

**Struggling for Coherence:  
A Review of Recent Developments  
in European Trade Mark Law**

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It is now more than nine years since the Community trade mark (the “CTM”) system created by European Council Regulation 40/94 of 20 December 1993 on the Community trade mark (the “CTMR”)<sup>1</sup> opened for business. The system operates independently of, but in parallel with, the national systems of trade mark registration in each of the 25 EU Member States<sup>2</sup>, which have in turn been harmonised through the provisions of the First Council Directive 89/104EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (the “Directive”).<sup>3</sup>

Since the introduction of the Directive and the CTM, there have been many key decisions by the Court of First Instance (the “CFI”) and the European Court of Justice (the “ECJ” or “Court”) interpreting the two legislative instruments, by way of appeals from decisions of the Boards of Appeal of OHIM or through references from national courts to the ECJ under Article 234 of the EC Treaty (as amended in Amsterdam) requesting guidance on the interpretation of particular provisions. In cases before the ECJ, the Opinions of the Advocates General (“AGs”) have often contributed to a better understanding of the law in this difficult area.

This paper gives an account of recent developments at Community level and discusses their impact both on the CTM system and on the national systems of trade mark registration. Mention will also be made of a couple of recent decisions of the English courts (and of the UK Trade Mark Registry). Attention will be focussed on live issues such as distinctiveness, the concepts of trade mark use in relation to a finding of infringement and of ‘non-use’ with

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<sup>1</sup> OJ 1994 L 11, p. 1.

<sup>2</sup> On May 1, 2004 ten new Member States joined the European Union (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Spain, Sweden, Portugal, United Kingdom): the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia. Since the enlargement of the EU, trade mark applications may be filed at OHIM in any of the 20 official languages. For publication OHIM will translate the application into the remaining 19 languages.

<sup>3</sup> OJ 1989 L 40, p. 1.

respect to revocation proceedings. The facts and findings of the cases discussed show some of the difficulties that can be encountered in registering, protecting and maintaining trade mark rights, especially in a system which is trying to meld in a coherent fashion widely differing legal cultures and economies. Of course, once the ECJ has opined the national courts and authorities must apply consistently and faithfully the general principles established to all cases before them: as will be seen, this is often a very difficult task.

## **I. SIGNS OF WHICH A TRADE MARK MAY CONSIST** *(Capable of Graphic Representation and Distinctive)*

### **Sounds, Smells and Colours**

#### *Background*

In recent years, a considerable amount of judicial time has been spent at Community level in the consideration of ‘unconventional’ trade marks. Article 2<sup>4</sup> of the Directive does not - in theory - preclude unconventional signs (such as sounds, smells and colours) *per se* from being registered trade marks. The case law, however, has shown that in practice proprietors wishing to register such marks must overcome very high hurdles to show that the sign is capable of being represented graphically and of denoting trade origin.

In what can now be seen as an aberration, an OHIM Board of Appeal<sup>5</sup> allowed the ‘smell of freshly cut grass’ to be registered as a CTM for tennis balls, on the basis that the smell is universally recognisable and would therefore enable the average person to recognise it as a sign capable of being trade mark. However, in *Sieckmann*<sup>6</sup> the ECJ adopted a much stricter approach. The case concerned an application for registration – submitted in the form of a chemical formula - of a scent described as ‘balsamically fruity with a slight hint of cinnamon’ (an odour sample of which was provided in a container), in various classes of services,. The Court ruled that graphical representation of a non-visual sign must be via visual images, effectively preventing olfactory signs from being registered on a *prima facie* basis in the

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<sup>4</sup> Art. 2: ‘A trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings’. The equivalent CTMR provision is Article 4.

<sup>5</sup> Case R 156/1998-2, unreported.

future. It held that graphical representation, ‘particularly by means of images, lines or character’, must be ‘clear, precise, self-contained, easily accessible, intelligible, durable and objective’ and that a deposit of the odour, a chemical formulation, a written description of the mark, or a combination of these would not be sufficient to satisfy the requirements of Article 2. As far as colours are concerned, in *Libertel*<sup>7</sup> (orange for telephone books and telecommunication services) the ECJ rejected AG Léger’s view that colours *per se* are not capable of graphic representation. It held that the ‘seven *Sieckmann* criteria’ apply to colour marks but that a sample of the colour on paper would not satisfy such criteria.<sup>8</sup>

As to sound marks, again in *Shield Mark*<sup>9</sup> (jingle with the first nine notes of Für Elise and the Dutch equivalent of the onomatopoeic sound ‘cock-a-doodle-do’: ‘kukelekuuuuu’)<sup>10</sup> the Court stated that sounds can be registered provided the *Sieckmann* criteria are met, which was a matter for the relevant national authority to determine.<sup>11</sup>

### Developments

Two colour cases reached the ECJ last year, namely *Heidelberger Bauchemie*<sup>12</sup> and *KWS Saat AG*.

Heidelberger Bauchemie GmbH brought proceedings against the refusal by the *Deutsches Patent- und Markenamt* (German Patent and Trade Mark Office) to register the colours blue and yellow in respect of building-trade goods. The question referred to the Court by the

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<sup>6</sup> *Ralf Sieckmann v Deutsches Patent-und Markenamt* [2002] ECR I-11737, para. 53.

<sup>7</sup> *Libertel Groep BV v Benelux-Markenbureau* [2003] ECR I-3793.

<sup>8</sup> The Court made it clear, however, that an internationally recognised identification code (Pantone®) may, if in combination with a verbal description and a sample of the colour, satisfy the seven requirements. It should, however, be noted that Pantone® numbers change, so the date of the version should be stated.

<sup>9</sup> *Shield Mark B.V. v. Joost Kist (trading as Memex)* [2004] RPC 315.

<sup>10</sup> The onomatopoeia of a cockcrow in some of the other languages of the European Union is as follows: *kikiriki*, in German; *kikeli-ki* in Danish; *quiquiriquí*, in Spanish; *kukkokiekuu*, in Finnish; *cocorico*, in French; *kokoriko*, in Greek; *cock-a-doodle-doo*, in English; *chichirichi*, in Italian; *kukeleku*, in Dutch; *cocorocócó*, in Portuguese; and *kukeliku*, in Swedish.

<sup>11</sup> Unlike in the case of olfactory signs, the Court made it ‘clear’ that ‘a stave divided into measures and showing, in particular, a clef, musical notes and rests whose form indicates the relative value and, where necessary, accidentals’ would satisfy the seven requirements. It is, however, not clear how one searches for such marks and given that, in addition to recording the rights granted, the Register performs the valuable and essential function of informing other traders what they can and cannot do that is surely an important consideration, but not one which the Court appears to concern itself with.

<sup>12</sup> *Heidelberger Bauchemie GmbH*, [2004] E.T.M.R. 99.

*Bundespatentgericht* (Federal Patent Court)<sup>13</sup> was whether, and if so under what conditions, colours *per se* or their combinations, claimed in the abstract and without contours are distinctive for the purposes of Article 2 of the Directive. AG Léger repeated his contention, made and rejected by the Court in *Libertel*, that colours *per se*, and in particular a combination of colours with no particular arrangement, cannot be distinctive or capable of graphic representation.<sup>14</sup> He asked the ECJ to overturn its decision in *Libertel* insofar as it was contrary to the objectives of the Directive.<sup>15</sup>

Unsurprisingly, however, the ECJ reaffirmed - and somewhat expanded - the principles established in *Libertel*. It stated (one would have thought unnecessarily as it is merely repeated the words of the Directive, rather than giving any enlightenment as to what they mean) that to constitute a trade mark, colours or their combinations must be: (i) a sign; (ii) capable of graphic representation; and (iii) distinctive. 'Precise', 'unambiguous' and 'durable' were again stated to be the qualities that the sign and/or the graphic representation must possess. Introducing a new specific requirement for combinations of colours in the abstract, the Court then clarified that 'precise and durable' in the context of colours means that those without contours must be 'systematically arranged [...] in a predetermined and uniform way'.<sup>16</sup>

In addition, it is still necessary for the competent authority to ascertain whether the sign fulfils the requirements set out in Article 3 of the Directive (the absolute grounds for refusal). Such a task involves taking into account all the circumstances of the case including the use made of the sign and the public interest in not 'unduly restricting the availability of colours for other

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<sup>13</sup> It is worth highlighting that the national court was notified of the *Libertel* judgment by the Court and asked whether it wanted to withdraw the reference for a preliminary ruling in view of this judgment, but declined to do so.

<sup>14</sup> Opinion of January 15, 2004, paras. 35 and 42, [2004] CIPA 93. Referring to Art. 15 of the TRIPS Agreement, which provides that 'combinations of colours' are capable of being registered trade marks, the Advocate General underlined that there exists a conceptual difference between the English (and Spanish) and the French meaning of 'combination'. Whilst in English 'combination' means 'two or more things joined or mixed together to form a single unit', in French it is defined as 'un assemblage d'éléments dans un arrangement déterminé' (an assembly of elements in a specific arrangement).

<sup>15</sup> The existence of unlimited options of colour combinations would: i) jeopardise the likelihood of a correct interpretation of the concepts of 'identity' and 'likelihood of confusion' by national authorities; ii) allow the granting of exclusive rights in relation to marks which are not capable of indicating origin.

<sup>16</sup> *Heidelberger Bauchemie GmbH*, [2004] E.T.M.R. 99, at para 33.

traders who market goods or services of the same type'.<sup>17</sup>

The *KWS Saat*<sup>18</sup> case (shade of orange for seeds, drying installations, agricultural products and consultancy services in the seed sector) was an appeal from the CFI, to which KWS Saat had filed an appeal against OHIM's refusal to register its trade mark. The CFI dismissed the appeal in relation to the goods for which registration was sought but upheld the appellant's argument that Article 7(1)(b) CTMR (devoid of distinctive character) had been incorrectly applied with regard to the services. The CFI noted that as colours do not attach to services, these have no colour in themselves in the way goods can. The colour is 'easily' and 'instantly' memorable to the relevant public as a distinctive sign for the services specified, it not being necessary to provide exact information as to the identity of the supplier.<sup>19</sup> It is regrettable that OHIM refrained from cross-appealing the CFI judgment to seek its annulment to the extent it related to services, although it stated that it had 'doubts as to the soundness of the decision in that regard',<sup>20</sup> as it would have been helpful for the ECJ to have given its view on this somewhat contentious distinction. On the other hand, uncontentiously the ECJ confirmed that the ability of colours *per se* to be distinctive is stronger when the relevant goods and/or services are particularly restricted and the relevant market very specific.<sup>21</sup> It also confirmed that, save in exceptional circumstances, distinctiveness is 'inconceivable' in the case of colours *per se*, in other words that evidence of prior use will usually be required.<sup>22</sup>

These judgments and their overriding (and laudable) objective – of allowing the competent authorities and other traders to know precisely the sign whose registration as a trade mark is sought and, where appropriate, obtained – should make registration of unconventional marks without significant evidence of use very difficult in practice (although in fact it remains in certain Member States much easier than perhaps the ECJ thinks it should be). Reassurance by the ECJ in the *Shield* case that graphic representation must not be 'immediately' intelligible providing it is 'easily'<sup>23</sup> intelligible does not go a long way to assist.

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<sup>17</sup> [2004] E.T.M.R. 99, at para. 42. For further discussion refer to 'Public Interest' below.

<sup>18</sup> C-447/02 P *KWS Saat AG v OHIM*, judgment of October 21, 2004 not yet reported.

<sup>19</sup> *KWS Saat AG v OHIM* [2002] ECR II-3843, at paras 42-44.

<sup>20</sup> [2002] ECR II-3843, at para 29.

<sup>21</sup> C-447/02 P *KWS Saat AG*, at para. 79.

<sup>22</sup> C-447/02 P *KWS Saat AG*, at para 79.

Decisions like *Heidelberger* and *KWS Saat* make it clear that every application needs to be assessed on its merits and that, in general, the competent registration authorities should start from the proposition that colours do not, by their very nature, denote trade origin since they inherently lack distinctive character. However, the Court has shown itself unwilling to go further and reverse its case law to find colour marks *per se* wholly unregistrable. On the other hand, it has refrained from providing national and Community authorities with practical guidelines on the requirements a colour must satisfy to pass muster and be entered on the Register. There may be several reasons for this:

first, the existence of provisions which expressly admit the possibility of registering colour marks. In *Heidelberger*, the Court cited Article 15 of the TRIPS Agreement<sup>24</sup> and a joint declaration of the EC Council and the Commission.<sup>25</sup> As far as TRIPS is concerned, it was noted that, as a party to it, the Community is required to interpret its legislation on trade marks as far as possible in the light of the wording and purpose of that Agreement. The joint declaration, on the other hand, was cited only to conclude that it could not be used to interpret Article 3 of the Directive because the latter made no reference to the former. These two important provisions clearly had a role in the Court's unwillingness to adopt stronger and more negative views on the registrability *per se* of colour marks.

Secondly, the Court is no doubt aware that as a matter of fact some colours, through successful consumer education and promotional campaigns, have become associated with particular companies and do indeed perform the function of a trade mark.

The consequence of these judgments is that, in practice, national authorities are left with the difficult task of determining, case by case, whether an unconventional mark should be registered and inevitably existing Community and national procedural rules,<sup>26</sup> together with

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<sup>23</sup> *Shield Mark* [2004] RPC 315, at para. 63.

<sup>24</sup> [2004] E.T.M.R. 99.

<sup>25</sup> [2004] E.T.M.R. 99, at paras. 16-21. According to the declaration, which was entered in the minutes of the Council meeting when the Directive was adopted, Article 2 of the Directive does not preclude that colours or their combinations are capable of being trade marks where distinctive.

<sup>26</sup> See Commission Regulation (EC) No 2868/95 of 13 December 1995 implementing the CTMR. Rules 3(1) and (2) provide that the mark be represented in the application by 'reproduction'. The UK amended its practice notes to reflect the decision in the *Libertel* case, see Practice Amendment Notice (PAN) 3/03 ('Graphical

national prejudices, mean that there will be determinations which are inconsistent with ECJ case law.

## II. ABSOLUTE GROUNDS FOR REFUSAL

### Distinctiveness

Many of the most recent cases concerning trade marks have involved the absolute grounds for refusal listed in Article 7(1)(b) CTMR – devoid of distinctive character, Article 7(1)(c) CTMR – exclusively descriptive, Article 7(1)(d) CTMR – customary terms, and Article 7(1)(e) CTMR – signs consisting of the shape of the goods.<sup>27</sup> Often, marks which are found to be descriptive are consequently non-distinctive. Accordingly, many of the cases which discuss Article 7(1)(c) are also relevant to the interpretation and application of Article 7(1)(b).

Landmark cases such as *Baby-Dry*<sup>28</sup> and *Doublemint*<sup>29</sup> - which discussed, respectively, whether BABY-DRY was descriptive for disposable nappies and DOUBLEMINT for, *inter alia*, chewing gum - created inconsistencies and uncertainties as to the descriptiveness/distinctiveness assessment criteria.<sup>30</sup> There has been much speculation on what the main criterion should be: *Baby Dry* paid more attention to the actual common parlance of consumers to designate characteristics of the goods; *Doublemint* was based on not

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Representation of colours marks - Filing requirements') and PAN 2/00 ('Acceptable forms of graphical representation') at [www.patent.gov.uk/tm/reference/pan/index.htm](http://www.patent.gov.uk/tm/reference/pan/index.htm).

<sup>27</sup> Article 7(1) of the CTMR (equivalent provisions in the Directive are set out in Article 3(1)) provides: 'The following shall not be registered: (a) signs which do not conform to the requirements of Article 4; (b) trade marks which are devoid of any distinctive character; (c) trade marks 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 service; (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade; (e) signs which consist exclusively of: (i) the shape which results from the nature of the goods themselves; or (ii) the shape of goods which is necessary to obtain a technical result; or (iii) the shape which gives substantial value to the goods; (f) [public policy]; (g) trade marks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service; (h) [not used]; (i) [badges, emblems or escutcheons]; (k) trade marks which contain or consist of a designation of origin or a geographical indication registered in accordance with Regulation (EEC) No 2081/92 [on Protected Designations of Origin (PDOs) and Protected Geographical Indications (PGIs)] when they correspond to one of the situations covered by Article 13 of the said Regulation and regarding the same type of product, on condition that the application for registration of the trade mark has been submitted after the date of filing with the Commission of the application for registration of the designation of origin or geographical indication'. Sub-paragraph (k) was introduced by Council Regulation (EC) No 422/2004 of 19 February 2004 amending the CTMR, OJ L 70, 9 March 2004 p. 1. Art 7(3) CTMR provides: 'Paragraph 1 (b), (c) and (d) shall not apply if the trade mark has become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it'.

<sup>28</sup> *Procter & Gamble Company v OHIM* [2001] ECR I-6251.

<sup>29</sup> *OHIM v Wm. Wrigley Jr. Company* [2003] ECR I-12447.

<sup>30</sup> For a more detailed analysis of these cases refer to 'Descriptiveness', below.

limiting the use which other traders may make of a sign describing a characteristic of the goods/services.

Recent case law has clarified some of the outstanding issues relating to: (i) the correct interpretation and assessment of the distinctiveness requirement under Article 7(1)(b) and the descriptiveness and shape exclusions, respectively, under Article 7(1)(c) and (e); (ii) the relationship between the various absolute grounds; (iii) the relevance of policy considerations (need to keep descriptive or non-distinctive signs available for other traders) underlying Article 7;<sup>31</sup> and (iv) whether such relevance should be construed differently with reference to each single ground.

### **Shape (3-D) Marks, the Shape of Packaging**

#### *Background*

As discussed above,<sup>32</sup> unlike in Australia there are specific provisions in EU legislation concerning the registrability of shapes. Marks that are most often considered non-distinctive under Article 7(1)(b) are those comprised of elements other than words and which therefore do not automatically convey a message or information to the relevant public. Accordingly, the majority of cases heard by the Community Courts on this issue concern the refusal to register marks comprising shapes, three-dimensional images or colours.<sup>33</sup> Shape marks are by their nature, and in practice, more likely to be considered non-distinctive than a word or device, as the mark often represents (or is) the product, or get-up of the product, in question. The case law makes it clear that shapes which are common in the relevant commercial sector (e.g. shapes of bottles) and those which are likely to become a common shape for the product in the future (e.g. washing tablets) would not usually pass the descriptiveness/distinctiveness test without significant evidence of use as an indication of origin.

In addition to these absolute grounds (which may be overcome by use), many of the shape marks would also be refused registration under the provisions of Article 7(1)(e), namely that the mark consists exclusively of the shape (i) resulting from the nature of the goods themselves; (ii) necessary to obtain the technical result of the goods; or (iii) which gives

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<sup>31</sup> Refer to 'Need to keep free', below.

<sup>32</sup> Cf. Article 2 of the Directive.

<sup>33</sup> Refer to 'Sounds, Smells and Colours', above.

substantial value to the goods, which cannot. Registrability of such marks is refused mainly with the aim of preventing virtual monopolies on technical solutions or functional characteristics of certain products.

In the landmark *Philips*<sup>34</sup> case (the arrangement of a three headed shaver) the ECJ held that the criteria for assessing distinctiveness of the 3-D shape of a product are no different from those to be applied to other categories of trade marks and that if a shape is refused registration under Article 3(1)(e) of the Directive (Article 7(1)(e) of the CTMR), it can in no circumstances be registered or acquire distinctiveness following use. The Court then rejected, however, the contention that in order to be capable of distinguishing a product, a shape requires a ‘capricious addition’ without functional purpose. The Court later reiterated these principles in *Linde*<sup>35</sup> (shape of mobile work vehicles or fork-lift trucks), a preliminary reference from the *Bundesgerichtshof*. Here, importantly the ECJ held that each of the grounds for refusal is independent of the others and calls for separate examination. As a consequence, the descriptiveness exclusion could apply to an application for a shape mark which has been refused registration under the shape exclusion. Whilst on the facts of the case, the ‘independence’ decision is understandable it has led to an overly formulaic approach to the application of the absolute grounds which has not assisted practitioners trying to apply the case law when advising their clients.

### Developments

In the past year the Court has commented further on the distinctiveness assessment criteria as far as they apply to shapes.

*Henkel I*<sup>36</sup> was a preliminary reference from the *Bundespatentgericht* involving the distinctive character of certain bottles,<sup>37</sup> which had been refused registration in respect of liquid wool detergent. According to the referring national court, the 3-D marks at issue consisted of the packaging of goods, which are generally packaged in bottles because of their fungible nature

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<sup>34</sup> *Philips* [2002] ECR I-5475, at paras 48, 75-79 and 86. This is the landmark case in the area of shape marks: the mark at issue comprised the shape of a three-headed razor.

<sup>35</sup> *Linde, Winward Industries Inc. and Rado Uhren AG* [2003] ECR I-03161, at paras 47 and 49.

<sup>36</sup> *Henkel KGaA (Henkel I)* [2004] ECR I-1725.

<sup>37</sup> The bottle was defined as a ‘tall bottle, which narrows towards the top, with an integral handle, a rather small pouring aperture and a two-level stopper, which can also be used as a measuring cup’, see *Henkel I, ibid.*, at para 12.

(liquid). The various questions referred to the ECJ all concerned the interpretation of Article 3(1)(b), (c) and (e) of the Directive.<sup>38</sup> The Court stated that when goods lack an ‘intrinsic’ shape – for example granules, powder or liquid – the packaging constitutes their shape in the eyes of the consumer at the point of sale. Since such packaging may serve to designate the characteristics of the product, the competent authority must take into account the ‘relationship’ between the packaging and the nature of the goods involved and determine whether the ground for refusal under Article 3(1)(c) applies. As in *Postkantoor*,<sup>39</sup> delivered on the same day, the Court specified that the public interest underlying this provision implies that ‘subject to Article 3(3), any trade mark which consists exclusively of a sign or indication which may serve to designate the characteristics of goods or a service within the meaning of [Article 3(1)(c)] must be freely available to all and not registrable’ (emphasis added).<sup>40</sup>

The Court then reasserted the principle that a slight departure from the customary norms in a commercial sector would not be sufficient to render the mark distinctive; this would, instead be the case, if the mark departed ‘significantly’ from the norm. Furthermore, a trade mark must enable [the average] consumer to distinguish the product concerned ... without conducting an analytical or comparative examination and without paying particular attention’.<sup>41</sup> In assessing distinctiveness the competent authority must interpret the relevant national law in the light of the Directive and may take into account decisions of ‘equivalent’ authorities in the EU, which, however, are not binding on it.

The judgments in *Henkel II*,<sup>42</sup> *Procter & Gamble I*<sup>43</sup> and *Procter & Gamble II*<sup>44</sup> put an end to the ‘washing tablets’ saga. In all these cases, the CFI had upheld the OHIM decisions to

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<sup>38</sup>The questions can be summarised as follows: i) whether in the case at issue the packaging constitutes the shape of the product within the meaning of Article 3(1)(e) and, if so, whether the packaging thereof may serve to designate the characteristics of the products, quality included, within the meaning of Article 3(1)(c) of the Directive; ii) whether the distinctive character of such marks under Article 3(1)(b) depends on whether an average consumer is able to recognise the special features of the 3-D mark without conducting an analytical or comparative examination of the product; iii) whether distinctiveness of such marks must be assessed solely on the basis of national trade and to what extent the fact that the registration of identical marks has been accepted or refused in other EU Member States must be considered.

<sup>39</sup> Refer to ‘Descriptiveness’, below.

<sup>40</sup> *Henkel I* [2004] ECR I-1725, at paras. 33-37 and 41-43.

<sup>41</sup> [2004] ECR I-1725, at para. 48-53.

<sup>42</sup> *Henkel KGaA v OHIM (Henkel II)* [2004] ECR I-5089.

<sup>43</sup> *Procter & Gamble Company v OHIM (Procter & Gamble I)* [2004] ECR I-5141.

<sup>44</sup> *Procter & Gamble Company v OHIM (Procter & Gamble II)* [2004] ECR I-5173. See also *Procter & Gamble Company v OHIM*, judgment of 23 September 2004, not yet reported.

refuse registration in Class 3 of washing or dishwashing preparations of 3-D, square or rectangular, shapes with different coloured layers and speckles. The findings and the reasoning of the ECJ are identical in all three judgments, which were joined for Advocate General Opinion purposes but delivered separately. AG Colomer endorsed the reasoning of the CFI and recommended the appeals be dismissed. However, unlike in *Henkel I*, the Advocate General invited the Court to ‘modify’ its case law relating to 3-D signs - which should in his view be dealt with differently from other signs - and expressed the concern that ‘in this area it is hard to separate lack of distinctive character from descriptiveness’.<sup>45</sup>

Two main arguments were submitted by the applicants as to why the CFI had erred in assessing the distinctive character of their detergent tablets. First, that at the time of the application - which arguably was the point in time at which distinctiveness must be assessed - tablets for washing machines or dishwashers existed to a very limited extent and therefore were readily distinguishable. Secondly, it was argued that the ‘need to preserve availability’ criterion (*i.e.* the public interest principle) should only be applied to Article 7(1)(c) and that in the present case neither the colours nor the geometrical shapes could be deemed descriptive of the products.

As regards the ‘time’ to assess distinctiveness, the ECJ held that the CFI was correct in finding that it was not necessary to decide what the relevant date was since it had been established that the marks lacked distinctiveness.<sup>46</sup> That finding was not affected by how many similar tablets were already on the market at the time of the application. Without addressing the concerns expressed by AG Colomer in his Opinion,<sup>47</sup> the Court held the same on the application of the public interest criterion: in stating that it was relevant to the assessment of distinctiveness, the CFI had not made an error of law.

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<sup>45</sup> Opinion of AG Ruiz-Jarabo Colomer, in *Henkel II* [2004] ECR I-5089, at paras 3 and 4.

<sup>46</sup> It is worth noting that AG Colomer had suggested that distinctiveness must be assessed as at the time of registration and invited the Court to clarify this point. See Opinion at paras. 43 and 44.

<sup>47</sup> AG Colomer had agreed with the applicants on the public interest issue. He held that ‘strictly speaking it may be anomalous to mention the need to preserve availability in the context of Article 7(1)(b)’. According to the Advocate General, the public interest in preventing monopolies was only relevant to signs which are ‘useful from an aesthetic or technical point of view’, ‘apt to describe the product per se or its purpose and qualities’ or ‘customary in the current language’. There was no public interest in keeping free signs, which, without being descriptive, are incapable of denoting origin. AG Colomer was of the opinion that such interest must be taken into account only in the context of Article 7(1)(c), (d) and (e) but not (b). Referring to *Libertel*, he took the view that the reference to public interest considerations was justified there by the special case of colours, which should not be monopolised. See paras 76-82 of the Opinion.

The same line of reasoning was followed in *Mag Instrument*<sup>48</sup> where, on appeal from the CFI, the ECJ found that consumers were used to seeing a certain type of torch shape. As there was no evidence brought before the CFI that the shape of the product would be perceived any differently by the relevant consumer, the appeal was dismissed.

In *Eurocermex*<sup>49</sup> the ECJ considered the registrability as a CTM of a sign constituted by a 3-D shape and colours of a transparent, yellow liquid-filled bottle, with a long neck plugged with a slice of lime, for beers and various services. The application for registration of the mark - which represents the bottle of the Mexican beer, 'Corona,' marketed and distributed in Europe by Eurocermex - was partially rejected by the OHIM examiner and the Board of Appeal. The applicant brought an action before the CFI for annulment of the contested OHIM decision in so far as it rejected its application in respect of the goods 'beers, aerated waters, fruit juices' and the services 'restaurants, bars, snack bars'. The CFI dismissed the appeal, confirming that the sign was devoid of distinctive character and that it had not acquired distinctiveness through use.

On appeal to the ECJ, the applicant argued, *inter alia*, that the additional elements (the piece of lime and the colours yellow and green) combined with the particular shape of the bottle conferred distinctive character on the mark. In particular, the practice of plugging a piece of lime in the neck of the bottle was a feature specific to the appellant's products which enabled the average consumer to identify the origin of such products and the services marketed under the mark.

The ECJ upheld the CFI's analysis and held that 'after examining separately each of the elements comprising the mark applied for, [the CFI] likewise found that the mark was to be presumed to lack any distinctive character. However, in contrast to the assessment which it had carried out in *SAT.1 v OHIM (SAT.2)*,<sup>50</sup> the CFI continued its analysis by investigating in detail whether or not the mark, taken as a whole, displayed such character'.<sup>51</sup> One must question whether the mark applied for would actually be used by the applicant: surely the placing of a slice of lime in the neck of the bottle occurs after purchase.

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<sup>48</sup> *Mag Instrument Inc. v OHIM*, [2004] E.T.M.R. 71.

<sup>49</sup> Case C-286/04 P *Eurocermex v OHIM*, judgment of June 30, 2005, not yet reported.

<sup>50</sup> Refer to 'Descriptiveness', below.

Eurocermex had also submitted that, as shown by the documents put in evidence before the CFI, the mark had been widely promoted in a vigorous, constant and continuous manner and that it was apparent from the documents provided that the mark applied for had become distinctive in consequence of the use which had been made of it. The Court simply stated that since it was not alleged that the CFI had misapplied itself to the evidence put before it, that argument should be rejected as inadmissible.<sup>52</sup>

The same line of reasoning was followed in *Bongrain*,<sup>53</sup> a recent judgment of the English Court of Appeal. Bongrain, the maker of the French SAINT ALBRAY cheese, applied to register as a series two 3-D marks for cheese and dairy products, seeking protection for the shape itself (the shape of a flower) regardless of the cheese's colour or wrapping. The Registrar refused the application and Pumfrey J. dismissed the appeal.<sup>54</sup> The Court of Appeal also dismissed the appeal, rejecting Bongrain's main submission that a very fancy shape was sufficient to confer inherent distinctive character under section 3(1)(b) of the UK Trade Marks Act 1994 (Article 3(1)(b) of the Directive). Lord Justice Jacob held that, because a shape was unusual for the kind of goods concerned, the public would not *automatically* take it as denoting trade origin. Citing *Mag Instrument*, he made it clear that what mattered were the presumed expectations of the average consumer. In a rare example of wry judicial humour he held that in the case before the Court, where no other cheese shape was said to be registered, a consumer would be astonished to be told that a particular shape was a trade mark because consumers did not expect to eat trade marks. Furthermore, mere use of a shape would be insufficient for registration unless, following such use, the shape acquired distinctive character in a trade mark sense. The evidence of use in this case was insufficient for that purpose.

Lord Justice Jacob also pointed out that the ECJ has identified the protective objective of some of the public interest considerations, *i.e.* the need to preserve certain signs for other traders to use in the same or similar fields in order to protect, as he put it, "freedom of action and healthy competition". He referred to *Libertel* where it was held that there was a public

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<sup>51</sup> *Eurocermex*, Case C-286/04 P, judgment of June 30, 2005, not yet reported, at para. 28.

<sup>52</sup> *Eurocermex*, Case C-286/04 P, judgment of June 30, 2005, not yet reported, at paras 56 and 57.

<sup>53</sup> [2004] EWCA Civ 1690.

interest in not registering a colour mark in order not to unduly restrict the availability of colours for other operators who offered goods or services of the same type as those in respect of which the registration was sought (which would lead to what was described as “colour depletion”).

Lord Justice Jacob considered that the public interest was not confined to colour marks, as argued by Bongrain. He said that there could not be a special rule for that sub-category of marks, in the same way as the grounds for refusal of registration did not distinguish between different types of marks. He stressed that the public interest relating to colours and shapes was not an independent ground of objection but constituted a part of the considerations under Article 3(1)(b) and (c) of the Directive.

These judgments make it even clearer that shapes common in the relevant commercial sector (e.g. shapes of bottles), and those which are likely to become a common shape for the product in the future (e.g. washing tablets), ought not usually to pass the descriptiveness/distinctiveness test. In this respect, it is a shame that the ECJ did not take up AG Colomer’s invitation to restate the unclear boundaries of these two grey areas. However, what constitutes distinctiveness is now somewhat clearer. As far as product shapes are concerned, an ‘insignificant departure’<sup>55</sup> from the customary commercial norms is not enough to make the mark distinctive. However, no further assistance has been given on the extent to which a shape mark must be original or unusual in order to be considered distinctive. It is also difficult to see why the fact that at the time the application is filed there were no similar products on the market is relevant. As far as consumers’ perception is concerned, the Court has neither confirmed nor rejected the CFI’s view in *KWS Saat* that they must not necessarily be aware of the identity of the supplier,<sup>56</sup> although it accords with traditional trade mark theory.

### **Words and Slogans**

Some particularly intriguing recent cases involve marks consisting of words and slogans. As discussed above, although descriptiveness and lack of distinctiveness are two independent

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<sup>54</sup>[2003] EWHC 531 (Ch)

<sup>55</sup>*Cf. Procter & Gamble Company v OHIM (Procter & Gamble I)* [2004] ECR I-5141, at para. 37.

<sup>56</sup>C-447/02 P *KWS Saat AG v OHIM*, judgment of October 21, 2004 not yet reported.

grounds for refusal, the ECJ case law has shown how difficult it is to decide, in practice, where the dividing line between the two grounds should be; indeed, most of the judgments involving word marks refer to both grounds. These cases are analysed below.<sup>57</sup>

So far, few cases have dealt with the extent to which a mark must have an element of originality or be out of the ordinary in order to be considered distinctive. The issue was recently raised in *Erpo Möbelwerk*.<sup>58</sup> Erpo applied to register as a CTM the slogan ‘Das Prinzip Der Bequemlichkeit’ (THE PRINCIPLE OF COMFORT) as a CTM for various classes of goods, including, in particular, furniture. The application was rejected and Erpo appealed. The Board of Appeal upheld the decision, except for class 8 (tools such as cutlery), because here the principle of comfort did not qualify as a common quality of the relevant goods. Erpo then brought an action before the CFI for annulment of the decision.

The CFI concluded that the phrase in question, taken as a whole, was not exclusively descriptive for the purposes of Article 7(1)(c).<sup>59</sup> It also found that the Board of Appeal had not applied Article 7(1)(b) correctly since it had deduced lack of distinctive character from descriptiveness of the phrase applied for, as well as from the absence of an element of imagination or originality. According to the CFI, the absence of an element of imagination or originality was not relevant when assessing distinctiveness and it was not appropriate to apply to slogans criteria which were stricter than those applicable to other types of sign. The CFI also held that the Board could only find that the slogan ‘The Principle of Comfort’ lacked distinctive character if they could show that the slogan was commonly used in business communications, in particular in advertising, at the time of the filing of the application. The Board had not shown that such usage existed and thus registration could not be denied on this ground.

The CFI also held that although the word ‘comfort’ in itself designated the quality of the relevant goods, the combination of the words ‘The Principle of Comfort’, when considered as a whole, could not be regarded as exclusively designating the characteristics of such goods

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<sup>57</sup> Refer to ‘Descriptiveness’, below.

<sup>58</sup> Case C-64/02 P, *OHIM v Erpo Möbelwerk GmbH*, judgment of 21 October 2004, not yet reported.

<sup>59</sup> *Erpo Möbelwerk GmbH v OHIM* [2001] ECR II-3739, at para. 46.

and thus registration could not be denied on the descriptiveness ground. Accordingly, the CFI annulled the decision of the Board of Appeal.

Erpo appealed this decision to the ECJ. Contrary to the Opinion of Advocate General Poiares Maduro,<sup>60</sup> the ECJ concluded that the CFI had correctly rejected the suggestion that there is a requirement that a slogan must display an element of imagination or originality so as not to lack distinctiveness, on the ground that it is inappropriate to apply to slogans criteria which are stricter than those applicable to other types of sign. The only test for assessing the distinctiveness of all categories of trade marks was whether the mark fulfilled its essential function of acting as a badge of trade origin. The Court held that the criteria for assessing the distinctive character of a trade mark were the same for all categories of signs and that the ‘originality test’ should not be applied in particular to the registration of slogans. However, in applying these criteria, the context and the nature of the mark concerned must be taken into account and the public’s perception of different categories of marks may differ. The Court pointed out that, as in the case of registration of shapes as trade marks, the public generally are not in the habit of making assumptions about the origin of products by way of advertising slogans, as these slogans also serve the purpose of commending the quality of the product. However, the ECJ found that the CFI was wrong in stating that the Board could only find that the slogan in question lacked distinctive character if it could show that such slogan was commonly used in business communications, in particular in advertising, at the time of the filing of the application. According to the Court, the registration of a mark made up of signs or indications that are also used as advertising slogans, indications of quality or incitements to purchase is not excluded *per se* by virtue of that use, if such a mark can still be shown to fulfil the essential function of a mark.

This judgment clarified the test for registrability of slogan marks, a test in respect of which the decision of the CFI had been opaque.<sup>61</sup> Had the ECJ confirmed that it was necessary to consider whether the mark was in common use in business communications and advertising, the assessment of distinctiveness would have become much more cumbersome. “Common” is in fact a relative concept that might vary depending on the nature of the field in question.

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<sup>60</sup> Opinion of AG Poiares Maduro, at paras. 48-50.

<sup>61</sup> For further developments on slogans, refer to the *Nestlé* case under ‘Descriptiveness’, below.

The Court has instead made clear that the question to be answered is whether the mark is capable of distinguishing in the context of the goods claimed and the relevant public. It will be interested next to see how OHIM, which now has to consider the application in the light of the ECJ judgment, treats the evidence of use of the slogan, ie, is the slogan used in such a way that consumers would view it as an indication of origin? Surely not.

Two English cases are also worth mentioning here. The first one, *Tesco*,<sup>62</sup> concerned an application by the supermarket chain to register a slogan (TESCO WE SELL FOR LESS) that ASDA, another supermarket chain, opposed on the basis of its prior application for the mark WE SELL FOR LESS. Although Tesco's slogan was initially refused registration on the ground of bad faith (argued by ASDA), the slogan was eventually registered following Tesco's appeal.

Conversely, in *Old Kentucky*<sup>63</sup> the slogan PEOPLE MEET PEOPLE was refused registration on the ground of lack of distinctiveness. The Hearing Officer held that the slogan would not indicate the origin of hotel, bar and catering services, for which the registration was sought, without first educating the public. As the slogan is used for marketing and promotional purposes, the relevant public may not readily accept it as a trade mark. The mark in question was held to indicate premises where people can meet and not the services of a particular trader.

### **Acquired distinctiveness**

Under Article 7(3) CTMR (Article 3(1) of the Directive) a trade mark which is not distinctive under Article 7(1)(b) (Article 3(1)(b) of the Directive) may still be registered if it can be shown that, by the date of application the mark has acquired distinctiveness as a result of the use made of it. The test for acquired distinctiveness was set out in *Windsurfing*<sup>64</sup> and

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<sup>62</sup> Decision O/256/04 in the Matter of Trade Mark Applications No 2203674 and No. 2217459 in the name of Tesco Stores Limited and in the Matter of oppositions No. 90338 and No. 52426 thereto by ASDA Stores Limited, available at [www.patent.gov.uk/tm/legal/decisions/2004/o25604.pdf](http://www.patent.gov.uk/tm/legal/decisions/2004/o25604.pdf).

<sup>63</sup> Decision O-283-04 in the matter of application No. 2335213 by Old Kentucky Restaurants Limited available at [www.patent.gov.uk/tm/legal/decisions/2004/o28304.pdf](http://www.patent.gov.uk/tm/legal/decisions/2004/o28304.pdf).

<sup>64</sup> *Windsurfing Chiemsee Produktions und Vertriebs GmbH v Boots-und Segelzubehor Walter Huber and Windsurfing Chiemsee Produktions und Vertriebs GmbH v Franz Attenberger* [1999] ECR I-2779.

*Philips*.<sup>65</sup> Reliable and persuasive evidence has to be submitted to show that, as a result of the use of the mark, consumers have been educated to recognise the origin of the goods or services. In fact, in the reported cases the burden of proof has proved to be heavy. In *Windsurfing*,<sup>66</sup> the Court held that for the purposes of assessing distinctiveness the following elements should be taken into account: (i) the market share held by the mark; (ii) how intensive, geographically-widespread and long-standing use of the mark has been; (iii) the amount of promotional investments; (iv) the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking; and (v) statements from chambers of commerce and industry or other trade and professional associations.

The difficulties involved in gathering evidence of use as a trade mark are well illustrated by the CFI's decision in *August Storck*.<sup>67</sup> The CFI held that the two applications in respect of 'Werther's Original' sweets (the round shape of a brown coloured sweet and the shape, represented in perspective, of a twisted sweet wrapper) lacked distinctive character under Article 7(1)(b). Despite the applicant introducing evidence of products sold, the CFI was of the view that, first, it did not provide any data as to the total volume of the relevant product market or details of competitors' sales. This rendered impossible an assessment of the product's market strength. Secondly, from the table of advertising costs submitted, it was not possible to infer which costs had been incurred for the sweet, which for the wrapper, and in addition figures were missing for some Member States. Thirdly, the surveys submitted only showed awareness of the name 'Werther's Original' but not that the shape of the product or its wrapper were used as trade marks in respect of the product in question, in other words that they are perceived as indicators of commercial origin. Finally, the sales figures provided no indication of the market share held by the applicant on the basis of the trade marks applied for.<sup>68</sup>

It is true that distinctive character may be acquired through use and indeed manufacturers such as Cadburys or Kraft (Milka) might now be able to argue successfully that they would be

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<sup>65</sup> *Philips* [2002] ECR I-5475.

<sup>66</sup> *Windsurfing* [1999] ECR I-2779, at para. 51.

<sup>67</sup> Case T-396/02 and T-402/02 *August Storck KG v OHIM*, judgment of 10 November 2004, not yet reported.

recognised solely through the particular colour shades used in their packaging. However, this still leaves open the contentious question of the scope of protection to be accorded to colour marks even when they succeed in getting on the Register: would the purple of Cadbury's infringe the violet of Milka, or vice versa, especially taking into account in assessing the likelihood of confusion (for it would not be use of an identical mark) the rather large words "Cadbury's" and "Milka" on the products? It is in such a discussion that the law of trade marks parts company with what the man or woman in the street would view as remotely sensible, or indeed arguable.

The Community courts' case law shows the type of evidence required to persuade examiners of acquired distinctiveness. As regards advertising, for example, figures need to be detailed and accurate and relate to each specific product (or class), describe the nature of the advertising means used (e.g. television, radio, news-papers etc.), the geographical spread of the campaign (nationwide or local).

In the UK the Court of Appeal decision in *Bongrain*<sup>69</sup> is a good example of the difficulties in providing persuasive evidence of use as a trade mark. The evidence submitted by Bongrain included details of sales of Saint Albray cheese by weight and by value, as well as statutory declarations of employees of the applicant's trade mark attorneys and third parties. These declarations referred to a conversation of the witness with a cheese buyer for Waitrose Limited (a top-end supermarket chain), visits of the witnesses to the cheese sections of several supermarkets and information about shapes of cheeses offered by the second largest dairy producer in the UK. There was also a statutory declaration from the Chairman of the Speciality Cheese Section of the Provision Trade Federation (food importers).

The hearing officer concluded that the evidence was not sufficient for several reasons. First, the opinion of trade experts, although it may assist in the assessment of marks unique to the trade, is not representative of the opinion of the public at large (in accordance with the Trade Marks Manual of the UK Trade Marks Registry). Secondly, evidence from the dairy producer was not persuasive as there were also cheeses imported from outside the UK on the market.

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<sup>68</sup> Case T-396/02 and T-402/02 *August Storck KG v OHIM*, judgment of 10 November 2004, not yet reported, at paras 83-88.

<sup>69</sup> *Bongrain* [2004] EWCA Civ 1690.

The aggravating factor in the critical assessment of the evidence was the fact that it was supplied in tranches over a period of three years and that reliance was also placed on evidence of use of a somewhat similar Saint Albray cheese ‘flower’ shape consisting of 8 rather than of the 6 segments with a hole in the middle shape applied for.

On appeal Lord Justice Jacob confirmed that evidence of the period and scale of use provided was not significant when considering the cheese market as a whole. He noted that with a view to obtaining some evidence from two trade witnesses, the applicant had sent them a picture of the mark, asking the question ‘can you guess the producer of the cheese?’ He considered such an attempt to create meaningful evidence to be ‘entirely hopeless’. He highlighted that in this respect ‘trade mark registrations are not granted for correct answers to guesses. What one is looking for is a guarantee of origin.’ As regards the statutory declaration from the Chairman of the Cheese Section, that gentleman had offered the opinion that, if the mark in question had been in use in 1997, it would have been distinctive and asserted that it would have been seen as a badge of origin. Lord Justice Jacob found that saying that it was not common at that time for cheeses to be sold in such fanciful shapes was just an assertion, ‘miles from proving that the mark, if used, would be relied upon as a guarantee of origin’.

These decisions show how hard it can be to provide the evidence required to persuade examiners (and courts), at least in some Member States, of acquired distinctiveness, although it remains the fact that in many cases applicants are able to show distinctive character has been acquired through use.

## **Descriptiveness**

### *Background*

As discussed, marks refused registration on the basis that they are descriptive are often held to be inherently devoid of distinctive character also. Whilst the two grounds are independent of each other, in many cases it is unclear where the dividing line has been drawn.

The initial view of the courts was that both Articles 7(1)(b) and 7(1)(c) (Articles 3(1)(b) and

(c) of the Directive) required a lexical and syntactical examination of each of the components of the mark in question. This approach can be seen in a line of early decisions from the CFI. In the *Baby-Dry* case<sup>70</sup> the CFI found that the mark ‘Baby-Dry’, in relation to disposable nappies, described the function and the intended purpose of the product. The mark was therefore descriptive. Although the CFI often discussed the two grounds separately, the analysis and interpretation was very much the same. It applied the provisions by deconstructing and analysing the dictionary meanings of each of the components of the two marks.<sup>71</sup> From 2001, the CFI took a more pragmatic approach and started looking to the relevant consumer’s perception of the mark in its entirety,<sup>72</sup> which was applied in *Doublemint*<sup>73</sup> where the CFI found that the term ‘doublemint’ was ambiguous as it had many meanings rather than one specific meaning and was therefore registrable.

This change in approach was confirmed in the still-controversial ECJ judgment in *Baby-Dry*<sup>74</sup> delivered in September 2001. There, the ECJ held that Article 7(1)(c) would apply only to those marks that the relevant consumer would consider as directly describing the goods or services for which registration was sought.<sup>75</sup> It was noted that in assessing descriptiveness, the mark should be examined as a whole rather than dissecting its component words. Unlike the CFI, the Court found that whilst the term ‘Baby-Dry’ might be used in the context of a sentence to describe an important function of disposable nappies, as a stand-alone phrase it was not used in common English parlance to describe the product, nor was it a word that would be substituted by the relevant consumer when talking about the same.

It is by no means clear any longer that the decision and the reasoning in *Baby-Dry* is the

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<sup>70</sup> *Procter & Gamble Company v OHIM* [1999] ECR II-2383.

<sup>71</sup> Marks that were considered non-distinctive or descriptive included ‘Investorworld’ (non-distinctive), *Community Concept v OHIM* [2000] ECR II-3545; ‘Giroform’ (descriptive), *Mitsubishi Hi-tech Paper v OHIM* [2001] ECR II-433; ‘Trustedlink’ (non-distinctive), see *Harbinger v OHIM* [2000] ECR II-3525; ‘Companyline’ (non-distinctive), *DKV Deutsche Krankenversicherungs AG v OHIM* [2000] ECR II-1. Here, the CFI found that ‘company’ and ‘line’ were generic words, which together could denote a line of goods or services provided by an undertaking. The CFI further held that coupling the words without any ‘graphic or semantic’ modification did not render the mark distinctive, at para. 26.

<sup>72</sup> In the *Vitalite* case, for example, the CFI held that such perception should be considered with reference to ‘each of the languages of the E.U. and for each of the [relevant] goods or services’. In this view, while the mark ‘Vitalite’ could be interpreted as ‘vitalité’ in French, the mark would still only be indirectly evocative of the product (mineral and aerated waters): *Sunrider Corporation v OHIM* [2001] ECR II-449, at paras. 15 and 21-24.

<sup>73</sup> *Wrigley v OHIM* [2000] ECR II-417. See also *Bank für Arbeit v OHIM* [2001] ECR II-1259.

<sup>74</sup> *Procter & Gamble Company v OHIM* [2001] ECR I-6251.

<sup>75</sup> *Procter & Gamble Company* [2001] ECR I-6251, at para 39.

correct approach to the application of Articles 7(1)(b) and 7(1)(c). Cases subsequent to the ECJ's *Baby-Dry* judgment have, however, highlighted the problem of clearly defining the boundaries of the concepts involved.

In its judgment in *Doublemint*,<sup>76</sup> delivered in 2003, the ECJ annulled the CFI judgment allowing registration. The Court stressed that in order to refuse registration under Article 7(1)(c) of the CTMR, it is not necessary that the signs comprising the mark actually be in use at the time of the application in a way that is descriptive of the goods or services or of their characteristics. It is sufficient that such signs and indications could be used at some point in the future for such purposes. Therefore a sign is unregistrable if at least one of its possible meanings designates a characteristic of the relevant goods or services concerned. According to the Court, the CFI applied a test based on whether the mark was 'exclusively descriptive', which is not the test laid down by the CTMR. In so doing, it failed to ask whether 'Doublemint' was capable of being used by other economic operators to designate a characteristic of their goods and services.<sup>77</sup>

Unfortunately, in the *Doublemint* case the ECJ did not, as expected, use the opportunity to resolve some of the issues. To put it in the words of Advocate General Jacobs in *Doublemint*, the feeling is strong that 'Exactly where [the] line is to be drawn is however less clear. In each case, there will come a point where an individual decision must be made'.<sup>78</sup>

### Developments

Recent judgments have attempted to clarify some of the more difficult issues. In particular, they have emphasised the importance of the analysis of the relationship between the sign and the goods or services protected by it, on the one hand, and the relevant consumers, on the other. Guidance has been given on how to identify signs which may be deemed 'exclusively descriptive' and those that are instead capable of having 'perceptible differences'. The degree of importance to be assigned to the consumer's perception has also been expanded upon.

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<sup>76</sup> *OHIM v Wm. Wrigley Jr. Company* [2003] ECR I-12447.

<sup>77</sup> *OHIM v Wm. Wrigley Jr. Company* [2003] ECR I-12447, at para 35 of the judgment.

<sup>78</sup> *OHIM v Wm. Wrigley Jr. Company* [2003] ECR I-12447, at para 58 of the Opinion.

*Nichols*,<sup>79</sup> a reference for a preliminary ruling from the English High Court,<sup>80</sup> concerned the specific conditions to apply when assessing distinctiveness of common surnames. *Nichols* is an English company well-known for its “Vimto” soft drink and applied for registration of the word ‘Nichols’ for automatic vending machines and the products sold in them, namely foodstuffs and drinks. The U.K. Trade Marks Registry granted the application for the machines but refused it in relation to the other products, relying on the criteria laid down in Practice Amendment Circular No. 6 published by the Registrar in May 2000.<sup>81</sup> *Nichols* appealed to the High Court.

In the reference to the ECJ, Mr Justice Jacob (as he was then) took the view that a ‘fairly’ common surname should be regarded as devoid of any distinctive character unless and until it has acquired distinctiveness through use. He also highlighted the risk of monopolisation deriving from the registration of a common surname to cover a wide range of goods or services. In view of that danger, the possibility of challenging some of those indications on the ground of non-use, after the expiry of five years following registration, did not, in his view, seem to be an effective safeguard. According to *Nichols*, however, this approach meant setting an arbitrary threshold above which a surname is deemed to be common. Advocate General Colomer concluded that the test to be applied was no different to that for other trade marks. Somewhat surprisingly, he considered that surnames are not ‘at first sight, generic or descriptive signs for specific products or services. [...] it follows [...] that it is not possible, in relation to the differentiating capacity of the surname in question, to rely on considerations of a general nature with a view to ensuring their availability for the generality of operators’.<sup>82</sup> The Advocate General pointed out that distinctiveness must be analysed from the viewpoint of the average consumer and that to this end whether a surname, however common, was capable of indicating origin depended on the specific market concerned.<sup>83</sup> He then noted that ‘in certain sectors, common names or surnames are assiduously [sic] used to designate a commercial origin. If that is the case, there is nothing to prevent the registration authorities

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<sup>79</sup> *Nichols Plc v Registrar of Trade Marks*, [2005] E.T.M.R. 213.

<sup>80</sup> See [2002] EWHC 1424 (Ch).

<sup>81</sup> The Circular provided that: ‘5. In judging the capacity of a surname to distinguish the goods or services of one undertaking the Registrar will consider: (a) the commonness of the surname; (b) the number of undertakings engaged in the trade[...] 7. the London Telephone Directory. [...] the Registrar will not regard a surname as common unless it appears 200 times in the London or other appropriate telephone directory.’

<sup>82</sup> *Nichols* [2005] E.T.M.R. 213, at para. 33 of the Opinion.

<sup>83</sup> [2005] E.T.M.R. 213, at para. 36.

from finding that the mark has no capacity to distinguish. Such a finding must be specific and must not be made in an all-embracing or abstract manner'.<sup>84</sup>

In its brief, two page response, the Court held that 'as a term used in everyday language, a common surname may serve the trade mark function of indicating origin' where it is found to be distinctive. A surname cannot be refused registration merely in order to avoid the consequence that an advantage is afforded to the first applicant since the Directive contains no provision to that effect. It then noted that Article 6(1)(a) of the Directive, which states that it shall not be an infringement to use your own name, provides a general limitation, 'for the benefit of operators who have a name identical or similar to the registered mark', to the rights granted in the mark after its registration. At that time, the distinctive character of the surname would already be established. As a consequence, that provision has no relevance in assessing distinctiveness of the mark applied for.<sup>85</sup>

Also, *Postkantoor*,<sup>86</sup> a preliminary reference from the Regional Court of Appeal of The Hague (Gerechtshof te 's-Gravenhage), concerned the refusal by the Belgian Patent Office to register 'POSTKANTOOR' (in English, post office) for paper, advertising, insurance, stamps, construction, telecommunications, transport, education, technical information and advice. The Court again stated that distinctiveness must be assessed from the perspective of the average consumer. The competent authority must have regard to all the circumstances of the case. This includes (i) 'in the case of a word mark, its meaning, in order to ascertain whether any of the absolute grounds of refusal applied', and (ii) 'the results of any study submitted by the applicant seeking to establish, for example, that the mark is not devoid of any distinctive character or is not misleading'.<sup>87</sup>

With reference to descriptiveness, the Court cited *Windsurfing* and *Libertel* in relation to the public interest underlying Article 3(1)(c) of the Directive, i.e., the need to keep 'freely available to all undertakings' marks consisting 'exclusively' of signs or indications which may serve, in trade, to designate the characteristics of the relevant goods or services. From

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<sup>84</sup> [2005] E.T.M.R. 213, at para. 41 of the Opinion.

<sup>85</sup> [2005] E.T.M.R. 213, at paras 31-33 (Judgment).

<sup>86</sup> *Koninklijke KPN Nederland NV v Benelux-Merkenbureau*, [2004] E.T.M.R. 771.

<sup>87</sup> [2004] E.T.M.R. 771, at paras. 32 and 35.

this perspective, it has to be determined whether a trade mark ‘currently’ represents a description of such characteristics or it is ‘reasonable’ to assume that this might be the case in the future. It was irrelevant in this respect, noted the Court, whether (i) the number of competitors potentially interested in such signs or indications was small or large, and (ii) the characteristics of the product in respect of which the mark was descriptive were commercially ‘essential’ or merely ‘ancillary’.<sup>88</sup> In clear language, the Court then specified that mere combinations of descriptive elements with no unusual syntactical or ontological variation remain descriptive. However, a combination may be not descriptive if it creates an impression, both aural and visual, which is ‘sufficiently far removed’ from that created by the simple combination of the elements.<sup>89</sup> Finally – and contrary to AG Colomer’s view<sup>90</sup> – the Court questioned the validity of the Protocol amending the Uniform Benelux Law on Trademarks, which provided for the refusal of ‘manifestly inadmissible applications’. The Court held that the Directive, although not providing a ‘full-scale’ approximation, did not distinguish between unregistrable and manifestly unregistrable marks. The same line of reasoning was followed in *Campina*<sup>91</sup> where the mark BIOMILD was sought for food, in particular yogurt, and beverages.

By far the most important case in 2004 was *Sat.1*<sup>92</sup> which analysed in detail the relationship between the mark and the goods or services specified in the application for registration, on the one hand, and the relevant consumers on the other. Guidance was provided to distinguish marks which may be deemed to be ‘exclusively descriptive’ and those that are instead capable of showing ‘perceptible differences’ over what is exclusively descriptive. The degree of importance to be attached to the consumer’s perception was also developed.

Here, the Court considered an appeal seeking annulment of a CFI judgment.<sup>93</sup> The OHIM Board of Appeal had refused registration of the mark SAT.2 sought by the German company Sat. 1 for services connected with satellite broadcasting. On appeal, the CFI found that SAT.2 was not descriptive of the relevant services (classes 38, 41 and 42) but was however

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<sup>88</sup> [2004] E.T.M.R. 771, at paras 54-58 and 102.

<sup>89</sup> [2004] E.T.M.R. 771, at paras. 99 and 100.

<sup>90</sup> [2004] E.T.M.R. 771, (Opinion delivered on 31 January 2002), the Advocate General considered that the Court did not have jurisdiction on this point, at. para. 79.

<sup>91</sup> *Campina Melkunie BV v Benelux-Merkenbureau*, [2004] E.T.M.R. 57.

<sup>92</sup> *Sat.1 SatellitenFernsehen GmbH v OHIM*, [2005] E.T.M.R. 20.

devoid of any distinctive character in respect of particular services (class 35). Confirming the absolute ground of refusal for those services, it annulled the OHIM decision insofar as it related to the other services. The CFI considered that OHIM had shown that the term ‘Sat’ was the usual abbreviation for ‘satellite’ and thus that it designated the characteristics of the relevant services. As this was likely to be taken into account by the relevant public, the CFI found that ‘Sat’ was devoid of any distinctive character in relation to broadcasting via satellite. The mark’s other elements ‘2’ and ‘.’ (dot) were, or could be, commonly used in trade for the services in question, leading the CFI to conclude that the compound mark, considered as a whole, was not combined in an unusual manner and was therefore devoid of any distinctive character.

This reasoning, which in theory followed the steps of the traditional test, was held to be wrong by the ECJ. Advocate General Jacobs’ Opinion provided an interesting analysis<sup>94</sup> of the concept of ‘capacity to distinguish’ under Articles 4, 7(1)(a) and 7(1)(b), (c) and (d) of the CTMR. He found that, since the acquired distinctiveness proviso applies only to Articles 7(1)(b)-(d) and to neither Article 7(a) nor Article 4, the concept of capacity to distinguish under Article 7(1)(b) was to be interpreted as connoting distinctiveness in relation to the products or services in question.<sup>95</sup> Unlike the CFI, he found that the numerical element in the mark was actually to ensure distinctiveness. The use of these marks to designate television channels and connected products was evidence of their distinctive character and ability to create loyalty.<sup>96</sup>

Following the Opinion, the Court held that the CFI had not considered the mark as a whole. Although the way in which the mark SAT.2 was combined was not unusual, in particular with reference to consumer perceptions and the lack of a high degree of inventiveness, these factors did not suffice to exclude distinctiveness. This eventually depends on whether the mark is capable of distinguishing the goods or service of one undertaking from those of another.<sup>97</sup>

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<sup>93</sup> Cf. footnote 77 above.

<sup>94</sup> Opinion delivered on 11 March 2004, not yet reported.

<sup>95</sup> Opinion delivered on 11 March 2004, not yet reported, at paras. 15 and 16.

<sup>96</sup> Opinion delivered on 11 March 2004, not yet reported, at para. 56.

<sup>97</sup> [2005] E.T.M.R. 20, at paras. 40-43.

Finally, *Sat.1* clarified that public interest considerations under Article 7(1)(b) and (c) must be interpreted differently. Whilst the devoid of distinctive character provision, Article 7(1)(b), is aimed at the need ‘not to restrict unduly’ the availability of the sign for other operators who offer goods or services of the same type, the public interest underling the exclusively descriptive ground of refusal, Article 7(1)(c), requires that the descriptive sign be kept free for all.<sup>98</sup>

In view of *Sat.1*, it will be interesting to follow the outcome of the *BioID* case. BioID AG has applied for registration of the figurative mark ‘BioID@.’ for goods and services in Classes 9, 38 and 42, all of which were limited to use in relation to the computer-aided identification of live organisms by reference to their biometric characteristics. The applicant (BioID AG) appealed from the decision of the CFI which had upheld the decision of OHIM’s Board of Appeal refusing registration. The Board of Appeal held that the sign constituted a shortened form of the words “biometric identification”, that the graphic elements were minimal and therefore the sign did not have any distinctive character. The CFI agreed with that analysis<sup>99</sup> and added that the word BioID is likely to be perceived by the relevant public (in this case people with specialist knowledge in the area) as being commonly used in trade to represent all the goods and services in the categories referred to in the application and not to distinguish the goods and services of one undertaking from those of another. The use of the dot [.] at the end of the mark only confirmed that the mark was an abbreviation. As for the use of the sign ®, it was held that the sign is limited to indicating that the mark was registered for a specific territory and that, in the absence of such application, the graphic element would be misleading to the public.<sup>100</sup>

The CFI also made the following comments. A compound mark cannot fall under Article 7(1)(b) if one of its composite elements is distinctive in respect of the goods and services claimed. That is true even if the sole distinctive element is not dominant. It is therefore not permissible to disregard an element of a compound mark on the basis that its importance is minimal in comparison with that of the other elements. If a compound mark is composed only of elements that are individually devoid of distinctive character in respect of the goods

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<sup>98</sup> [2005] E.T.M.R. 20, at para. 26.

<sup>99</sup> *BioID AG v OHIM* [2002] ECR II-5159.

and services claimed, the whole mark is also likely to be commonly used in trade to represent those goods and services.<sup>101</sup>

Advocate General Léger gave his Opinion on June 2, 2005.<sup>102</sup> Although finding that the mark was not distinctive, he held that the CFI's reasoning should be rejected in the light of *Sat.1* and that the ECJ should annul its judgment. According to AG Léger, the CFI did not, as is required by *Sat.1*, consider the impression given by the mark as a whole and the criteria used to assess the distinctive character did not mirror the correct test laid down by the Court in *Sat.1*. In particular, the criterion according to which a mark lacks distinctive character if it is composed by elements that are suitable to be used in commerce to represent the relevant goods and services is not one to be taken into account for the purposes of Article 7(1)(b). The judgment of the ECJ is awaited with interest.

Another interesting issue in this area is that raised in *Nestlé*, which in the English Court of Appeal Lord Justices Mummery and Sedley<sup>103</sup> did not have 'complete confidence' to address without the assistance of a ruling from the ECJ. The Hearing Officer in the UK Trade Marks Registry had refused registration (on Mars' opposition) of the mark 'HAVE A BREAK' as part of the better known 'HAVE A BREAK...HAVE A KIT KAT' mark used (and registered) by Nestlé for chocolate, confectionery, candy and biscuits. The question was: can distinctive character be acquired by parts of composite marks? Advocate General Kokott's Opinion<sup>104</sup> was in the affirmative: distinctiveness may well be acquired by an 'essential' part of a composite mark. However, a reflex reaction from the relevant consumers completing the slogan 'Have a Break' with 'Have a Kit Kat' would not suffice. What must be demonstrated is that consumers will be able to attribute the slogan to the manufacturers of Kit Kat.<sup>105</sup>

The ECJ delivered its judgment on July 7, 2005, confirming Advocate General Kokott's view. It held that the distinctive character required for registration of a mark may be acquired

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<sup>100</sup>It should be noted that it is a criminal offence in the UK to falsely represent that a mark is registered.

<sup>101</sup> [2002] ECR II-5159, at paras. 22 *et seq.*

<sup>102</sup> Case C-37/03 P *BioID AG v OHIM*, Opinion delivered on June 2, 2005, not yet reported (and not available in English at the time of writing).

<sup>103</sup> [2003] E.T.M.R. 101.

<sup>104</sup> Case C-353/03, *Société des produits Nestlé SA v Mars UK Ltd*, Opinion delivered on 27 January 2005, not yet reported.

<sup>105</sup> Opinion of AG Kokott, at paras. 43-45.

through use of that mark as part of or in conjunction with a registered trade mark. The Court pointed out that a mark has distinctive character when it is capable of distinguishing the goods or services of one undertaking from those of other undertakings. Distinctive character must be assessed in relation, on the one hand, to the goods or services in respect of which registration is applied for and, on the other, to the presumed expectations of an average consumer of the category of goods or services in question, who is reasonably well-informed and reasonably observant and circumspect. In order to acquire distinctive character through use, the mark must be used as a trade mark. In relatively clear language the ECJ clarified in this respect that this does not mean that the mark in respect of which registration is sought need necessarily have been used independently (by which one assumes they mean separately). It is merely necessary that, by consequence of use, the relevant class of persons actually perceive the product or service, *designated exclusively by the mark applied for* (whatever that may mean in this context), as originating from a given undertaking. Such identification, and thus acquisition of distinctive character, may be as a result both of the use, as part of a registered trade mark, of a component thereof and of the use of a separate mark in conjunction with a registered trade mark.

The Court concluded that it is for the national court to determine whether the mark HAVE A BREAK has come to identify the product or service concerned. It then reiterated that the relevant factors must be assessed globally and that the following criteria may be taken into account for the purposes of such assessment: the market share held by the mark (presumably HAVE A BREAK, which has no market share in any meaningful sense); how intensive, geographically widespread and long-standing the use of the mark has been; the amount invested by the undertaking in promoting the mark HAVE A BREAK (as opposed to KIT KAT and HAVE A BREAK HAVE A KIT KAT?); the proportion of the relevant class of persons who, because of the mark (only or including?), identify goods as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations.

Further guidance in the area of descriptive marks may be given in the ECJ ruling in *Matratzen*, the very first preliminary reference from a Spanish court (Barcelona Court of

Second Instance) in the field of trade mark law.<sup>106</sup> The case concerns an interesting issue of European trade mark law, namely whether a word which is generic or descriptive in one of the Member States must be refused protection in other Member States where that language is not generally known. The ECJ has in particular to decide whether use of the Spanish trade mark MATRATZEN (which in German means ‘mattresses’) to designate mattresses and related products may constitute a disguised restriction on trade between Member States contrary to Article 28 (the free movement Article) of the EU Treaty.

Finally, the long awaited ruling of the Court on registrability of a mark in respect of retail services has to be mentioned here. For some years after the introduction of the CTM system and the UK 1994 Trade Marks Act, both OHIM and the UK Registry employed a policy of rejecting applications specifying ‘retail services’ and the like, although there is no express basis for an objection to registrations for ‘retail services’ in the TM Directive or the CTM Regulation. The objection was based in essence on the fact that the undertakings are trading in goods and services and therefore marks in respect of retail services that are merely ancillary to trading in goods would not be registrable. The issue arose before OHIM when a CTM application was made by Giacomelli Sport S.p.a. for the following services: ‘Bringing together, for the benefit of others, of a variety of goods (excluding transport thereof), enabling customers to conveniently view and purchase those goods’. In principle, the Board was prepared to allow a registration for this type of service, but remitted the application to the examiner to allow the applicant to specify the services with greater clarity. The services had to be linked to the goods concerned, in this case ‘sports goods’.

It has taken some time for this issue to reach the ECJ, but it has done so in a reference from the German *Bundespatentgericht* in *Praktiker*.<sup>107</sup> Praktiker Märkte applied to register with the German Trade Marks Office the word mark PRAKTIKER for ‘retail trade in building, home improvement and gardening goods for the do-it-yourself sector’ in class 35. The application was rejected on the basis that service marks were not available for retail trade. Praktiker Märkte appealed and the *Bundespatentgericht* sought the ECJ’s guidance in the

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<sup>106</sup> Case C-421/04 *Matratzen Concord Ag v Hukla Germany S.A.*, pending.

<sup>107</sup> Case C-418/02, *Praktiker Bau- und Heimwerkermärkte AG*. judgment of July 7, 2005, not yet reported.

form of a preliminary ruling. The ECJ, following Advocate General Léger's Opinion, gave judgment on July 7, 2005.

Not surprisingly, the Court held that the concept of 'services' referred to by the Directive, in particular in Article 2, covers services provided in connection with retail trade in goods. However, contrary to AG Léger's view, the Court considered that it is not necessary to specify in detail the service(s) in question. Rather, details must be provided with regard to the goods or types of goods to which those services relate. According to the Court, general wording such as 'bringing together of a variety of goods, enabling customers to conveniently view and purchase those goods' is sufficient to identify those services.<sup>108</sup> As regards the issue of whether retail sale of goods and the goods themselves are in practice 'similar' for the purposes of likelihood of confusion, the ECJ held that any problems resulting from the registration of trade marks for retail services could be resolved on the basis of the relevant provisions of the Directive, as they have been interpreted by the Court. In that regard, the Court reiterated that the likelihood of confusion must be assessed globally, taking into account all the factors relevant to the circumstances of the case.<sup>109</sup>

It remains to be seen how this general principle will be applied in practice. Also, the Court did not mention modern forms of retailing such as mail order, telephone and Internet sales services, although these should be covered automatically by the same general principle. That principle would appear not to be restricted to traditional retailers but capable of extension to all provided that the service can be perceived by the consumer as a distinct service.

### Developments: the UK

The issue of distinctiveness was recently discussed in the interesting decision of *Linkin Park*<sup>110</sup> concerning the name of a famous rock group and merchandising. Linkin Park LLC, the corporate vehicle of the American rock group Linkin Park, had applied to register the trade mark LINKIN PARK in respect of a wide range of goods and services. The Hearing

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<sup>108</sup> Case C-418/02, judgment of July 7, 2005, not yet reported, at para 49.

<sup>109</sup> Case C-418/02, judgment of July 7, 2005, not yet reported, at para 48.

<sup>110</sup> Decision O-035-05, February 7, 2005; Appointed Person Mr Richard Arnold QC, not yet reported but available at [www.patent.gov.uk/tm/legal/decisions/2005/o03505.pdf](http://www.patent.gov.uk/tm/legal/decisions/2005/o03505.pdf).

Officer granted registration of the mark for all the goods except for ‘printed matter, posters and poster books’ in class 16 which he refused on the basis that such registration would be contrary to section 3(1)(b) and (c) of the Act<sup>111</sup> and to the Registrar’s practice.

The applicant appealed the decision but Mr Richard Arnold QC, sitting as an Appointed Person (an appeal from the Registry lies either to the Appointed Person or to the High Court), upheld the refusal. Citing *Doublemint* and *Postkantoor*, he held that although the mark was invented by the group it was descriptive because by the time of the application the mark had acquired a well-established meaning of denoting the group. Furthermore, the mark was descriptive or at least capable of being used descriptively, as it would be difficult if not impossible for other traders to market posters depicting the group without using the mark.

Mr Arnold held in particular that ‘if one imagines a consumer who wants a poster depicting LINKIN PARK asking a shop assistant whether that shop stocks such things, he would be very likely to say “Do you have any LINKIN PARK posters?”. He accepted that consumers might use an alternative formulation, such as “Do you have any posters of LINKIN PARK?” but in his judgment this was less likely. He concluded that ‘in the question “Do you have any LINKIN PARK posters?” the mark is clearly being used to describe a characteristic of the goods being sought, namely their subject matter’.<sup>112</sup>

The Appointed Person also rejected the applicant’s argument that the relevant consumers would expect merchandise relating to the group, including posters, to be licensed by the group or its corporate vehicle. Copyright law suggested the opposite, as the first owner of copyright in a photograph of the group would be the photographer or the photographer’s employer and its exploitation would not require the group’s licence. Accordingly, even if performers’ names may be registered in respect of compact discs on the basis that members of the public would expect such items to be authorised by the performer, that did not mean that such marks were registrable for posters. Moreover, Mr Arnold noted that the applicant had not submitted evidence that consumers would expect posters depicting the group to be licensed by the group.

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<sup>111</sup> These provisions are equivalent to Art. 71(b) and (c) of the CTMR. *Cf.* fn. 9 above.

<sup>112</sup> See paras. 47 and 48 of the Decision O-035-05.

The decision will seriously affect attempts by celebrities to register their name in the UK for certain self-branded merchandising products. It remains to be seen how the issue will be addressed by the ECJ should its guidance on the issue be one day required. Also, from the decision it is not entirely clear why the mark should not be considered descriptive in respect of other products. For example, would a consumer wanting a t-shirt bearing the sign LINKIN PARK not request it by asking “Do you have any LINKIN PARK t-shirts?”

### ***III. REVOCATION FOR NON-USE***

#### *Background*

Article 50(1)(a) of the CTMR<sup>113</sup> is the most common ground upon which revocation of a mark is sought, the others being that the mark has become generic or that the mark has become misleading or deceptive particularly in relation to its nature.<sup>114</sup> In *Ansul*,<sup>115</sup> a preliminary reference from the *Hoge Raad* (Supreme Court of the Netherlands), the ECJ held that ‘genuine use must be understood to denote use that is not merely token, serving solely to preserve the rights conferred by the mark.’ Quantification of the amount of sales has always been a concern when assessing genuineness.

#### *Developments*

In *La Mer Technology*,<sup>116</sup> a preliminary reference from the English High Court,<sup>117</sup> the ECJ held that it was not possible to establish in the abstract a ‘quantitative threshold’ for genuine use, that is a *de minimis* rule as indicated by the referring court.

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<sup>113</sup> ‘The rights of the proprietor of the Community trade mark shall be declared to be revoked on application to the Office or on the basis of a counterclaim in infringement proceedings: (a) if, within a continuous period of five years, the trade mark has not been put to genuine use in the Community in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use; [...]’. Articles 12(1) and sections 46(1)(a) and (b) are, respectively, the equivalent provisions of the Directive and the UK Act.

<sup>114</sup> See Article 12 (2) of the Directive, Article 50(1) (b)-(d) of the CTMR and sections 46(1)(c) and (d) of the Act.

<sup>115</sup> *Ansul BV v Ajax Brandbeveiliging BV* [2003] ECR I-2439. *Ansul* had not used its mark MINIMAX for the products for which it was registered (fire extinguishers) but had used it in connection with associated products (component parts and extinguishing substances for fire extinguishers) as well as on invoices relating to those products and services, and on stickers and stripes.

<sup>116</sup> *La Mer Technology Inc. v Laboratoires Goemar SA*, [2004] E.T.M.R. 640.

La Mer Technology had applied to revoke for non-use the mark LABORATOIRE DE LA MER registered in class 3 for perfumes and cosmetics. The extent of the use shown was the importation into the UK of about £800 worth of such goods in five shipments over 18 months. The items were in small containers bearing the mark. Before the end of the five year period, the importing company was struck off and after the end of such period the proprietor of the mark appointed another distributor. Although there was very limited use, the hearing officer held that there had been genuine use of the mark in relation to cosmetics. On appeal, Mr Justice Jacob (as he then was) referred various questions to the ECJ. The Court reasserted the principles established in *Ansul*<sup>118</sup> and confirmed that if it served an actual commercial purpose, even minimal use (for example, use by one single importer, providing the import operation was genuinely commercial) could be sufficient to establish use. It was for the national court to determine whether such use only reflected an intention to defeat revocation.<sup>119</sup>

#### Developments: the UK

When the case went back to the referring court, La Mer Technology won its appeal. Blackburne J. held that the proven use fell short of genuine use.<sup>120</sup> The fact that the proprietor intended to use the mark was, of itself, insufficient. The assessment was essentially objective: the only occasion when it would be appropriate to consider the purpose behind the proven use would be where the use was for the purpose of preserving the registration and not for preserving or creating market share. The use relied upon was the purchase, by five deliveries, of £800 worth of products. There was nothing to indicate that the products were offered for sale or that action had been taken, whether by advertising or otherwise, to bring the public's attention to the mark. Such use did not qualify as genuine use because it did not expose the marked goods to the relevant market.

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<sup>117</sup> [2002] E.T.M.R. 34.

<sup>118</sup> It is to be noted that, as on other occasions (see footnote 12 above), the High Court of Justice was asked by the ECJ whether it wished to pursue the preliminary reference in view of the *Ansul* ruling. Jacob J noted that that case did not answer four out of his five questions and did not withdraw them. The Court gave its judgment according to Article 104(3) of the Rules of Procedure, that is without a hearing.

<sup>119</sup> [2004] E.T.M.R. 640, at paras. 13, 19, 24, 25 and 33.

<sup>120</sup> [2004] EWHC 2960 (Ch.)

Although the Court of Appeal has given permission to appeal, the trade mark proprietor's argument that use which is not token and merely internal must necessarily be external for the purposes of preserving and creating a market share is unlikely to prevail. A generous period of five years is allowed to put the mark to genuine use: if that is not the case it is lost.

A further cases concerning invalidation proceedings is worth mentioning. It illustrates the consequence of a failure to raise all points in trade mark proceedings and also shows that the conditions for obtaining and continuing to hold a registered trade mark may be more stringent in some Member States than in others.

In the case of *Hormel Foods*<sup>121</sup> Richard Arnold QC (sitting as a deputy judge of the High Court) considered the effects of cause of action estoppel and abuse of process in circumstances where successive attacks on a registered trade mark had been made. Hormel Foods, the registered proprietor of the mark SPAM for canned meats, had previously brought proceedings for invalidity of the mark SPAMBUSTER (in stylised form for anti-spam computer programming services) in the Registry on relative grounds, relying on SPAM as a well-known trade mark. These proceedings failed and were not appealed.

The deputy judge held that the Registrar's decision was capable of founding a plea of *res judicata* and that the established principle that, once a party had unsuccessfully challenged the validity of a patent (or registered design) that party was estopped from attacking its validity on different grounds, also applied to trade marks. He concluded that (i) the remaining claims for a declaration of invalidity were barred by cause of action estoppel, notwithstanding that different grounds were relied upon, and (ii) all the remaining claims (for both invalidity and revocation) were an abuse of process following *Henderson v Henderson* (1843) 3 Hare 100.

It is important to note that, as the Deputy Judge made clear, this case did not consider the position where a person unsuccessfully opposed the mark and then applies for a declaration of invalidity. Also, the same reasoning does not automatically apply to successive applications for revocation. If different applications require consideration of the position at different dates or for different periods of alleged lack of genuine use, no cause of action estoppel will arise

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<sup>121</sup> [2005] EWHC 13 (Ch).

and, generally, the later application will not constitute an abuse of process unless the position is more or less identical.

Furthermore, the Deputy Judge held that SPAMBUSTER in itself was descriptive under section 3(1)(c) and the use of a fancy font did not alter that finding. It was also devoid of distinctive character under section 3(1)(b), but was not generic at the time of application under section 3(1)(d). The mark had not subsequently acquired distinctiveness. In relation to revocation, he held that by the time of the proceedings, SPAMBUSTER had become a common, though not the sole, term for such services. This was sufficient to make out Hormel's claim for revocation.

It is interesting to note that not all Member State courts or authorities have the power to deal appropriately with vexatious repetition of proceedings. This may have the consequence that the conditions for obtaining and continuing to hold a registered trade mark may not, as a matter of practice and procedure, be identical in all Member States.

#### ***IV. GROUNDS FOR INVALIDITY – BAD FAITH***

##### ***Background***

Article 3(2)(d) of the Directive, one of the optional provisions which leave it up to the Member State whether to adopt it, states that 'Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that: ... (d) the application for registration of the trade mark was made in bad faith by the applicant'.<sup>122</sup>

This provision has been enforced more vigorously in the UK than in other Member States or at OHIM. The main reasons for this include the following: (i) the lack of a uniform interpretation or understanding of the notion of "bad faith"; (ii) the existence in the UK of section 32(3) of the Trade Marks Act, which requires every applicant to state that the mark

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<sup>122</sup> The provisions dealing with bad faith in the CTMR and the UK Trade Marks Act 1994 are, respectively, Article 51(1)(b) and sections 3(6) and 32(3).

applied for is being used or that he has a *bona fide* intention to use it (not repeated in the Regulation or in many Member States); and (iii) the different ways in which Member States implemented the optional provision in the Directive.

As regards the latter issue, the UK and some other Member States (e.g. Ireland, Greece and Benelux) have fully implemented the ‘optional’ bad faith provision in the Directive, so that bad faith is a ground for refusal as well as invalidity. In France, the relevant provision appears limited to situations where the registration has been applied for fraudulently with respect to the rights of another person or in violation of a statutory or contractual obligation, and even then the ground may only be invoked by a person who believes he has a right in the mark – he may then claim ownership. There are other countries (e.g. Germany and Italy) which have adopted, at a national level, essentially the same scheme as under the CTMR.<sup>123</sup> It is hoped that an appropriate case will soon arise that will require a tribunal to make a reference to the ECJ for an authoritative interpretation of the scope of “bad faith” in EU law.

#### Developments: the UK

The applicant’s intentions when making a UK trade mark filing have recently been examined in an interesting case involving Robert McBride’s application for a 2-D representation of the shape of an air freshener product. The mark applied for was opposed by Reckitt-Benckiser, who alleged that the applicant did not have a proper intent to use its mark at the time of filing. To support this claim, they filed evidence that the proprietor was selling goods in a three-dimensional format corresponding to the 2-D representation. They claimed that the applicant had never intended to use the 2-D mark in any way, that they had filed in bad faith knowing that they would never use the mark in the form as filed and that they were seeking to monopolise a 3-D shape mark.

The hearing officer felt that the opponent’s claims demanded an evidential response which the applicant had failed to satisfy, concluding that, at the date of application, Robert McBride had

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<sup>123</sup> “Bad faith” is not an absolute ground for refusal of an application for a CTM, although the relative grounds prevent a registration in the name of an agent of the proprietor of the mark without consent (Article 8(3) CTMR). Once a CTM registration has been granted, an application can be made to have the registration declared invalid where the applicant was acting in bad faith when he filed the application (Article 51(1)(b)).

no intention to use the mark for the goods claimed. The applicant appealed and the Appointed Person, Mr Richard Arnold QC, conducted a thorough analysis of the case law on bad faith to date, drawing support from decisions of the English High Court and Court of Appeal and from OHIM, as well as other case law in related areas such as abusive company name and domain name registrations. He noted that whilst neither the Directive nor the CTMR contained provisions corresponding to section 32(3) of the 1994 Act, which requires the applicant for registration of a UK trade mark to state that the mark is in use or intended to be used, this did not render that provision incompatible with Community law (though this point was not in issue in the proceedings).

In the appeal the applicant accepted that a materially false statement of intention to use, made at the time of filing, was capable of amounting to bad faith in an appropriate case. When assessing whether the applicant's conduct had been dishonest, the Appointed Person rejected a truly subjective test under which a dishonest person with low standards would be permitted to obtain a trade mark registration in circumstances where a person abiding by reasonable standards of conduct would not. Even if the applicant was not dishonest, bad faith could be found where the applicant's decision to apply for registration would be regarded as in bad faith by persons adopting proper standards.

Mr Arnold noted that the cases he relied on suggested a consensus that seeking to register another's trade mark would render an application invalid for bad faith; however, he also noted the hearing officer's finding that the applicant in this case had not deliberately and consciously decided to designate the mark in issue as a 2-D rather than a 3-D mark in order to avoid distinctiveness objections. He then accepted the applicant's contention (introduced on appeal) that although the applicant probably only intended to use the mark in a 3-D format at the time when he filed the TM3 form, this could in some circumstances be seen as use of the 2-D trade mark applied for, since the particular presentation and packaging of the goods allowed the consumer to perceive the product in a form which was substantially a 2-D image, which still corresponded quite closely to the mark applied for. These contentions appear somewhat (or, perhaps, desperate), but the Appointed Person found that they were highly relevant to the issue of bad faith in the case before him.

He also accepted the applicant's argument that, at worst, they had made an error of judgment and that it was not enough to satisfy the "bad faith" test for the applicant to have made a statement of intention to use the mark applied for that turned out to have been incorrect. An honest, but mistaken, statement that the applicant intends to use the mark was not bad faith in the Appointed Person's view. He commented that there was no evidence from which it could properly be inferred that the applicant knew that the sale of the 3-D product would not constitute use of the mark applied for and therefore that it was making a false statement on the application form. He rejected the argument (accepted initially by the hearing officer) that such an inference could be drawn from the applicant's failure to file any evidence in response to the opponent's criticisms of their conduct, or to explain what their intention was at the time of filing.

Overall, the case highlights the importance of the applicant's state of mind at the time of filing. Applicants should not be encouraged to file marks simply for their deterrent value or in an endeavour to gain what could be an unfair commercial or tactical advantage relative to their competitors.

## V. DEFENCES

### Background

Article 12 (a) and (b) of the CTMR<sup>124</sup> provide three grounds for defence to infringement. In *Gerolsteiner*,<sup>125</sup> a preliminary reference from the German Federal Supreme Court (*Bundesgerichtshof*), the Court held that, on the basis of the correct interpretation of Article 6(1)(b) of the Directive, the proprietor of a trade mark may prevent the use of a confusingly similar geographical indication of origin only if that use was not in accordance with honest practices in industrial or commercial matters. It was for the national court to carry out an overall assessment of all the circumstances of the particular case, in which the defendant

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<sup>124</sup> 'A Community trade mark shall not entitle the proprietor to prohibit a third party from using in the course of trade (a) his own name or address; (b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of the goods or of rendering of the service, or other characteristics of the goods or service; (c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts, provided he uses them in accordance with honest practices in industrial or commercial matters'. Article 6(1)(b) is the equivalent provision in the Directive.

<sup>125</sup> *Gerolsteiner Brunnen GmbH & Co. v Putsch GmbH*, [2004] ETMR 40.

started selling drinks bearing labels including the words KERRY SPRING and ‘manufactured and bottled in Ballyferriter in County Kerry, Ireland, by the Irish company Kerry Spring Water’.

The questions referred were: (i) whether Article 6 of the Directive was applicable if a third party used geographical indications ‘as a trade mark’; (ii) if so, whether its use in accordance with honest practices in industrial or commercial matters should be taken into account. Not surprisingly, the Court avoided answering the first question as phrased. It held that, once likelihood of confusion had been ascertained, trade mark infringement would only occur where the use of the indication was not in accordance with honest practices, that is did not comply with the duty to act fairly in relation to the legitimate interests of the trade mark owner. (It should be noted that the figurative mark KERRY SPRING for mineral waters is now a registered CTM.)

More recently in *Gillette* the ECJ expressed its view on whether the owner of a trade mark may prohibit a third party from using its mark where it was necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts. The defendant, a manufacturer of various razors (both composed of a handle and replaceable blade, as well as replaceable blades sold separately), marketed its goods in Finland under the trade mark “Parason Flexor”. Its blades were marketed as compatible with all Parason Flexor and Gillette Sensor handles. Gillette Group Finland, which has the exclusive right to use the trade marks GILLETTE and SENSOR in Finland, complained that the defendant had infringed its trade marks.

The Court held that, under Article 6(1) of the Directive, a trade mark owner may not prohibit a third party from using the trade mark where it was *necessary* to indicate the intended purpose of a product or service, in particular as accessories or spare parts. In line with its case law, the Court held that such use, however, must be in accordance with honest practices in industrial and commercial matters. The Court explained that use of the trade mark by a third party would be ‘necessary’ where it is the only means of providing the public with comprehensible and complete information as to the intended purpose of the third party’s product. The Court reiterated that this meant that the third party must act fairly in relation to

the legitimate interests of the trade mark owner. It then provided useful guidance on the concept of “honest use”, albeit in the form of ‘negative’ exclusions. Accordingly, such use would not be honest where: (i) it gives the impression that there is a commercial connection between the third party and the trade mark owner, (ii) it affects the value of the mark by taking unfair advantage of its distinctive character or repute, (iii) it entails discrediting or denigration of the mark; or (iv) it is such that the product is presented as an imitation of the original product bearing the mark.

## **CONCLUSION**

As can be seen, the European Court of Justice has been very active in the trade mark field over the past couple of years. In many areas it has helped clarify some of the myriad of difficult issues, in others it has succeeded only in making harder the trade mark practitioners’ task of giving clients practical advice. Unfortunately, many of the problem areas arise from a combination of the poor (to English eyes) drafting of EU legislation and the unsatisfactory Article 234 preliminary reference procedure which in the form of the questions asked by referring courts often provides examples of the validity of the saying “rubbish in, rubbish out”.

Notwithstanding this criticism, it is fair to say that European trade mark law is becoming more coherent with the passage of time and the rendering of (some) judgments by the European Court of Justice, although many issues remain to be considered.