

Session 10B

Emily C. & John E. Hansen Intellectual Property Institute

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**SESSION 10: TRADEMARK LAW
10B. EU Trademark Law Update**

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Speakers:

James Nurton

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Recent CJEU and General Court Case Law on Trademarks and Designs*

Gordon Humphreys

*European Intellectual Property Office, Alicante
Celebrity Chefs, Gruesome Video Games and Astrophysicists: The Eclectic
World of New Types of Marks — First Experiences at EUIPO*

Maria Eugénia Martins de Nazaré Ribeiro

*Former Judge of the General Court of the European Union, Luxembourg
The CJEU Case Law on Distinctive Character of EU Trademarks Acquired
Through Use Revisited: The Mondelez Case*

Edger F. Brinkman

*Court of the Hague, The Hague
Descriptive Trademarks: How (Un)free Is It to Use Them?*

Panelists:

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Peter Ruess*Arnold Ruess, Düsseldorf Dustin F. Guzior*

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MR. SCHONHOFEN: Good afternoon, everyone. Welcome to the EU Trademark Update session. We have one hour to cover lots of cases, everything that happened in the last year in the European Union trademark-wise. We are going to talk about the *Lionel Messi* case;¹ debranding and rebranding; new types of nontraditional trademarks and the first experiences of the EUIPO²; and acquired distinctiveness and descriptive marks. So, lots to cover within this one hour.

Without further ado, I think we should get right into it. James is going to give us an overview of the last twelve months.

MR. NURTON: Thank you very much indeed, Sven. It is a privilege to be here on World IP Day and to be talking about CJEU³ (or, if you prefer, ECJ) cases. I understand I have been given twelve minutes. Twelve minutes in Fordham terms is practically a lifetime, so I feel very privileged by that.

For those of you who are not based in the European Union, I thought it would be helpful to briefly refresh the context of what we'll be talking about.

This is a summary of the EU court system. The Court of Justice sits at the apex of this system. The General Court, a separate court with separate judges, is underneath it and hears for our purposes appeals from EUIPO. The CJEU also deals with referrals from national courts on a variety of questions, including those relating to trademarks and designs.

According to the recently published annual report, there were ninety-two IP cases filed at the Court of Justice and seventy-four cases resolved in 2018. You can see that that's broadly in line with the previous four years.

The similar numbers for the General Court were 301 cases filed last year and 349 cases closed. About one-third of the General Court's caseload is appeals from EUIPO. So hundreds of cases to look at, but I am just going to focus on three today.

As we discussed, today is World IP Day, and as I'm sure you know, the theme of this year's World IP Day is sport. So, where better to start than Lionel Messi, who was the subject of a case that was actually decided on World IP Day last year, April 26, 2018. It is a case that has generated a lot of comment.

For those of you who don't follow football — I'm conscious that we are in the States and you may not know much about Mr. Messi — he is the captain of both FC Barcelona and the Argentina national team and widely regarded as one of the best — if not *the* best — footballer in the world. The other party, Massi, is an Italian cycling brand.

Mr. Messi filed a figurative European Union Trade Mark (EUTM) application which included his name covering various clothing and sporting goods. Massi opposed it based on its registration and subsequent use of MASSI.

¹ Case T-554/14, *Lionel Andrés Messi Cuccittini v. European Union Intellectual Property Office*, <http://curia.europa.eu>.

² European Union Intellectual Property Office.

³ Court of Justice of the European Union.

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The Opposition Division and Board of Appeal both found a likelihood of confusion and upheld the opposition, but the General Court disagreed. Why? They agreed with the Board of Appeal that the marks covered identical or highly similar goods. They also agreed that they were visually and phonetically similar — in fact, they said they were “highly phonetically similar” — but they found they were conceptually different. The reasons were essentially that Mr. Messi’s fame across the general public was such that it should be taken as read.

The Board of Appeal acknowledged the conceptual dissimilarity between the two brands but said that only football fans would perceive this and not the entire relevant public. The Court said this was wrong. The Court said that most of the public would recognize Messi as a footballer, and this would be even more the case where sporting goods were concerned. The key part is that the Court says: “The reputation of the Messi name is a well-known fact, that is to say a fact that is likely to be known by anyone or that may be known by generally accessible sources.” Thus, the Court concluded that “the conceptual differences between the marks was such as to neutralize the visual and phonetic similarities and there was no likelihood of confusion.”

I think the question for this case really is: How far does it go? Clearly, Messi is very famous. How many other people would have that degree of fame that they should be recognized in this way? Anyway, as I stand here, Lionel Messi is celebrating another victory. However, the EUIPO has appealed this to the Court of Justice, so we are awaiting their decision.

The second case I am going to talk about is another one that has caused a large amount of comment, in particular because the Court of Justice disagreed with its own Advocate General and ruled effectively that a trademark owner can prevent a third party from removing trademarks from genuine goods imported from outside the European Union.

The case concerns Mitsubishi forklift trucks.⁴ Mitsubishi of course owns both word and figurative marks. It brought this case in the Belgian court against two companies called Duma and GSI. The two defendants acquired the forklift trucks outside of the EEA and placed them in a Customs warehousing procedure, which is a sort of commercial purgatory before you enter the European Union. They removed the MITSUBISHI marks, added new trademarks and serial numbers, and made some technical changes before releasing them for sale. The questions referred from the Belgian court were effectively: Did these actions amount to use in the course of trade?

(1) (a) Do Article 5 of Directive 2008/95 and Article 9 of Council Regulation No 207/2009 cover the right of the trade mark proprietor to oppose the *removal, by a third party, without the consent of the trade mark proprietor, of all signs identical to the trade marks which had been applied to the goods (debranding)*, in the case where the goods concerned have never previously been traded within the EEA, such as goods placed in a customs warehouse, and where the removal by the third party occurs with a view to importing or placing those goods on the market within the EEA?

⁴ Case C-129/17, Mitsubishi Shoji Kaisha Ltd v. Duma Forklifts NV (July 25, 2018), <http://curia.europa.eu>.

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(b) Does it make any difference to the answer to question (a) above whether the importation of those goods or their placing on the market within the EEA occurs under its own distinctive sign applied by the third party (rebranding)?

(2) Does it make any difference to the answer to the first question whether the goods thus imported or placed on the market are, on the basis of their outward appearance or model, still identified by the relevant average consumer as originating from the trade-mark proprietor?

The Advocate General concluded, in essence, that they did not because they had not been placed on the market in the European Union. However, the Court of Justice reached the opposite conclusion. We can probably discuss in the panel a bit more about why this was, but essentially the Court of Justice felt that the proprietor is entitled to control the first placing of goods bearing its mark on the market in the EEA and that removing the marks deprives a trademark proprietor of its right to control this initial marketing of the goods.

It also discussed the various functions of the trademark and the adverse effect that the defendants' actions had, in particular, the functions of guaranteeing quality, advertising, and investment. In particular, it said that an action preventing the proprietor of a registered trademark from exercising its right to control the first placing of goods bearing that mark on the market by its very nature undermines the essential function of the trademark — that is, of course, of identifying origin — and this was even more the case where, as here, the consumers would be likely to recognize the products as Mitsubishi trucks.

The immediate reaction to this decision was some surprise. One very experienced trademark barrister said “err, what?” on Twitter. Another commenter followed that: “Just started reading this. They have gone full batshit crazy here.”

There has been much debate about how much protection this gives to trademark proprietors and whether it is justified or not, and whether perhaps the Court is trying to deal with issues which rightly are within unfair competition law rather than trademark law, unfair competition law, of course, not being harmonized in the European Union.

The third and final case I'm going to look at is *Koton v. Nadal Esteban*⁵ regarding the KOTON trademark. The question here was very helpfully summarized by Advocate General Kokott when she says, “What constitutes bad faith and how can it be established?” She clearly feels there are some unanswered questions on this topic. The opinion was published just a couple of weeks ago. We don't yet know what the Court's judgment will be, or of course whether they will follow her opinion.

This is another case concerning an EU trademark. Mr. Nadal Esteban applied for the mark shown on the left. Koton successfully opposed the registration in two of the three classes that he applied for, and you can see why I imagine. The mark was registered for services in class 39.

There was some history between the parties. Koton challenged this registration on the grounds of bad faith. The challenge was rejected by everyone up to and including the

⁵ Case C-104/18 P, *Koton Mağazacılık Tekstil Sanayi ve Ticaret AŞ v. EUIPO*, <http://curia.europa.eu>.

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General Court. This was based partly on the fact that Koton's prior rights did not extend to services in class 39.

However, Advocate General Kokott took a sledgehammer to the General Court decision in my view. She set out five arguments why the Court was wrong in what it said about the goods and services needing to be similar, and she drew on the Court's case law on what constitutes "abusive conduct" and said, in particular, that bad faith "constitutes a departure from accepted principles of ethical behaviour or honest commercial and business practices." So the question of whether the goods of the two marks are identical or similar is just one factor that should be taken into account in the overall evaluation.

She said the burden of proof falls on the trademark applicant. In this case, there was some evidence that he had knowledge of the original KOTON mark; he had obviously filed in these other goods and services; and had no legitimate interest in using the mark; therefore, he did not show legitimate economic purpose or an economic logic and there was bad faith.

She also briefly addressed the question of whether bad faith can be divided, whether you could be found to have bad faith for one part of an application but not another part. She actually didn't decide this, because it wasn't really necessary, but she did say that similar questions to this have been raised in the *Sky v. Skykick* case⁶, which has been referred from the U.K. court. The hearing on that is next month, so that is definitely worth looking out for. The Advocate General described this issue as "highly explosive," and I think our panelists might have more to say on that shortly.

Those are the three cases I've covered. I think they are all interesting in themselves. They all show that different judges and advocates general can reach different conclusions even on the same set of facts, which I think is interesting as well. And, arguably, they all in different ways indicate a preference for what you might call strong trademarks — well-known footballer, an established brand, and so on. Hopefully lots for us to discuss in the panel.

If you want to know more about the CJEU cases, I recommend their website, curia.europa.eu, and in particular the search function.

Thank you very much.

MR. SCHONHOFEN: Thank you, James, for the great overview.

I would like to use the discussion now to talk about the *Mitsubishi* debranding/rebranding case, as it was quite surprising. I think for many in Germany it might have had a different outcome; it might have been said that there was "no use/no infringement" and it would have been left to unfair competition law. Now this judgment actually bolsters the protection of trademark owners quite a lot.

My question to the panel is: Did the Court get it right here or did it extend the term of use too far? What are your thoughts on it?

MR. RUESS: I think we covered that argument in the previous session. I think you're right, Sven. If you look at it from a German court perspective, or from most of the other national EU courts' perspectives, then you would say: "It is a source indicator. Somebody has to bring this stuff into the European Union. But it wasn't in the European Union, so that is probably not an issue."

⁶ Case C-371/18, *Sky PLC v. Skykick Inc.*, <http://curia.europa.eu>.

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Here again we have the CJEU looking at the investment function. There were a few case-specific things. The opponent in the *Mitsubishi* case previously was the official sub-dealer for Belgium, so that probably added some sort of bad flavor to the case.

I think it is probably a little far fetched. It is a valid argument to say that “I as a trademark owner can control whether I want to bring my product into a certain market,” and that’s very common.

We act for Sony Computer Entertainment, and we always seize products to litigate against products that were bought in Japan and brought into Germany with the SONY or PLAYSTATION trademarks. So, I think it probably went a little too far.

The interesting question — and this I would not answer myself but probably this is something for the remaining discussion — the interesting question is: What would have happened if those products had been brought into the EU market and then the debranding would have happened? Then probably even the CJEU would have said, “Okay, fine, that’s good.” I really fail to understand why they say the warehousing procedure is not that big of a deal, but I think it is overdone.

MR. SCHONHOFEN: Other comments?

JUDGE BRINKMAN: I think also that the CJEU was overreaching here a little bit, to be honest. The position in Holland is similar to what it is in Germany, where we would have probably said, “I don’t see any trademark use here.” Saying that everybody would see a picture of the tractor involved and then consider it as coming from Mitsubishi is a factor of a different IP right, if you may, but not a factor in trademark law. Perhaps you could take that into consideration when you are assessing “Is there confusion between the trademarks?” For that you can get all arguments or all circumstances in there.

But saying that already this constitutes use, I find it still difficult to see the argument. But it is there, and we have to live with it, I suppose.

MS. MARTINS RIBEIRO: I just want to add that the Advocate General had a completely different position; he considered that there was no use of the trademark. So it is with all the knowledge of another possibility to solve the case that the Court took this decision. That means that the Court really wanted to go a little bit beyond what the simple use in the course of trade was as it is normally considered. The fact that the products should be imported and placed on the market in the EEA probably had some importance because it is repeated in the decision.

But, anyway, we cannot think that the Court didn’t think about the meaning of the use of a trademark. The Court knew it very well, and the Advocate General was of a completely different opinion. That is an important point to take into consideration when we read the decision of the Court.

MR. NURTON: I think on its face the decision seems counterintuitive, to put it charitably. As Peter says, the functions were central to the Court’s reasoning; so, it is the investment function. They talk about the advertising function as well, but I don’t feel they have really clarified exactly what those are and how they are distinct and to what extent they overlap.

MR. SCHONHOFEN: Thank you.

We will now move on to Gordon’s talk and we might revisit the other cases at the end.

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It has been a year and a half since we got rid of the graphical representation requirement in the European Union and, therefore, have new types of nontraditional trademarks that have been registered. We have the first experiences at the EUIPO. Gordon will share his views on that.

MR. HUMPHREYS: Good afternoon. I think that this time I am in the fortunate position of allowing you to go to the movies with me in some ways. But, before I do that, I would just give some background information about what has been happening.

As we know, in the wake of the legal reform, it is no longer necessary for the representation of a mark to be “graphical,” but nevertheless it has to be in an *appropriate form using generally available technology*, and it has to be *clear and precise*.

As you can see on the screen, motion marks, sound marks, multimedia marks, holograms, and other trademarks have now been added to the list of possible marks before the EUIPO.

The underlying philosophy of this is known by the acronym WYSIWYG (pronounced “whizzy-wig”), which has nothing to do with a hairpiece but is actually “what you see is what you get.” This approach tries to combine the benefits of legal certainty with flexibility to cater for future market developments and the emergence of new technologies. For example, smell marks and taste marks may become registrable at the EUIPO in the future when technology develops to cope with acceptable representation because — at the moment — samples are not allowed in the European system.

I am going to start off with a motion mark. And, just to give you some information: fifty-two applications have been received for motion marks; twenty-two have been registered and ten refused. We have actually had four oppositions.

This particular one was for a well-known engine oil manufacturer (Castor Oil). As you can see, there are word elements that come into these marks, and sometimes these can run into trouble with other similar existing earlier rights.

In this particular case there were no problems with getting this mark on the Register. It was considered to be sufficiently clear and precise and not a problem from an absolute grounds point of view.

This next one is another motion mark, but this time it was refused because it was for communication instruments and vehicle parts and it was considered that there was nothing particularly memorable about this mark. It just looked like a button which would be pretty typical on these types of goods. So that one didn’t get very far.

This one is a gesture mark, which is a subcategory of motion marks. This sign was filed by Bang and Olufsen for class 9 goods. It was actually refused for lack of distinctive character. The question is: what sort of gestures would be distinctive? Maybe we’ll revisit that towards the end of this presentation. But it was also possibly objectionable for being functional because the hand gesture was what actually turned the screen on and off.

The mark on the left is a motion mark for class 35 services that was attempted to be registered by a Dutch company. It was objected to by Orange, one of the telecom giants in Europe on the basis of the mark you can see on the right.

Now we are moving on to sound marks. This mark was applied for by a Brazilian telecoms company. It was refused for lacking distinctiveness. It was simply too long to remember.

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Sticking with sound marks, this is an interesting one. [Plays audio] Of course you recognized that voice, I'm sure, as Stephen Hawking. It was accepted and registered for goods in classes 9 and 28 and services in 36 and 41. Now, although it's quite long, it was considered that the sounds of these words were sufficiently memorable. Perhaps it's a little in contradiction with some of the music sounds that have been objected to for being too long, such as the Nowo sign.

Now, if anybody thought that lawyers didn't have a heart, this is a mark representing a mechanical heart that has actually been registered for IP and legal services. It was considered that this sign met all the legal requirements and was sufficiently distinctive, and therefore went on the Register.

This trademark application does carry a bit of a public health warning. It's not for the faint of heart. The first problem here was the number of elements that it contained. It was considered that it was too long and detailed to be memorized or recalled, and that therefore it couldn't act as a proper indication of commercial origin.

However, the main problem here, which is probably unsurprising to you, was one of public policy and morality; it was just simply too gruesome — although of course the particular public that this sort of game appeals to includes a public like my teenage son who spends most of his time on games of this sort and has a high tolerance for seeing blood and body parts. But, even so, this sign was just considered to be gratuitously violent and, therefore, unacceptable.

This trademark application came from Red Bull. It was actually, quite comically, attempted to be registered for flight instruction. I, personally, wouldn't like to be flying in that plane. There appeared on two of the posts you can see in the foreground another mark, REITLING. Red Bull's trademark application was deemed to have infringed the REITLING mark, or so said the owners of that mark, and this application ended up being withdrawn. One of the dangers of these multimedia marks that combine sound and movement is they can inadvertently include word elements that end up causing trouble.

I'll finish with this trademark. This is one that actually came to my Board. It is a motion mark, but I would say that it falls into the sub-category of gesture mark. It is six frames. It was refused by the examiner for absolutely all the goods and services.

But when it came to my Board we looked into the case in more detail and considered that the sign was not totally objectionable. The man in the picture is a famous Turkish chef going by the name of Salt Bae. His specialty is to salt pieces of meat by sprinkling them and having this particular pose that you can see in the images. We agreed with the examiner that it lacked distinctiveness for any products related to food, and especially meat — because he's salting meat — however, we felt that it was distinctive for non-food services, such as temporary accommodation and cocktail bars and the like.

I am pleased to say that our approach has also been adopted by the UKIPO⁷ and the USPTO. Whether they read our decision I don't know, but anyway I'm pleased to say that that has happened because it is reassuring for us!

Thank you very much.

MR. SCHONHOFEN: Thank you, Gordon.

⁷ United Kingdom Intellectual Property Office.

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Looking at all these new types of registrations, especially for example the last one, where you should think that doing this pose should be some sort of commercial origin, you could think *Are we going to file for trademark protection?* Or the other question is *If we get the trademark, what's the scope of it actually and what can we do with it?*

Joel, what are your thoughts on it?

MR. SMITH: I was going to make that point. Obviously, without the graphic representation it gets that very wide scope of registrability now, which on the one hand is very good for brand owners; but, I suppose, if you are looking at it from the perspective of filing a new brand and trying to clear marks, I query whether searching is going to be quite as effective when trying to protect elements of, say, a motion or gesture mark. That is one aspect that might concern me.

The other thing, I suppose, is it sounds like quite small numbers so far have been registered, but do you think this is likely to mushroom into quite large volumes of unconventional trademarks?

MR. SCHONHOFEN: Did you see there was some re-registration maybe of some marks going into different categories post the reform?

MR. HUMPHREYS: Obviously, the certification marks which were adopted by the reform have seen the biggest number of registrations.

I think sound marks are probably the area where there have been the most applications and quite a few successful registrations.

As to the issue about how you would search for these, I think that's probably touching on what we were looking at yesterday about the role of artificial intelligence. This is the future.

And it's not the only thing that's difficult to look for. Don't forget that you have a lot of unregistered designs in Europe. How do you search for those, or more complex registered designs even?

The EUIPO is looking at the possibility, in the context of discussions on the reform of the Design Regulation, of having new types of designs which could include animation and movement designs.

So, the world is changing and we have to keep up somehow.

MR. SCHONHOFEN: Yes.

Do we have any questions or comments?

QUESTION [Christian Liedtke, acuminis LLP, Costa Mesa, CA]: Gordon, in the United States we have for special marks like this a concept called secondary meaning, where the applicants have to make a significant showing in order to even basically get their foot in the door. Converse, for instance, had difficulty achieving that. What is the situation for marks like the ones you were discussing in the European Union?

MR. HUMPHREYS: Thank you for that question.

Actually, I should have said for this Salt Bae trademark that, although he is a famous Turkish chef and he has restaurants in Istanbul, London, and New York as well — I don't know where in New York, but perhaps somebody will tell me — he was not able to show acquired distinctiveness throughout the European Union. We are going to hear more about the problems of that, so I won't go into that issue in any detail. Obviously,

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just showing London wasn't enough, but there is a theoretical possibility of establishing acquired distinctiveness for these kinds of marks.

MR. SCHONHOFEN: Any other questions?

[No response]

In the next talk Maria will talk about the distinctive character acquired through use and the latest case law on that.

MS. MARTINS RIBEIRO: Thank you.

With regard to a mark that is *ab initio* devoid of distinctive character across all Member States, how did the Court of Justice reconcile the need to prove the acquired distinctive character through use throughout the territory of the European Union with the “unreasonable” requirement of proof for each Member State? What is the extent and what are the limits of the evidence required to establish such a distinctive character in the European Union of twenty-eight Member States?

The appeals submitted to the Court of Justice by Nestlé⁸ (supported by the European Association of Trade Mark Owners (Marques), intervener in the appeal), by Mondelez (rejected as inadmissible) and by the EUIPO against the decision of the General Court in the *Mondelez* case (also known as the *Kit Kat* case),⁹ finally gave the Court the opportunity to provide some clarification concerning its own case law; namely, the *Storck* case (paragraph 83)¹⁰ and the *Chocoladefabriken Lindt & Sprungli* case (paragraph 62).¹¹

It is on the basis of the nuanced approach, resulting from this case law that, first, the *Louis Vuitton* cases¹² and, second, the *Mondelez* case, brought again, to the appreciation of the Tribunal and then, on appeal, to the scrutiny of the Court of Justice, the need to clarify and get some guidance on the territorial extent of the proof of the distinctive character of a mark through use.

The EUIPO changed its initial position. The EUIPO had, in a first step, deemed necessary to defend the general scheme of Article 7 of Regulation No 40/94,¹³ implying

⁸ Joined Cases C-84/17 P, C-85/17 P and C-95/17 P, *Société des produits Nestlé SA & Others v. Mondelez UK Holdings & Services Ltd*, (July 25, 2018), <http://curia.europa.eu>.

⁹ Case T-112/13, *Mondelez UK Holdings & Services Ltd, formerly Cadbury Holdings Ltd v. European Union Intellectual Property Office* (Dec. 15, 2016), <http://curia.europa.eu>.

¹⁰ Case C-25/05 P, *Storck v. OHIM* (June 22, 2006), <http://curia.europa.eu>. The Court of Justice held that a sign can only be registered as an EU trade mark under article 7 (3) of Regulation No 207/2009 only if evidence is provided that it has acquired, in consequence of the use which has been made of it, distinctive character in the part of the European Union in which it did not, *ab initio*, have such character for the purposes of article 7 (1) (b). In the same paragraph, the Court of Justice added that the part of the European Union referred to in Article 7 (2) may be comprised of a single Member State.

¹¹ Case C-98/11, *Chocoladefabriken Lindt & Sprungli v. OHIM* (May 24, 2012), <http://curia.europa.eu>. The Court of Justice, even considering that the previous assessment made in the *Storck* case (footnote 3) was true, has however considered that it would be “unreasonable” to require proof of such acquisition for each individual Member State.

¹² Case T-359/12, *Louis Vuitton Malletier v. OHIM* (April 21, 2015) and Case T-360/12 *Louis Vuitton Malletier v. OHIM* (April 21, 2015), <http://curia.europa.eu>.

¹³ Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, 1994 O.J. (L011) 1.

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that the distinctive character through use may not be shown only in certain Member States.¹⁴ Later on, the EUIPO began to qualify its position, and from a test implying all Member States the EUIPO proposed a test of “sufficiency,” considering that proof that the mark had acquired distinctive character through use in three Member States could not be sufficient to prove the acquisition of such a distinctive character throughout the European Union.¹⁵

When the *Vuitton* and *Mondelez* cases were brought to the General Court,¹⁶ the EUIPO’s position had definitely evolved¹⁷ towards a more detailed proposition, giving to the General Court a more elaborated approach on the applicability of Article 7 (3) of Regulation No 207/2009.¹⁸ Relying mainly on the *Chocoladefabriken Lindt* case, the issue had become the determination of the criteria concerning the delimitation of the “substantial part” of the Union territory on which the mark would have been deemed to have acquired a distinctive character by use.¹⁹

In the *Mondelez* case, the Board of Appeal stated that it cannot be required to show distinctive character acquired through use of the mark Member State by Member State and considered:

- whether a substantial proportion of consumers in the European Union as a whole had been exposed to the mark and had come to perceive it as an indication of the commercial origin of the goods it designated, without it being necessary to prove acquired distinctiveness everywhere;
- that the lack of evidence regarding the recognition of the mark in a part of the internal market that was not substantial could not render irrelevant the distinctive character acquired through use of that market in the vast majority of that market; and
- that it would be unreasonable and disproportionate to ask the proprietor of a trade mark to devote significant amounts of money to collecting evidence of the distinctive character acquired through use of that mark in every corner of the internal market and to refuse to protect that mark, despite having been proved that the mark was recognized in the vast majority of the territory of the European Union.

The General Court annulled the decision of the Board of Appeal.

The judgment of the Court of Justice in the *Mondelez* case,²⁰ dismissing the

¹⁴ Case C-25/05 P, *Storck* at 73 & 74.

¹⁵ Case C-98/11, *Chocoladefabriken Lindt* at 56 & 57.

¹⁶ The applications were lodged respectively, on 8 August 2012 and 19 February 2013.

¹⁷ The EUIPO had abandoned the idea that “the issue was not one of use of the sign in a “substantial part” of the Union territory, but in the part of the Union where the mark could not, by reason of its characteristics, fulfil the functions typical of that type of intellectual property” (Opinion of Advocate General Ruiz-Jarabo Colomer, delivered on 23 March 2006, *Storck v OHMI*, C-25/05 P, EU:C:2006:204, paragraphs 75 and 76).

¹⁸ Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark, O.J. (L 78) 1.

¹⁹ According to the EUIPO, the acquisition of distinctive character should be substantiated for the European Union as a whole and not for the sum of its national markets, this interpretation being inherent to the very existence of the internal market, which has characteristics similar to those obtaining in a national market.

²⁰ Case T-112/13, *Mondelez*. The Court of Justice was asked, in their appeal, to answer the arguments exposed by Nestlé, Marques and the EUIPO in support of the ground according to

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appeals, dealt with four main points:

Firstly, the Court recalled the unitary character of the EU trade mark and its equal effect throughout the European Union, and referred to Article 7 of the Regulation No 207/2009, implying that to be accepted for registration a sign must have distinctive character, inherent or acquired through use, throughout the European Union (paragraphs 66–68).

Secondly, the Court of Justice has deemed to be necessary to point out that the *Leno Merken* case,²¹ invoked by the appellants, and the *Colloseum Holding* case²² were not relevant, despite the fact that the Court held that the requirements that apply to verification of the genuine use of a mark (within the meaning of Article 15 (1) of the Regulation No 40/94, a provision that was reproduced without amendment in the first paragraph of Article 15 (1) of Regulation No 207/2009) are analogous to those concerning the acquisition by a sign of distinctive character through use for the purpose of its registration²³ (paragraphs 70–72).

Moreover, the Court of Justice highlighted the importance of Article 7 (2) of Regulation No 207/2009, recalling that regarding genuine use there is no analogous provision with the result that where a mark has not been used in part of the European Union, it cannot be automatically assumed that there is no genuine use (paragraph 73 and a reference to the *Leno Merken* case in paragraph 74).

Distinguishing its case law concerning “genuine use” and “distinctive character acquired through use,” the Court of Justice reaffirmed the principle according to which a mark that is, *ab initio*, devoid of distinctive character across all Member States can be registered only if it is proved that it has acquired distinctive character through use throughout the territory of the European Union (paragraphs 75 and 76).

Thirdly, in paragraphs 78 and 87, the Court of Justice reiterated the same principle, clearly dismissing the reading of paragraph 62 of the *Chocoladefabriken Lindt* case proposed by the appellants: contrary to their position, it does not follow from that paragraph that it is sufficient to prove that a mark has acquired distinctive character through use in a significant or substantial part or the majority of the territory of the European Union, but it must be shown throughout that territory (“throughout the Member

which the General’s Court interpretation of Article 7 (3) of Regulation No 207/2009 in paragraph 139 of the judgment under appeal was contradictory, the General Court having erred in law in its interpretation of that provision: by focusing on individual national markets, the General Court’s decision was incompatible with the unitary character of the EU trade mark that implies that territorial borders within the EU are to be disregarded for the purposes of assessing the acquisition of distinctive character through use.

²¹ Case C-149/11, *Leno Merken BV v Hagelkruis Beheer BV* (Dec. 19, 2012), <http://curia.europa.eu>.

²² Case C-12/12, *Colloseum Holding AG v Levi Strauss & Co.* (April 18, 2013), <http://curia.europa.eu>.

²³ This case law, which does not relate to the geographic scope that is relevant for the purposes of assessing the existence of genuine use, could not be understood as meaning that the requirements for assessing the territorial scope that permits the registration of a mark in consequence of its use (the Court refers probably to the assertion that it is necessary to disregard the territorial borders of the Members States, paragraph 71) are analogous to the requirements permitting the preservation of the rights of the proprietor of a registered mark.

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States of the European Union,” paragraph 83) and it is not, therefore, sufficient to produce evidence that does not cover part of the European Union, even a part consisting of only one Member State.

Fourthly, the Court of Justice based its reasoning in the distinction drawn between the facts to be proved²⁴ and the means of proving such facts (paragraphs 79–83) to establish that no provision of Regulation No 207/2009 requires separate evidence to be produced in each individual Member State and that, consequently, it is not inconceivable that the evidence provided in order to establish that a sign has acquired distinctive character through use is relevant with regard to several Member States, or even to the whole of the European Union.

Finally, it remains to be seen which evidence will be submitted and what are the criteria to be applied for assessing the evidence submitted for some Member States in order to establish the acquisition of a distinctive character through use in other Member States. In this regard, I would submit three observations.

The first observation is that the Court of Justice undoubtedly took into consideration the concern underlying the *Chocoladefabriken Lindt* case, allowing for the possibility of enlarging the means of providing evidence without nevertheless opening a breach into the unitary character of the EU trademark and in the philosophy of the system that does not seem to pursue a lower standard of the requirement of the distinctive character of a sign where it is acquired through use in comparison with a sign with inherent distinctive character. Thus, evidence may be produced with regard to territories of the Member States, taken globally or in a separate way for different Member States or some groups of Member States, provided that that evidence is aimed at establishing the distinctiveness of a sign acquired through use throughout the entire territory of the European Union, without leaving aside any part of that territory.

Second, I would submit that the approach adopted by the Court of Justice does not appear to be so much, neither necessarily, a quantitative approach as the *Chocoladefabriken Lindt* case could have led some to think,²⁵ but rather a qualitative approach aiming at determining that the evidence produced in order to prove the distinctive character of a mark acquired through use in a Member State provides the same result regarding another Member State, that is to say, is capable of establishing such acquisition in another Member State.

Moreover, the Court of Justice gave some guidance on how evidence could be relevant with regard to several Member States, taking into consideration either the behavior of the economic operators or the existence of certain similarities between Member States. The Court referred to two situations: (1) when by means of the same distribution network, economic operators treat several Member States as if they were one

²⁴ Namely, the acquisition of distinctive character through use by a sign that is devoid of inherent distinctive character.

²⁵ According to Advocate General Wathelet, the Court had concluded that providing evidence for three Member States only was not quantitatively sufficient to be extrapolated to the whole of the EU (Opinion delivered on 19 April 2018, *Société des Produits Nestlé SA, Mondelez UK Holdings & Services Ltd and European Union Intellectual Property Office (EUIPO)*, joined cases C-84/17 P, C-85/17 P and C-95/17 P, EU: C: 2018:266).

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and the same national market; (2) when there is a geographic, cultural, or linguistic proximity between two Member States and the relevant public of the first has a sufficient knowledge of the products and services that are present on the national market of the second.

The third observation tends to highlight the fact that, nevertheless, the solution decided by the Court of Justice, which is to reconcile the alleged high costs and the very high burden of gathering all the necessary evidence for each Member State with the imperative requirement of establishing the distinctive character through use of a mark throughout the European Union, is not without its difficulties. Indeed, it implies not only a solid demonstration by the owner of the mark of the applicability of the evidence with regard to several Member States, or groups of Member States, or even to the whole of the European Union, but also a rigorous assessment clearly stated of the relevant evidence by the bodies of the EUIPO to which, as the Court of Justice expressly reminded, the primary responsibility belongs.^{26 27}

I will finish and stay here for eventually some questions. Thank you.

MR. SCHONHOFEN: Thank you for that presentation.

It sounds like a very tough requirement having to prove acquired distinctiveness in all twenty-eight (soon twenty-seven) Member States. Do you think that the Court raised the burden here too high, or what does it mean in practice when you apply this decision?

MR. SMITH: I agree with Maria that it is a stringent set of requirements now. Even if you are looking at putting in evidence which might cover several Member States, or in theory could cover the whole European Union, it definitely feels like the burden has increased.

The other concern I have is based on a practical point of view — I mean, given the length of this particular case, which I think is getting on to ten years — the parties put in evidence early on when they didn't really necessarily think through the importance of having substantial, maybe more extensive, evidence than they did.

²⁶ This is not without reminding us, in a different context, of the *Ornua* case (judgment of 20 July 2017 in *Ornua Co-operative Ltd. v. Tindale & Stanton Ltd. España SL*, C-93/16, EU:C:2017:571), where in response to the question of a possible extrapolation of a peaceful coexistence between an EU trade mark and a national mark in two Member States to another Member State, the Court of Justice has answered negatively. More importantly, when giving the possibility to the court hearing the case of considering the relevant factors of the two Member States to determine the right of the proprietor of the trade mark to prohibit the use of a sign in the other Member State, the Court of Justice has clearly imposed the need for that court to ensure, in its global assessment of all relevant factors, that the market conditions and the sociocultural or other circumstances do not vary significantly from one part of the European Union to another.

²⁷ It follows from the jurisprudence that the General Court has already considered, namely, that a reference to general and abstract data is not sufficient, that secondary evidence (sales volumes and advertising material) may only support, where relevant, direct proof (surveys, market research, statements) and that the results of surveys conducted in certain Member States (6 of 15 and 10 of 27) cannot be extrapolated to the Member States in which no surveys took place, in particular and amongst others because the applicant had not demonstrated that certain Member States markets covered by the surveys were comparable to the others.

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I think it factors in other practical points, like do you want a document retention policy? Are people actually keeping this kind of evidence for when they need to prove distinctiveness on this scale?

MR. SCHONHOFEN: James, what do you make of this case?

MR. NURTON: When we read the General Court's decision in this case, everyone thought it was a very challenging, almost impossible, burden for a lot of companies, given that you had to show acquired distinctiveness in every Member State, some of which are very small and have very small markets. In that sense, the Court of Justice's decision is a little bit more favorable and gives a glimmer of light.

But I think in practice it is still going to be very difficult, isn't it, to meet the requirement for the reasons that have been explained?

MR. SCHONHOFEN: Yes. And surveys here will play an important role.

Gordon, can you maybe elaborate on that?

MR. HUMPHREYS: I should say that the decision of the Boards of Appeal that was overturned here was taking a rather brave stance and departed from the one that had traditionally been taken by the Boards and the EUIPO in general. So in some ways this is an indication that it is "business as usual" rather than any great reversal of policy.

On the other hand, as James said, it does hold out a sort of olive branch with the market conditions being comparable. Certainly, anybody who has been to Spain or Portugal will know that many of the products are produced for the Iberian market, not just for one of those Member States. I think this would be a fertile ground for actually showing that there was use.

More particularly, I think it has a practical application for when people bring global turnover figures, say for the Iberian peninsula, which does happen because a lot of businesses in Spain and Portugal are doing business in both countries but they don't keep independent records, so they have global figures. This will enable them to actually show that the mark is being used in both Member States.

MR. SCHONHOFEN: Thank you.

Let's move on to our final talk by Judge Brinkman. He will give us an update on descriptive trademarks.

JUDGE BRINKMAN: Thank you. I will hurry up. Everybody is getting tired, of course, as we are drawing to a close, but I will try to keep you awake with this thrilling and enthralling talk.

First of all, as always, this is my personal opinion, just scientific, and doesn't have anything to do with the court that I also am a member of.

I am going to talk to you and quickly get you through a couple of the points that I want to talk about, descriptive trademarks. You will find that topic in the additional handout. Somehow it wasn't in the original program bundle what I was going to talk about.

These are the points that I am going to talk about: first, a quick recap of the applicable law and the case law; then absolute grounds of refusal, where I will indicate a problem that I have come across; limitations to infringement is another problem that I have come across; and a couple of caveats I will talk to you about.

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First of all, the applicable law. I suppose most of you will know this. Absolute grounds for refusal: if it is descriptive of a characteristic it shouldn't be a mark. We are talking most of the time about word marks here. You don't get a trademark then.

On the infringement side, if you use a sign in a descriptive sense, basically you don't infringe. But I should add that subparagraph (2) of Article 14²⁸ also requires that such descriptive use is "fair." I translated it as being fair, but it says, "according to honest practices in industrial and commercial matters." So there is an extra condition that I will talk about a little later. That is something I have come across as being a problem.

The case law: It has been fifteen years since CJEU decisions in *Post Office*²⁹ and *Biomild*,³⁰ so that sort of made a trigger to look back and see how things stand now.

The *Post Office* and the *Biomild* cases were both references from Dutch courts. The CJEU said basically if there is a public interest to keep something free, then that term means it should be free, *freely used* by all, when it may serve to designate or to describe, and terms of that sort. That does not necessarily mean that it is already in use as a descriptive term. That can occur later, and also it is enough if it could be used for description in one of its possible meanings.

Also, the existence of synonyms, even if they are more in use than others, is irrelevant. The threshold for descriptiveness is, therefore, low if you look at it.

Before going on, I will also briefly go into the *Biomild* case. There it was basically held that if you combine two descriptive terms, it's not good enough; you have to prove that it's sufficiently far removed if you combine. So even if it's a neologism, then that is not enough.

Going on to EUIPO Guidelines, I find that they seem to give more room to register descriptive marks. Why do I say that? Because there they say it is enough if it is only immediately perceived by the relevant public as descriptive. Before, you'll remember that *Post Office* said "may describe" or "could be used." The Guidelines also use words like "sufficiently direct and specific" and "without further reflection." These are references to CFI decisions that are very old already, actually a few before *Post Office* and just a few very shortly after *Post Office*. So the Guidelines and CFI say that if the public would with no further reflection see that it is descriptive, a mark should be refused. The CJEU seems to be stricter in *Post Office* and *Biomild* and, therefore, consider a term easier as descriptive.

I've put in this table here the differences:

- "may serve" as opposed to "immediately perceived."
- "could be used" as opposed to "sufficiently direct and specific."
- Synonyms are irrelevant; "without further reflection" means that under CFI and Guidelines criteria, there seems to be more room for adding a descriptive trademark to the Register (e.g., regarding possible future descriptive uses). It seems to me that under

²⁸ Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks, 2015 O.J. (L336) 1.

²⁹ Case C 363/99, Koninklijke KPN Nederland v. Benelux-Merkenbureau (Feb. 12, 2004), <http://curia.europa.eu>.

³⁰ Case C 265/00, Campina Melkunie BV v. Benelux-Merkenbureau (Feb. 12, 2004), <http://curia.europa.eu>.

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Post Office that will not be possible, but under these conditions from the EUIPO and the CFI it seems to be that you could.

I have put in as an example the case of SPARTAN for “organizing obstacle runs” where you could say it’s descriptive, because many people sort of know what “spartan” means; it means that it’s very tough — obstacle run, right?

But if you look at it, does everybody “*immediately* perceive that” or is it “sufficiently direct and specific?” It is debatable. Whereas if you look at the *Post Office* criteria from the CJEU, it seems much clearer you cannot get such a wordmark through.

If you put a descriptive term in a logo, what do we get then? Obviously, because of the graphics, you will be able to get a trademark registration. But can the trademark owner then oppose descriptive use by his competitor, or even when such term is used in a different logo by a competitor, when he himself uses it as a trademark?

How do you go about these types of cases? There are basically three points that you can make there:

- Solution (1) is “I don’t find them confusing because the only thing that is similar is the descriptive part.” That is one solution.
- Or (2) you look at the exceptions (see Slide 4) to trademark use and you say, “This use is in a descriptive manner and therefore you should fall free.”

But then you have the problem that there is the loyalty duty to the trademark owner; and is it loyal as a competitor to not only use a term to describe a characteristic of your goods but also put it in a logo and use it as a trademark? I would say that there is probably a problem there.

For instance, I had a case, *LiveSafe v. McAfee*, where the only thing that was actually the same was the word “livesafe,” and there was rather small graphics to it. But does that mean that you can oppose the use of LIVESAFE by McAfee as part of logo? In that case, it was held that could not be the case because then through the backdoor you still get protection for a word mark that would not be allowed under the *Post Office* criteria. I see my time is already up.

This is the essence of what I wanted to talk about. You can look at the sheets again. They will be online because this was very short.

These are problems that we encounter. There is a tremendous amount of cases that come in that have these types of problems because most companies want something descriptive in their marks. So it is something that we come across a lot.

MR. SCHONHOFEN: Thank you, Judge Brinkman.

Obviously, Gordon, I want to give you a chance to react to the different standards that he has described between the EUIPO and the case law.

MR. HUMPHREYS: The case law from the Court of Justice as opposed to the General Court, which seems to be following the EUIPO.

I think what Edger said is very interesting and I fully take it onboard. Actually, it is the first time that I have ever heard that the EUIPO is being too liberal. Normally, everybody complains that we are very strict. In fact, it is a common submission before the Boards of Appeal to say, “Well, I’ve registered this at the USPTO, I’ve registered it in Australia, I’ve registered it at the UKIPO. All these English-speaking offices have registered it, but you are the only office that doesn’t want to register it.” So actually the perception that I’ve understood is that we are rather strict.

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But I think the danger of being too liberal is that these trademarks come back to bite us in opposition. I am very happy to see that, at least in the Netherlands, there is a serious examination of the English language. In many Member States in Europe, the position simply is, “English is not an official language of this country; we do not consider the meaning in English,” and then you get a very bad mark that goes on the register that is then used to oppose an application at the EUIPO. I agree that we should be strict.

MR. SCHONHOFEN: We have time for one question from the audience.

QUESTION [Anne Marie Verschuur, Nautadutilh, The Netherlands]: Judge Brinkman, I would be interested if you could elaborate a bit more on the fair use, the “honest use in commercial practices” requirement, because I find it difficult to explain why often that is not the case. Is it also an element that you find? You did briefly mention it, but is that an element you also find difficult or challenging, or do you think that is less of an issue than the other things you talked about?

JUDGE BRINKMAN: For sure I find it challenging because what you often see is that the competitor uses the descriptive word in his or her trademark too. So you could say that if you use it as a trademark, as a competitor, is that then still considered to be fair use or loyal to the trademark owner of a logo where there is such a descriptive term? If you find it to be infringing, it seems to me that is difficult to argue, or at least it is more difficult to say that using a descriptive term as part of a logo is fair use. That would mean, however, that sort of through the backdoor the descriptive term cannot be freely used. That is, I think, not what *Post Office* meant.

I didn't get to the *Solid Floor* case,³¹ which I find very puzzling. There you see what happens. This is a logo for hard floors, registered; versus a competitor who was using a logo with also “Solid Floor” in its logo. This trademark was refused on the grounds that it was infringing or confusingly similar to the first Solid Floor.

But the only thing there that's the same is the descriptive words “Solid Floor.” So I find this one very difficult to reconcile with the criteria of *Post Office* as an example.

And also, because in this case it was held that even if the term is descriptive, it can still be a dominant component of the trademark and, therefore, play a big role in the confusing similarity.

So it is a difficult one. I would have decided this one differently perhaps, to be honest.

MR. SCHONHOFEN: Thank you very much to the panel.

³¹ Case C-190/15 P, *Fetim BV v. Office for Harmonisation in the Internal Market* (Nov. 19, 2005), <http://curia.europa.eu>.