

Sponsored by

PRICEWATERHOUSECOOPERS 

Morgan Stanley



THOMSON REUTERS

NASDAQ OMX

# IP Value 2009

**European trademark law: latest case law developments**  
Kirkland & Ellis International LLP

Part of **The IP Media Group** 

Published by *Globe White Page*, publishers of **Intellectual Asset Management** magazine

**iam**™

# Cross-border: Europe

## European trademark law: latest case law developments

The year 2007 was an important one for trademarks in the European Union. In the Office of Harmonisation for the Internal Market (OHIM) Annual Report, the president commented that, compared to 2004, OHIM is dealing with 50 per cent more trademark applications. Further statistics in the report testified to the increase in trademark activity: in 2007 16,000 oppositions were filed, compared to 14,000 in 2006, and the OHIM Board of Appeal dealt with around 1,950 cases – a rise of more than 18 per cent on 2006. The volume of applications and case law relating to Community trademarks makes it increasingly difficult to keep on top of the latest developments: in 2007 the European Court Justice (ECJ) and the Court of First Instance (CFI) handed down 18 and 68 rulings respectively. At the end of 2007, 287 cases were still pending before the CFI and 19 before the ECJ.

To illustrate the scope of the decision handed down in 2007, Table 1 shows the topics addressed by these cases.

It is impossible to review all these decisions in this chapter. However, several decisions have clarified certain areas of trademark law, particularly regarding:

- shape marks;
- the definition of use of a trademark; and
- the notion of likelihood of confusion.

### Shape marks

Three-dimensional shape marks have never been easy to obtain. Many applications fail to overcome the hurdle of lack of distinctiveness, as set out in Article 7(1)(b) of the EU Community Trademark Regulation. However, in *Bang & Olufsen A/S v OHIM* (Case T-460/05), Bang & Olufsen managed to convince the CFI that its proposed mark for a loudspeaker was inherently distinctive. The CFI took the view that the mark (a three-dimensional mark formed by the shape of a speaker) departed significantly from the customs of the sector. The mark had characteristics which were sufficiently specific and arbitrary to retain the attention of average consumers and enable them to be made aware of the shape of the goods. Therefore, the court thought the speaker shape was not one of the usual speaker shapes or even a variant of those shapes, but rather a shape with a particular appearance which, also having regard to the aesthetic result of the whole, was such as to retain the attention of the public concerned and enable it to distinguish the goods covered by the trademark application from those of another commercial origin.

Another 2007 trademark case found the ECJ at the other end of the shape mark decision spectrum. In *P Develey Holding GmbH & Co Beteiligungs KG v OHIM* (Case C-238/06) the ECJ held that a three-dimensional sign in the shape of a bottle was devoid of distinctive character, regardless of the fact that it was a registered mark in Germany. Develey applied to register a three-dimensional sign in the shape of a bottle. In rendering its decision, the ECJ agreed with the CFI that the average consumer is not in the habit of making assumptions about the origins of products on the basis of their shape or the shape of their packaging. Only a mark which

**Table 1**

	CFI	ECJ
Likelihood of confusion	32	12
Distinctive character	10	3
Descriptiveness	2	1
Distinctive character and descriptiveness	9	2
Procedural issues	7	-
Appellations of origin	4	-
Infringement issues	4	-
<b>Total</b>	<b>68</b>	<b>18</b>

departs significantly from the norm or customs of the sector (see *Bang & Olufsen* above) and thereby fulfils its essential function of indicating origin is not devoid of distinctive character. The ECJ also held that the CFI had not failed to assess correctly the impression produced by Develey's mark in finding that particular features of Develey's bottle were not sufficiently different from the usual shape of a bottle to enable it to fulfil the essential function of indicating origin.

A recurring topic in shape mark cases is the multi-coloured dishwasher tablet and 2007 saw this trend continue. In *Henkel KGaA v OHIM* (Case C-144/06), the ECJ (following the OHIM examiner, the OHIM Board of Appeal and the CFI) concluded that a proposed shape mark for a dishwasher tablet was unregistrable as it was devoid of distinctive character in respect of the goods for which registration was sought. Further, in *The Procter & Gamble Company v OHIM* (joined Cases T-241/05, T-262/05 to T-264/05, T-346/05, T-347/05, T-29/06 to T-31/06), the CFI dismissed appeals by Procter & Gamble against an OHIM Board of Appeal decision that nine three-dimensional coloured shape marks for dishwasher tablets lacked distinctiveness. Among other things, the court noted that the relevant consumers would not perceive the overall impression created by the marks as an indication of origin.

Although the *Bang & Olufsen* decision may offer hope for those seeking to register trademarks for the shape of high-end consumer goods, proving distinctiveness for shape marks will remain an uphill battle for applicants.

### Use of a trademark

In *Celine Sarl v Celine SA* (Case C-17/06), on reference from a French court of appeal, the ECJ held that although the use by a third party of a company name or a trade name limited to identifying a company or designating a business does not constitute use within the meaning of Article 5(1) of the EU Trademarks Directive, use of such a name will constitute use within that provision where the name is identical to a trademark and is used in relation to identical goods to those for which the mark is registered. Therefore, use of the name would constitute trademark infringement unless such use was in accordance with honest practice in industrial and commercial matters. It is therefore clear that while the use of a company, trade or shop name other than on goods can amount to infringement of an identical mark, it will not always be clear when it does so. The question is when use of the name goes beyond being "limited to identifying a company or designating a business". According to the ECJ, that point is reached when a link is established between the name and the goods marketed by the business, notwithstanding the fact that the name is not used on the goods.

In *Il Ponte Finanziaria* (Case C-243/06) the advocate general affirmed the concept that a "family" or series of marks containing a common element may affect the average consumer's perception of the marks to the extent that he or she will be able to associate any mark containing that same common element, on similar goods and services, with the marks in the series, subject to the proviso that they are in sufficiently widespread use in the market. In this case, unfortunately for *Il Ponte Finanziaria* there was insufficient evidence of genuine use on the Italian market, such that it was impossible to expect consumers to detect the common element as belonging to a family of marks from a single trade origin. Further, the advocate general clarified that the concept of defensive marks is not recognised under Community law. The advocate general noted that families of marks "have not yet been explored in any depth by the Community judicature, other than in the present case, but they are familiar to trademark lawyers around the world".

Another interesting case about use of a trademark was *Adam Opel v Autec AG* (Case C-48/05). In this case Opel, which owned the well-known design mark OPEL BLITZ for automobiles and toys, sought to prohibit Autec from applying the mark to toy replicas of Opel cars. The German court had referred several questions about use to the ECJ. The ECJ held that where a trademark is registered for both motor vehicles – in respect of which it is well known – and toys, the affixing by a third party without authorisation of a sign identical to the trademark on scale models of vehicles bearing the trademark in order to reproduce those vehicles faithfully constitutes a use of the trademark which the owner is entitled to prevent if that use affects or is liable to affect the functions of the trademark as a trademark registered for toys. Further, such use constitutes a use which the proprietor is entitled to prevent where the protection defined in that provision has been introduced into national law if, without due cause, use of that sign takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trademark as a trademark registered for motor vehicles.

### Likelihood of confusion

In *Omega SA v OHIM* (Case T-90/05), the CFI upheld an opposition against an application by watchmaker Omega SA to register a figurative trademark that featured the Greek symbol for *omega* and the word 'omega'. The CFI made it clear that OHIM would not take the terms of a private agreement into consideration in opposition proceedings based on Article 8(1)(b) of the Community Trademark Regulation. Omega Engineering brought the opposition on the basis of likelihood of confusion with its

earlier national OMEGA marks and argued that Omega SA's application breached a co-existence agreement between the parties. Under the co-existence agreement, Omega SA promised not to register the trademark for goods employed for measuring variable parameters. The court upheld the opposition, but noted that the agreement had no bearing on the opposition proceedings and that OHIM could not rule on a conflict between nationally registered marks.

In *Shaker di L Laudato & C Sas v OHIM* (Case C-334/05), the ECJ overturned the CFI's decision on the basis that the lower court failed to carry out a global assessment of the likelihood of confusion by isolating its assessment of a single element of the mark. Shaker filed an application for a Community trademark for a mark depicting a dish decorated with lemons and the word 'limoncello'. Shaker limited its Class 33 specification to lemon liqueurs from the Amalfi coast. Liminana v Botella filed an opposition based on its earlier Spanish trademark LIMONCHELO. The CFI considered that the dominant element of Shaker's mark was the decorated dish, and that therefore the marks were visually dissimilar. It concluded that due to the dominant element of the decorated dish, there was no likelihood of confusion with the earlier word mark. The OHIM Board of Appeal appealed to the ECJ, claiming that the CFI had incorrectly applied the principle of global assessment of likelihood of confusion. The ECJ noted that it is settled case law that the average consumer normally perceives the mark as a whole and does not analyse its various details, and that carrying out a global assessment means more than taking one element of a composite mark and comparing it to another mark. The ECJ pointed out that the comparison must be made by examining each of the marks in question as a whole, which means that the overall impression conveyed to the relevant public by a composite trademark may be dominated by one or more of its components. The judgment further clarified the principles applicable to the likelihood of confusion analysis when composite marks are at issue.

*Sigla SA v OHIM* (Case T-215/03) concerned an application to annul an OHIM Board of Appeal decision

rejecting an opposition to the registration of the word mark VIPS. In this case, the CFI provided useful guidance on the difference between the concept of the likelihood of confusion and the risk of unfair advantage. The CFI noted that a likelihood of confusion occurs where a consumer is attracted to a product or service covered by the applied-for mark due to a misapprehension that it comes from the same commercial origin as that covered by an earlier mark which is identical or similar to the applied-for mark. By contrast, the risk of unfair advantage may arise where the consumer, without necessarily confusing the commercial origin of the product or service, is attracted to the mark itself. This case highlights the importance of understanding the difference between the likelihood of confusion and unfair advantage. The key question for practitioners is why the consumer is buying the goods or services. If it is because he or she thinks that the goods or services come from the same commercial origin as the registered mark, then there is a good chance there is a likelihood of confusion. However, if the consumer buys the goods or services because he or she is attracted by the mark itself, then unfair advantage may be the appropriate claim.

### Conclusion

A huge volume of trademark cases make their way through the system and it is no small task to keep abreast of developments. The cases highlighted in this chapter shed some light on a few key areas of European trademark law – some of which had been unclear for many years – and iron out uncertainties in the application of EU law to these issues. For example, it is clear that OHIM has no interest in trademark co-existence agreements between parties to an opposition – the national courts are the proper jurisdiction to decide on the effect and interpretation of issues raised by such agreements. In addition, the *Limonchelo v Limoncello Case* clarified the law in relation to the global assessment of likelihood of confusion. Finally, when it comes to shape marks, whether a registration can be secured varies substantially from case to case, making it difficult to predict the outcome of any particular application.

*Pierre-André Dubois heads the firm's UK and EU IP and competition group. He obtained a first-class LLB (honours) from the University of Montreal in 1984. His practice covers all aspects of IP and IT law, as well as UK and EU competition law. PLC Which Lawyer? Global 50 has named him as a leading lawyer every year since 2005, and he was named a leading lawyer by the Legal 500 (UK edition 2003) and Global Corporate Counsel (2002).*

**Pierre-André Dubois**

Partner

Tel +44 20 7469 2020

Email [pdubois@kirkland.com](mailto:pdubois@kirkland.com)

**Kirkland & Ellis International LLP**

United Kingdom



*Shannon Yavorsky is an associate in the IP and IT group. Ms Yavorsky obtained a BA in comparative literature from the American University in Paris in 1997, an MPhil (honours) from Trinity College, Dublin in 1999 and her legal practice qualification from BPP Law School in London in 2003. Her practice covers all aspects of non-contentious and contentious IP and IT law.*

**Shannon Yavorsky**

Associate

Tel +44 20 7469 2141

Email [syavorsky@kirkland.com](mailto:syavorsky@kirkland.com)

**Kirkland & Ellis International LLP**

United Kingdom

