

Ever-expanding trade mark rights?

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Expanding...

- *Sirena v Eda AG*(1971)

‘If it is considered from the point of view of humanity, certainly the debt that society owes to the 'inventor' of the name 'Prep Good Morning' is not of the same nature (this is the least that may be said) as that which humanity has contracted with the 'inventor' of penicillin.’

Expanding...

- *HAG II AG* (1990)

‘Like patents, trade marks find their justification in a harmonious **dove-tailing between public and private interests**. Whereas patents reward the creativity of the inventor and thus stimulate scientific progress, trade marks reward the manufacturer who consistently produces high-quality goods and they thus stimulate economic progress. Without trade mark protection there would be **little incentive for manufacturers to develop new products or to maintain the quality of existing ones**. Trade marks are able to achieve that effect because they act as a **guarantee**, to the consumer, that all goods bearing a particular mark have **been produced by, or under the control of, the same manufacturer and are therefore likely to be of similar quality**.’

Expanding...

- *L'Oreal v Bellure* (2009)

‘These functions include not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services, but also its other functions, in particular that of guaranteeing the quality of the goods or services in question and those of **communication, investment or advertising.**’

...but ever expanding?

- Ambivalence from CJ
- Promises much but delivers little with one exception

Parallel trade

- Focus on origin and quality guarantee function
- ...but *Dior v Evora* (1997)
‘[D]etracting from the allure and prestigious image of the goods in question and from their aura of luxury’ gives legitimate reasons to oppose
- BUT need to balance against reseller’s legitimate interest in reselling by common methods in his trade
- → can’t oppose where reseller uses methods customary in his trade
UNLESS causes serious harm

Parallel trade

- *L'Oreal v eBay AG* (2010)
- TM owner has legitimate reasons to oppose unboxed products
- Removal of product safety info could harm reputation e.g. allergic reactions
- Removal of packaging could harm luxury image
- → PRESUME harm to reputation in ALL cases where cosmetics stripped of original packaging
- Special rule for luxury goods?

Selective distribution

- *Copad SA v Christian Dior Couture SA* (2009)
- DIOR licensee supplied goods to COPAD (cut-price retailer) outside selective distribution agreement
- TM infringement action against licensee?
- Did exhaustion block infringement action against cut-price retailer?

Selective distribution

- Infringement action against licensee?
 - If change in condition of goods
 - Change in luxury aura counts BUT can't presume sale outside selective distribution agreement harms – objective assessment
- Resale
 - Put on market with consent only if no infringement action stands
 - Even then may have legitimate reason to oppose if sale outside selective distribution agreement would harm reputation
 - Can't presume – must show harm to reputation outweighs legitimate interests of reseller in reselling

Dilution

- Pinnacle of protecting the advertising function?
- *Intel v CPM* (2008) AG: TMs with a reputation
‘frequently perform functions which go beyond linking goods or services to a uniform source. They present a powerful image of quality, exclusivity, youth, fun, luxury, adventure, glamour or other reputedly desirable lifestyle attributes, not necessarily associated with specific products but capable of presenting a strong marketing message in itself.’
- BUT blurring described as harm to distinctiveness – back to traditional function

Dilution

- CJ – no mention of additional functions
- Need for change in economic behaviour
- Tarnishment – focus on dissonant goods

Internet usage

- *Google France* (2010)
- Did sale of trade marks as keywords infringe?
- AG: Protect ‘communication, investment and advertising’ functions BUT balance against free speech and competition
- CJ
 - Sale by Google wasn’t ‘in relation to goods’
 - Use by third parties didn’t harm origin function - consumers weren’t confused
 - No harm to advertising function, even if TM owner had to pay more for sponsored link - would appear prominently in natural results

Internet usage

- *L'Oreal v eBay* (2010) AG
- Could L'Oreal stop eBay purchasing keywords and linking to infringing listings by online auctioneers?
- Was eBay liable for primary TM infringement?

Internet usage

- Importance of balancing legitimate interests of TM owners and business and consumers in using new trading opportunities offered by internet
- Linking to infringing uses – is use in relation to goods – use to distinguish another’s goods from TM owner’s counts
- BUT no adverse effect on TM functions
 - Consumers know about online marketplaces so can’t presume origin confusion
 - Origin function WON’T be harmed by sale of genuine goods which are unboxed/from outside EEA
 - Origin function WILL be harmed by counterfeits but this isn’t result of marketplace’s use of TMs
 - Advertising function – affect ruled out by analogy to *Google*

Internet usage

- Can't stop marketplace use if there is a defence e.g. descriptive use or use to indicate intended purpose of running an electronic marketplace service without needing the operator to examine that TM on every item has been exhausted
- Marketplace operator can assume all sellers using its services are acting legally until concretely informed to the contrary

Internet usage

- Display on website – not used ‘in relation to’ infringing goods
- Users of marketplace will be using mark but operator isn’t:
‘The operator’s activity consists of storing and displaying listings that the users upload to its system and of running a system for facilitating the conclusions of deals. It is no more using trade marks than a newspaper publishing classified ads mentioning trademarks where the identity of the seller is not revealed in the ad but must be requested from the newspaper.’
- Any affect on functions can’t be attributed to marketplace operator

Limits on expansion

- Fear of overly-wide monopoly
- Protecting new/alternative business models
- Growing recognition of interface with free speech
- Testing the waters

The twist in the tale

- *L'Oreal v Bellure* (2009)
- No confusion – real harm was that cheap imitation ‘ripped off’ TM owner’s branded perfumes
- Art.5(1)(a) – jeopardising advertising, communication, investment functions actionable even in absence of harm to essential function
- For national court to determine BUT distinguished from *Holterhoff* and comparative advertising context raised

The twist in the tale

- Art.5(2) unfair advantage when:
‘ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, **without paying any financial compensation**, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark’s image.’