marks has tended to militate against registration. Thus, when considering the distinctiveness of neologisms composed of descriptive terms, the Court found

‘a mark consisting of a word composed of elements, each of which is descriptive of characteristics of the goods or services in respect of which registration is sought, is itself descriptive of the characteristics of those goods or services unless there is a perceptible difference between the word and the mere sum of its parts’.<sup>62</sup>

This is consistent with *SATI*, in the sense that it requires tribunals to consider the marks as a whole to determine whether the whole is different from the sum of its parts. In practice though, it is near impossible to find any examples of neologisms that meet this test.<sup>63</sup> Indeed, *Eurohypo* established a (rebuttable) presumption against this.<sup>64</sup>

In fact, the Court has gone further and found that a mark composed of an abbreviation followed by a combination of descriptive words will also lack distinctiveness. This is because it too

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<sup>61</sup> Para.42.

<sup>62</sup> Para.54.

<sup>63</sup> With the notable exception of *Procter & Gamble Company v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* (C-383/99 P) [2001] E.C.R. I-6251. Three further examples are given in the EUIPO’s *Examination Guidelines* (n.54) at §2.3.2.2.

<sup>64</sup> *Eurohypo AG v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-304/06 P) [2008] E.C.R. I-3297, para.69.

will not be perceived by consumers to have a different overall impression from its descriptive parts.<sup>65</sup>

A similar approach can be seen in relation to the mark *BioID*, which likewise was not distinctive because the combination of two descriptive terms and certain minor figurative elements did not create an impression that different from the descriptive meaning of the two elements.<sup>66</sup>

The right to bring opposition proceedings

*Donaldson Filtration v ultra air*<sup>67</sup> underlines the importance of the public interest underlying the exclusions from registrability. The opponent to registration had applied for the mark in question to be invalidated in order to be able to use it on its own products. However, the fact that the opponent had a personal interest in the mark being invalidated did not mean that its application for invalidity amounted to an abuse of process. Regardless of that private interest, the Court stressed that there Articles 7(1)(b) and (c) protect the *public* interest, meaning that any person could rightly mount an opposition on those grounds in order to protect the public. Indeed, the whole point of Art.7(1)(c) was to keep the sign in question free so that others could use it for their goods.<sup>68</sup>

### **The public interest as a tool for expanding the reach of trade mark law**

The various public interests identified above in relation to registrability tend to be rather ‘one sided’ – either about leaving certain signs available, or ensuring that the sign truly can function as a trade mark

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<sup>65</sup> *Alfred Strigl — Deutsches Patent- und Markenamt and Securvita Gesellschaft zur Entwicklung alternativer Versicherungskonzepte mbH v Öko-Invest Verlagsgesellschaft mbH* (C-90/11 and C-91/11) EU:C:2012:147, para.35 (the mark in question was ‘NAI — Der Natur-Aktien-Index’).

<sup>66</sup> *BioID AG v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-37/03 P) [2005] E.C.R. I-7975, paras 69-75.

<sup>67</sup> *Donaldson Filtration Deutschland GmbH v ultra air GmbH* (C-450/13 P) EU:C:2014:2016, paras 41-49.

<sup>68</sup> Para.43.

- without consideration for the interests of the would-be trade mark owner. Thus, public interest in the context of registrability emphasises free competition and maximising the availability of marks to third parties. There is a further line of cases where the public interest identified has been used to *expand* the reach of trade mark law. These cases tend to cluster round *inter partes* issues – usually infringement. In these cases, as we are about to see, the focus is much more on balance, with interests pertaining to both the trade mark owner and its competitors identified.

### Double identity

Art.5(1)(a) of the Directive states that a trade mark owner can prevent third parties from using ‘any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered’. If read literally this provision appears to provide automatic protection where the parties’ marks and goods/services are identical. However, in *Arsenal v Reed*, the CJEU stated that ‘the exclusive right under Article 5(1)(a) of the Directive was conferred in order to enable the trade mark proprietor to protect his specific interests as proprietor, that is, to ensure that the trade mark can fulfil its functions.’<sup>69</sup> This would appear to place the interests protected under this article firmly within the ambit of protecting the trade mark owner. However, the Court went on to say that ‘The exercise of that right must therefore be reserved to cases in which a third party’s use of the sign affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods.’<sup>70</sup> In other words, only *genuine* interests of the trade mark owner can be protected. This *narrows* the reach of trade mark law by clarifying that what might appear like absolute protection can in fact only be relied on by the trade mark owner when the origin function of his trade mark is compromised.

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<sup>69</sup> *Arsenal Football Club plc v Matthew Reed* (C-206/01) [2002] E.C.R. I-273; [2003] 1 C.M.L.R.12, para.51.

<sup>70</sup> *Ibid.*

Indeed, in the first tranche of cases following *Arsenal v Reed*, the CJEU used this formula to narrow the seemingly absolute protection of Art.5(1)(a) down to situations where the use of the identical mark would be likely to confuse consumers as to the origin of the junior user's goods. Thus, in *Anheuser Busch*, the CJEU was asked whether a trade name identical to a registered trade mark could infringe that registered trade mark. The Court answered in the affirmative, but only where 'the consumers targeted, including those who are confronted with the goods after they have left the third party's point of sale, are likely to interpret the sign, as it is used by the third party, as designating or tending to designate the undertaking from which the third party's goods originate.'<sup>71</sup> Similarly, in *Adam Opel*, the senior user owned a device mark (the Opel logo) for toys, although its primary business was the manufacture of full-sized cars. The junior user produced scale models of those cars which, as faithful reproductions, included the Opel logo at the front of the bonnet. Once again, it would seem like identical signs were being used for identical goods (the junior toys versus the senior registration for toys). However, after citing the interest identified in *Arsenal v Reed*, the CJEU ruled that

'If, by those explanations, the referring court intended to emphasise that the relevant public does not perceive the sign identical to the Opel logo appearing on the scale models marketed by Autec as an indication that those products come from Adam Opel or an undertaking economically linked to it, it would have to conclude that the use at issue in the main proceedings does not affect the essential function of the Opel logo as a trade mark registered for toys.'<sup>72</sup>

However, in more recent cases, the CJEU has used the interests of the trade mark owner that Art.5(1)(a) has been identified as protecting in order to *broaden* the reach of trade mark law. In *L'Oreal v Bellure*, the CJEU repeated its statement in *Arsenal* that Art.5(1)(a) was intended to protect the trade mark owner's specific interests as a proprietor, and that therefore it had to be limited to

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<sup>71</sup> *Anheuser-Busch Inc. v Budějovický Budvar, národní podnik* (C-245/02) [2004] E.C.R. I-10989, paras 59-60.

<sup>72</sup> *Adam Opel AG v Autec AG* (C-48/05) [2007] E.C.R. I-1017, para.24.

situations where the exercise of the right was liable to affect one of those functions. However, in *L’Oreal*, the CJEU did not limit those functions to the essential function of indicating origin, which is harmed primarily by causing confusion. Instead, the *L’Oreal* Court recognised that marks have other functions which need to be protected, namely, communication, investment and advertising.<sup>73</sup> Indeed, the Court went on to explicitly state that Art.5(1)(a) was wider than Art.5(1)(b), which is limited to situations where there is a likelihood of confusion.<sup>74</sup>

In practice, the Court has not applied the *L’Oreal* ruling to its full extent, and has failed to identify situations in which those other functions are affected,<sup>75</sup> save in the context of parallel importation (discussed below). It is argued though that once the possibility of those additional functions has been admitted, there remains the potential for the Court to use those functions in the appropriate case to widen the reach of trade mark law via Art.5(1)(a).

#### Confusion-based infringement

Art.5(1)(b) states that a trade mark owner can prevent third parties from using

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<sup>73</sup> *L’Oréal SA, Lancôme parfums et beauté & Cie SNC and Laboratoire Garnier & Cie v Bellure NV, Malaika Investments Ltd and Starion International Ltd* (C-487/07) [2009] E.C.R. I-5185, para.58.

<sup>74</sup> Para.59.

<sup>75</sup> In *Die BergSpechte Outdoor Reisen und Alpinschule Edi Koblmüller GmbH v Günther Guni and trekking.at Reisen GmbH* (C-278/08) [2010] E.C.R. I-2517, para.36, the CJEU found that in the context of advertising keywords, there would only be infringement under Art.5(1)(a) when the advertisement either suggested that there was an economic link between the trade mark owner and junior user, or if it was so vague that consumers could not tell whether such an economic link was present. In both *Google France SARL and Google Inc. v Louis Vuitton Malletier SA, Google France SARL v Viaticum SA and Luteciel SARL and Google France SARL v Centre national de recherche en relations humaines (CNRRH) SARL and Others* (C-236/08 to C-238/08) [2010] E.C.R. I-2417, paras 75-99 and *Interflora Inc. and Interflora British Unit v Marks & Spencer plc and Flowers Direct Online Ltd* (C-323/09) [2011] E.C.R. I-8625, paras 37—66, the Court explained the nature of the various functions in great detail, but failed to state in concrete terms what would compromise those functions.

‘any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark’.

The underlying public interest is rarely cited in the jurisprudence on confusion-based infringement. This is likely to be because the provisions are taken at face value, and the dual interests of protecting consumers and trade mark owners from deception are quite obvious. One notable exception is *BGW*.<sup>76</sup> There the question was whether there was a likelihood of confusion between the senior word and figurative mark containing the letters BGW and the applied-for word mark BGW Bundesverband der deutschen Gesundheitswirtschaft (which in English means Federal Association of German Healthcare). The case is an interesting one for our purposes because the Court explicitly identifies the fundamental difference between the public interest underlying the *inter partes* provisions, and that underlying the absolute grounds for the refusal of registrability. The junior user attempted to rely on *Strigl* (discussed above), where, in respect of Art.3(1)(c), the Court found that a three-letter abbreviation tacked on to beginning of a descriptive term could not differentiate it from that descriptive term. Thus, the junior user argued that in this confusion case, the three-letter prefix could not dominate the junior mark and lead to confusion. However, the CJEU rejected the making of such a presumption on the basis of *Strigl*. The Court observed<sup>77</sup>

[T]he absolute grounds for refusal of registration set out in Article 3(1)(b) and (c) of Directive 2008/95 and the relative grounds for refusal of registration set out in Article 4(1)(b) of that directive pursue different aims and are intended to protect distinct interests.

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<sup>76</sup> *BGW Beratungs-Gesellschaft Wirtschaft mbH v Bodo Scholz* (C-20/14) EU:C:2015:714.

<sup>77</sup> Paras 23-26.

The general interest underlying Article 3(1)(c) of Directive 2008/95 is that of ensuring that signs which describe one or more characteristics of the goods or services in respect of which registration as a mark is sought may be freely used by all traders offering such goods or services ...

The notion of general interest underlying Article 3(1)(b) of that directive is indissociable from the essential function of a trade mark, which is to guarantee the identity of the origin of the product or service covered by the mark to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin ...

By contrast, Article 4(1)(b) of Directive 2008/95 is intended to protect the individual interests of proprietors of earlier marks that come into conflict with the sign applied for and thus guarantees the trade mark as an indication of origin if there is a likelihood of confusion ...

[internal citations omitted]

Thus, while consumer perception had a key role to play in relation to all the provisions, the angle from which consumers viewed the mark, and the relationships they were likely to make between the terms in question and their component parts differed. In this case, that meant that similarity of marks leading to confusion could not be ruled out on the basis that all that was shared was a three-letter abbreviation. This was despite the fact that the existence of a similar abbreviation might be given less weight in a different context.<sup>78</sup> Here, given the different public interests involved, the CJEU has explicitly used the existence of the abbreviation to widen the scope of trade mark law, by keeping open the possibility of confusion, whereas a similar three-letter abbreviation, in the context of descriptiveness would not be sufficient to bring the mark in question into the reach of trade mark law.

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<sup>78</sup> Para.42.

## The general defences

Art.6(1) of the Directive provides defences where the junior user is using his own name or address; is using the mark descriptively (and under Art.14(1)(b) of the Recast Directive, non-distinctively) or is using the mark to indicate the intended purpose of the goods or services, including to serve as spare parts for branded products. Clearly, an important justification for these defences is to enable junior users to use signs which are the same as, or similar to senior signs in order to be able compete effectively. The public interest behind the descriptiveness ground for refusal to register is articulated solely in terms of the interests of the junior user. In relation to the defences though, the interest involved is expressed in terms of a balance:

By thus limiting the effects of the exclusive rights of a trade mark proprietor, Article 6 of the Directive seeks to reconcile the fundamental interests of trade mark protection with those of free movement of goods and freedom to provide services in the common market in such a way that trade mark rights are able to fulfil their essential role in the system of undistorted competition which the EC Treaty seeks to establish and maintain.<sup>79</sup>

Indeed, it is telling that in this overall statement, the countervailing interest to the senior trade mark rights is expressed in instrument terms, focussing not on the junior user's interest, but rather on the effect that denying the use would have on the establishment and maintenance of the single market.

The junior interest in availability does get an airing in *Adidas II*,<sup>80</sup> where the CJEU noted that 'Article 6(1)(b) of the Directive seeks to ensure that all economic operators have the opportunity to use descriptive indications. As noted by the Advocate General in points 75 and 78 of his Opinion, that

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<sup>79</sup> This expression originates in *Bayerische Motorenwerke AG (BMW) and BMW Nederland BV v Ronald Karel Deenik* (C-63/97) [1999] E.C.R. I-905; [1999] 1 C.M.L.R. 1099, para.62, and has been repeated many times. It should be noted that *BMW* was, in part, an Art.7 case, which may explain the emphasis on free movement.

<sup>80</sup> *adidas AG and adidas Benelux BV v Marca Mode CV and Others* (C-102/07) [2008] E.C.R. I-2439, paras 44-49.



provision therefore gives expression to the requirement of availability.’ Availability though was limited. It could not be interpreted as giving an independent restriction on the effects of the senior trade mark than exceeded descriptiveness as defined in Art.6(1)(b). Thus, the general argument that the junior user should be able to benefit from the descriptive use defence where it was using simple stripes which should be free for all to use was rejected. Admittedly, a generalised ‘keep free’ argument was also rejected in relation to Art.3(1)(c) for registrability. The difference here though is that for registrability, any sign that potentially could be used descriptively is barred from registration. In contrast, there is an ongoing dispute around the scope of descriptiveness in relation to the defences. While in *Gerolsteiner* it was suggested that if the sign was used descriptively, it did not matter if it was also used as a trade mark to indicate the origin of the junior goods,<sup>81</sup> the opposite was stated in *Windsurfing Chiemsee*.<sup>82</sup> In the arguably equivalent case of a mark which has two meanings under Art.3(1)(c), the Court has consistently favoured the position which make the mark available for third parties to use.

A further example of a restrictive approach being taken to the scope of Art.6(1)(b) is *Adam Opel*. As described above, the junior user had produced scale models of Adam Opel cars, which included the registered trade mark-protected Opel logo. Autec argued that this amounted to descriptive use as it was describing the junior goods as scale models of Adam Opel’s full-sized cars. However, this interpretation was rejected by the CJEU. In a rather Delphic judgment, the Court appears to suggest that the difficulty here was that the descriptive use defence covers situations where a mark is being used to describe properties of the *junior* goods, but not, as here, when it was describing properties of the *senior* goods.<sup>83</sup> It should be noted that there is no such limitation in the Directive, which speaks about the defence applying to ‘goods or services’ without specifying whose. Similarly, in *Portakabin*, the CJEU suggested that, although it cannot be ruled out, in most cases, use

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<sup>81</sup> *Gerolsteiner Brunnen GmbH & Co. v Putsch GmbH* (C-100/02) [2004] E.C.R. I-691, para.15.

<sup>82</sup> *Windsurfing Chiemsee*, n.10, para.28.

<sup>83</sup> *Adam Opel* n.72, paras 43-44.

of another's trade mark as an internet keyword will not be descriptive of the junior goods, and therefore will generally not fall within Art.6(1)(b).<sup>84</sup> Presumably the thinking behind this is that using a trade mark as a keyword describes the trade mark owner's goods, rather than the junior users, unless the mark can be used generically.<sup>85</sup>

Art.6(1)(c) provides a defence where the use of the trade mark is 'necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts'. In other words, there are two components: (i) the use must indicate the purpose of the product or service and (ii) the use must be necessary to do so. Given that the rationale behind this rule has been explained in *Gillette* in terms of the balance between trade mark rights and free movement of goods, it is perhaps surprising that the Court has taken a relatively liberal approach to what counts as the intended purpose of a product. Thus, in *BMW*, the Court found that indicating that the junior user serviced branded cars indicated the purpose of the junior services and so fell within the defence.<sup>86</sup> Similarly, in *Gillette*, the Court stressed that the defence was not limited to accessories or spare parts and instead took in any use that indicated the intended purpose of the goods, including, as in that case, the provision of replacement blades for branded shavers.<sup>87</sup>

On the other hand, the approach to the second element of the defence – that the use must be 'necessary' to indicate the purpose - limits the scope of the defence. As we have already seen in the context of functionality, 'necessity' is a tricky concept. It will be remembered that in relation to functionality, the Court adopted a broad view to the meaning of necessity. There the Court ruled that it was sufficient for something to be 'necessary' if this was what motivated its choice, rather than it being required that it had to be the *only* way of achieving the desired result. However, when it comes

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<sup>84</sup> *Portakabin Ltd and Portakabin BV v Primakabin BV* (C-558/08) [2010] E.C.R. I-6963, paras.60-61.

<sup>85</sup> *As per* para.61.

<sup>86</sup> *BMW*, n.79, para.59.

<sup>87</sup> *The Gillette Company and Gillette Group Finland Oy v LA-Laboratories Ltd Oy* (C-228/03) [2005] E.C.R. I-2337; [2005] 2 C.M.L.R. 62, para.32.

to the intended purpose defence, the Court has taken the opposite position. For intended purpose, it has found that the use will only be necessary (and therefore permitted) if it is the *only* way of achieving the result of communicating the information to consumers. Thus, in *BMW*, the Court noted that the use of the BMW mark was ‘necessary’ to inform consumers that the junior user maintained, repaired and was a specialist in BMW cars because ‘that fact cannot in practice be communicated to his customers without using the BMW mark.’<sup>88</sup> This was restated in *Gillette*, where the Court held

that such use of a trade mark is necessary in cases where that information cannot in practice be communicated to the public by a third party without use being made of the trade mark of which the latter is not the owner ...As the Advocate General has pointed out in points 64 and 71 of his Opinion, that use must in practice be the only means of providing such information.<sup>89</sup>

The Court went on to state that there would not be necessity if there existed technical norms applying to this form of goods which the public would understand and which would provide the same information.<sup>90</sup> This narrow approach to the defence gives third parties very little discretion (or indeed margin of error) in determining what would be the best way to communicate their message about their competing goods to the public. This could lead to chilling effects amongst litigation-averse junior users, who fear that that the relevant tribunal’s view of whether the information could be communicated another way is different from their own. It is also clear evidence of the phenomenon whereby, on the basis of identical language, the public interest has led to a narrowing of the reach of trade mark law in the case of registrability and a widening of its scope in the case of infringement.

There is an additional piece in the defences jigsaw, which is that the availability of all the defences is subject to the junior use being ‘in accordance with honest practices in industrial or commercial matters’. The interest identified as being behind this provision - that it is ‘in substance the

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<sup>88</sup> *BMW*, n.79, para.60.

<sup>89</sup> *Gillette*, n.87, para.35.

<sup>90</sup> Para.36.

expression of a duty to act fairly in relation to the legitimate interests of the trade mark owner'<sup>91</sup> - places it strongly in the camp of protecting the trade mark owner. Thus it widens the scope of trade mark law. This has filtered through into the way in which the honest practices proviso has been interpreted. In *Gillette*,<sup>92</sup> the Court held that the use is not in accordance with honest practices if it gives the impression of a commercial connection between the parties, takes unfair advantage of its distinctive character or discredits or denigrates the mark. It also cannot be honest if the junior user presents his product as an imitation or replica of the senior product. This is a very difficult definition, as, in using the types of activities that count as infringement as the definition of the proviso, it would seem to rule out the availability of the defences in almost every case.<sup>93</sup> An alternative definition of honest practices, put forward in both *Anheuser-Busch*<sup>94</sup> and *Celine*, takes a slightly more defendant-friendly approach. In these cases the Court asks first whether the junior user is understood by the public as indicating a link between the junior goods and the trade mark owner, and then, whether the junior user ought to have been aware of this. The test articulated here at least takes the junior user's state of mind into account, albeit in an objective manner. It still creates a conflict though between the availability of the defence and the definition of infringement to the extent that potentially only non-infringing uses will fall within the scope of the Art.6 defences. This is heightened by the fact that the Court then calls on tribunals to consider whether the mark in question has a reputation from which the junior user may gain an advantage. Again this echoes one of the forms of infringement, but this time

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<sup>91</sup> First articulated in *BMW*, n.79, para.61, then repeated in *Gerolsteiner*, n.81, para.24, *Anheuser-Busch*, n. 71 para.82, *Gillette*, n.87, para.41, *Céline SARL v Céline SA* (C-17/06) [2007] E.C.R. I-7041, para.34.

<sup>92</sup> *Gillette*, n.87, paras 42-45.

<sup>93</sup> *Gerolsteiner*, n.81, para.25 states though that the fact that the junior use creates 'aural confusion' does not prevent the use from being honest. However, aural confusion appears to be some form of superficial confusion (perhaps similarity?) and the Court certainly does not go as far as to say that the use is in accordance with honest practices if there is overall confusion as to origin.

<sup>94</sup> *Anheuser-Busch*, n.71, para.83.

without any mention of the junior user's state of mind.<sup>95</sup> Consequently, recourse to the interests underlying the provisions of the Directive has resulted in both the substantive defences and the honest practices proviso being interpreted in a way that gives maximum protection to registered trade marks.

#### Due cause

One example where the public interest has not been used to restrict trade mark law in the *inter partes* context is in relation to 'due cause'. Art.5(2) allows trade mark owners to prevent the use of identical or similar marks where the junior use causes detriment to the senior mark's distinctive character or repute or takes unfair advantage of it. However, this is subject to a caveat that the junior use must be 'without due cause' for an action to stand. For a long time it was thought that the 'due cause' proviso was limited to situations where the junior user was compelled to use an otherwise infringing mark. Such situations were limited to, if there was a legal requirement for the junior user to use the mark, or if he had an earlier right to do so. However, in *Leidseplein*, the CJEU used the public interest to narrow the scope of trade mark law and ruled that the proviso was not so limited. The Court noted that the purpose behind the provision was to strike a balance between the interests of the trade mark owner and those of other economic operators.<sup>96</sup> Interpreting 'due cause' restrictively would not take those third party interests into account<sup>97</sup> and so it needed to take into account how the junior use had been using his mark – for example, did the use predate the earlier use? Had the junior user built up a reputation that was capable of being expanded in to other product markets? Moreover, it was necessary to consider the subjective intention to the junior user.<sup>98</sup> This stands in marked contrast to the approach taken to 'honest practices' which is more restrictive and essentially an objective test.

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<sup>95</sup> *Celine*, n.91, para.34.

<sup>96</sup> *Leidseplein Beheer BV and Hendrikus de Vries v Red Bull GmbH and Red Bull Nederland BV* (C-65/12) EU:C:2014:49, paras 41-46.

<sup>97</sup> Para.48

<sup>98</sup> Paras 50-60.

Perhaps the explanation is that the balance in the case of Art.5(2) was already skewed by the fact that the Court has taken an expansive approach to scope of unfair advantage, taking in any unremunerated advantage<sup>99</sup>, and there was only due cause left to redress this balance.

### Repackaging

Thus far we have considered infringement arising from use of potentially conflicting marks by competitors in relation to their own goods or services. Art.7 prevents a trade mark owner from prohibiting the use of its own trade mark in relation to goods that it has put on the market, or which have been put on the market with its consent. However, this is subject to a proviso, contained in Art.7(2) that the trade mark owner can nevertheless oppose the further commercialisation of his goods where there are 'legitimate reasons' to do so.

The CJEU has explained that the interest behind Art.7 is 'to reconcile the fundamental interest in protecting trade mark rights with the fundamental interest in the free movement of goods within the common market.' Once again, this is an example in the infringement context of the underlying interest being one of balance and again, the countervailing interest is free movement, rather than competitors' rights.

The concept of parallel importation is well established, predating the Directive. Consequently, there is little exploration of the interests involved in the recent jurisprudence establishing the general principles of parallel importation. However, the Art.7 case law has been construed to go further, allowing not just the resale of the parallel imported goods, but also their repackaging by third parties into new packaging bearing the original trade mark. If one stops to think about it, this is a remarkable concession, as it grants to a completely unconnected third party the ability to apply the trade mark owner's trade mark to goods. Nevertheless, this is exactly what was affirmed (drawing on pre-Directive jurisprudence) in *Bristol Myers Squibb* ('BMS'). First the Court cited the interest behind Art.7. It then noted that a trade mark should only be allowed to derogate from free movement of

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<sup>99</sup> In *L'Oreal v Bellure* n.73 and *Interflora* n.75.

goods when this was justified to protect the specific subject matter of the trade mark, which was to guarantee that all goods bearing that trade mark originated from the same undertaking. Where goods are repackaged in a careful fashion, this function is not affected. Thus, in establishing the principle of allowing repackaging, the Court has taken an approach that restricts the scope of trade mark law. However, in applying the rules on when repackaging is allowed, the Court has been more mindful of the trade mark owner's element of the balance behind Art.7, and has interpreted it in a way that maximises the scope of trade mark law.

Thus, in *BMS*, the Court suggested that repackaging would *not* be allowed, unless a restrictive test was met – namely:

- i. that preventing repackaging would contribute to the artificial partitioning of the EU market;
- ii. that the repackaging could not adversely affect the original condition of the product;
- iii. that the owner of the mark receives prior notice before the repackaged product is put on sale; and
- iv. that it must state on the new packaging the identity of the repackager.<sup>100</sup>

Moreover, subsequent cases have applied this test in a restrictive manner. Of those that draw on the interest underlying the provision, perhaps the most fundamental is *Boehringer Ingelheim*,<sup>101</sup> where the Court found that repackaging, by its very nature, creates a risk to the original condition of the product.

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<sup>100</sup> Para.49.

<sup>101</sup> *Bristol-Myers Squibb v Paranova A/S and C. H. Boehringer Sohn, Boehringer Ingelheim KG and Boehringer Ingelheim A/S v Paranova A/S and Bayer Aktiengesellschaft and Bayer Danmark A/S v Paranova A/S* (C-427/93, C-429/93 and C-436/93) [1996] E.C.R. I-3457; [1997] 1 C.M.L.R. 1151, para.34.

Therefore, the presumption must be *against* repackaging<sup>102</sup> unless it is necessary to do so in order to enable marketing of the parallel imported product into the destination Member State.

The sharp-eyed will have noted that in this context too, the Court has raised the question of whether the junior user of the mark in question is ‘necessary’. In this case the question was whether the repackaging is necessary to avoid the partitioning of the EU market. As with the other *inter partes* cases, necessity has been interpreted restrictively, in a way that limits the ability of third parties to use trade marks.

Unlike the other uses of necessity that we have come across, this one originates in the jurisprudence rather than the Directive. In *Pharmacia & Upjohn*, the Court observed in relation to artificial partitioning that

where the trade-mark rights in the importing Member State allow the proprietor of the trade mark to prevent it being reaffixed after repackaging of the product or being replaced, and where the repackaging with reaffixing or the replacement of the trade mark is necessary to enable the products to be marketed by the parallel importer in the importing Member State, there are obstacles to intracommunity trade giving rise to artificial partitioning of the markets between Member States within the meaning of the case-law cited, whether or not the proprietor intended such partitioning.<sup>103</sup>

It went on to say that the replacement of the trade mark had to be ‘objectively necessary’. This would be the case if the importer could not gain ‘effective’ market access because, for example, of national rules preventing the use of the trade mark originally affixed to the packaging.<sup>104</sup> This was broadened somewhat in *Boehringer Ingelheim* to take in situations where medical-related rules of practices

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<sup>102</sup> Rather than, as the referring Court had argued, that repackaging does not change the quality of the goods inside the packaging and that therefore repackaging should be presumed acceptable unless proven otherwise.

<sup>103</sup> *Pharmacia & Upjohn SA v Paranova A/S* (C-379/97) [1999] E.C.R. I-6927; [2000] 1 C.M.L.R. 51, para.39.

<sup>104</sup> Para.43.



specific to the destination jurisdiction meant that it could not or would not be sold in its original size.<sup>105</sup> However, repackaging merely to confer a commercial advantage would not suffice.<sup>106</sup> As in the case of the defences, this is a strict approach to necessity, limited to situations where effectively the junior user has no choice, rather than leaving the junior user any discretion as to what would be the most effective way to access consumers. Thus it expands the reach of trade mark law.

A further example of the expansive approach to trade mark law in this context in the light of the underlying interest being identified is in relation to relabelling. Relabelling occurs when, instead of placing the trade marked goods in new packaging in order to access the market, the junior user places a sticker on the original packaging with additional information, such as a translation of ingredients or safety instructions. The products are not removed from their original packaging, so the risk to them must be far less than in the case of repackaging. Nevertheless, the Court in *Loendersloot* found that exactly the same test applies to relabelling as to repackaging.<sup>107</sup> By requiring the rules to apply to relabelling, the CJEU potentially increased the risk that a mark would be found to be infringed, rather than legitimately further commercialised.

#### Further commercialisation

Emboldened by the stated need to balance the fundamental interest in the protection of trade mark rights with the fundamental interest in the free movement of goods,<sup>108</sup> in *Dior v Evora*, the CJEU

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<sup>105</sup> *Boehringer Ingelheim KG, Boehringer Ingelheim Pharma KG, Glaxo Group Ltd, The Wellcome Foundation Ltd, SmithKline Beecham plc, Beecham Group plc, SmithKline & French Laboratories Ltd and Eli Lilly and Co. v Swingward Ltd and Dowelhurst Ltd.* (C-143/00) [2002] E.C.R. I-3759; [2002] 2 C.M.L.R. 26, para.47.

<sup>106</sup> *Pharmacia & Upjohn*, n.103, para.44, *Boehringer Ingelheim*, n.101, para.48.

<sup>107</sup> *Frits Loendersloot, trading as F. Loendersloot Internationale Expeditie v George Ballantine & Son Ltd and Others* (C-349/95) [1997] E.C.R. I-6277; [1998] 1 C.M.L.R. 1015, paras 27-29.

<sup>108</sup> *Parfums Christian Dior SA and Parfums Christian Dior BV v Evora BV* (C-337/95) [1997] E.C.R. I-6013; [1998] 1 C.M.L.R. 737, para.42.

significantly expanded the reach of Art.7(2). This provision states that the trade mark owner may oppose the resale of trade marked goods where it has legitimate reasons to do so. Until *Dior v Evora*, it was thought that this applied primarily in situation where the physical condition of the goods had changed, and so the trade mark no longer gave a truthful message about who was responsible for the quality of the goods. However, in *Dior*, the Court found that the interest of the trade mark owner covered the value of his mark, which consists of both the physical condition of the goods bearing it, and image of the mark, which in this case was one of luxury and prestige.<sup>109</sup> Consequently, the senior user could control, to some extent at least, not just the fact of the resale of those goods, but also how that resale was advertised.<sup>110</sup> As was the case with Art.5(1)(a), there is a process going on here which is intimately connected to the way in which the interest behind the relevant provision is expressed. As a first step, the fact that the provision has an underlying rationale in protecting the trade mark owner's interests is expressed. Next, content is given to those interests. Since the Court is looking at *underlying* interests, that content is expansive as the Court is not constrained by the wording of the provision, and the result is an expansion of the scope of trade mark law.<sup>111</sup>

### **The outliers**

There are a couple of groups of cases which do not fit neatly into the pattern that we have identified of the public interest being used to narrow trade mark law in registrability cases and expand its scope in *inter partes* cases. It should be noted though that these atypical cases are, in a sense, hybrids. While they are registrability/revocation cases, they take place against a factual background where there are

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<sup>109</sup> Para.45.

<sup>110</sup> Para.45.

<sup>111</sup> Although in both cases, the full impact of the expansion is yet to be realised, with the exception in respect of Art.7(2) being *Copad SA v Christian Dior couture SA, Vincent Gladel and Société industrielle lingerie (SIL)* (C-59/08) [2009] E.C.R. I-3421, where Art.7(2) was used to maintain a selective distribution agreement by arguing that resale in outlets outside the agreement were damaging the luxury image of the mark.

two parties involved and where there are existing trade mark/goodwill rights and so are, in a sense, similar to the infringement cases.

### Acquiescence

The public interest identified in relation to acquiescence is ‘generally to strike a balance between the interest of the proprietor of a trade mark to safeguard its essential function, on the one hand, and the interests of other economic operators in having signs capable of denoting their products and services’. Thus, junior availability plays an important role, but is counterbalanced by the need to protect trade mark rights.<sup>112</sup> Thus, in *Levi*, the Court found that, where a mark has been revoked because the acts or invalidity of its proprietor have caused it to lose its distinctiveness, it cannot form the basis of an infringement action under Art.5.<sup>113</sup> This favours availability. On the other hand, in *Budweiser*,<sup>114</sup> the Court held that the five year period of acquiescence could only be exhausted when the senior user is in a position to actually oppose that use.<sup>115</sup> In this case, this meant that there was no acquiescence where the senior user had known of the junior use for more than 30 years but had been unable to stop it as the courts in the UK had held that both parties were honest concurrent users of the sign. This outcome technically favours the trade mark owner over the junior user. It is submitted though that given the complicated factual situations at play here, which implicate issues of fairness and equity, the acquiescence cases should be considered separately from the general argument.

### Deceptive marks

Under Art.3(1)(g), a mark cannot be registered (and will be liable to be revoked if it is registered) if it is ‘of such a nature as to deceive the public’. In *Emanuel*,<sup>116</sup> the designer Elizabeth Emanuel assigned

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<sup>112</sup> *Levi Strauss & Co. v Casucci SpA* (C-145/05) [2006] E.C.R. I-3703, para.29.

<sup>113</sup> Para.37.

<sup>114</sup> *Budějovický Budvar, národní podnik v Anheuser-Busch Inc.* (C-482/09) [2011] E.C.R. I-8701.

<sup>115</sup> Para.50.

<sup>116</sup> *Elizabeth Florence Emanuel v Continental Shelf 128 Ltd* (C-259/04) [2006] E.C.R. I-3089.

a trade mark consisting of her name to a third party. She then applied for the ELIZABETH EMANUEL mark to be revoked for deceptiveness. The Court identified the public interest behind this provision as

‘consumer protection, [which] must raise the question of the risk of confusion which such a trade mark may engender in the mind of the average consumer, especially where the person to whose name the mark corresponds originally personified the goods bearing that mark.’<sup>117</sup>

In this case, the Court questioned whether consumers would be deceived by the mark. Even if consumers were influenced in their decision to purchase by the ELIZABETH EMANUEL name, thinking that Ms Emanuel designed the clothing, they would not be deceived in a trade mark sense because the characteristics and qualities of the garment were guaranteed by the undertaking that owned the trade mark.<sup>118</sup> In a sense, this widens the scope of trade mark law by limiting the circumstances in which revocation would take place. This though is based on consumer perception which, as we have seen previously, sometimes seems to override the raw public interest. It should also be noted that while deceptiveness is one of the absolute grounds, in this case at least, underlying the claim was essentially an *inter partes* action between the trade mark owner and Ms Emanuel.

## Conclusion

This piece has sought to show that, while notions of the public interest play a crucial role in European trade mark law, there is no single public interest at play. Indeed, twelve (sometimes overlapping) interests have been identified from the case law, which are listed in the order in which they were discussed:

1. To ensure certain signs can be freely used by all (registrability of descriptive signs);

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<sup>117</sup> Para.46.

<sup>118</sup> Paras 48-49.

2. To ensure that the sign in question can act in accordance with the essential function (registrability of signs lacking distinctiveness);
3. 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 (functional signs as per Art.3(1)(e));
4. To protect the trade mark owner's specific interests as a proprietor, i.e. to ensure that the trade mark can fulfil its functions ('double identity' infringement);
5. To protect the individual interests of proprietors of earlier marks which come into conflict with the sign applied for, and so to guarantee the mark as an indication of origin (confusion-based infringement);
6. To reconcile the fundamental interests of trade mark protection with free movement of goods and freedom to provide services so that trade marks can fulfil their essential role in a system of undistorted competition (the Art.6 defences);
7. To ensure that all economic operators have the opportunity to use descriptive indications (the descriptive use defence);
8. To embody a duty to act fairly in relation to the legitimate interests of the trade mark owner (the 'honest practices' proviso to the Art.6 defences);
9. To strike a balance between the interests of the trade mark owner and those of other operators (the 'due cause' exception to dilution and unfair advantage);
10. To recognise the fundamental interests in protecting trade mark rights (both in terms of the physical condition of the goods and the image of the mark) with the fundamental interest in protecting the free movement of goods within the common market (exhaustion of rights);
11. To strike a balance between the interests of the proprietor of the trade mark to guard the mark's ability to act in accordance with its essential function and the interests of other economic operators in having signs capable of denoting their products and services (acquiescence); and
12. To protect consumers in instances where there is a risk of confusion (deceptive marks).

Within this diverse set of interests, there is a dichotomy between definitions of the term ‘public interest’. In registrability cases, the public interest is used to protect wider third party interests that might be prejudiced by acceptance of the mark for registration. However, where there are pre-existing rights, as in infringement and defences cases, these trade mark owners’ interests are given at least equal weighting through the mechanism of the public interest.

Some might see having such a malleable definition of the public interest as problematic. However, it is this author’s contention that this flexible notion of the public interest can act as an important safety valve within the trade mark system. It allows tribunals to protect the interests of all parties involved in a very nuanced fashion, even where their interests have not been specifically spelled out by the drafters of European trade mark legislation. Whether this is a deliberate strategy of the CJEU is difficult to second-guess. The dichotomy between the two approaches is quite clear, with few deviating cases. However given the lack of explicit acknowledgement of what is happening this such an approach is likely to be subconscious at most. It is probable though that, like much of EU trade mark law, it is growing organically in a way that has, for now at least, reached a point of stasis.