

Country correspondents

The Country correspondents section of *World Trademark Review* is a feature in which leading firms from countries across the globe take a detailed look at a specific topic affecting trademark owners

Well-known and famous trademarks

In this issue the correspondents consider how well-known and famous trademarks are protected by statutes and case law

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Famous and well-known trademarks in EU law

Both the First Trademarks Directive and the Community Trademark Regulation afford protection to well-known and famous trademarks. Uncertainty remains as to the definition of some key terms – for instance as to whether ‘well-known marks’ and ‘marks with a reputation’ have the same meaning

The degree of fame and reputation enjoyed by a mark may be a relevant factor in different contexts, including acquired distinctiveness and likelihood of confusion. In two particular respects, however, the international legal framework calls for special treatment for so-called ‘well-known trademarks’:

- Under Article 6bis of the Paris Convention for the Protection of Industrial Property, where a trademark is well known in a territory for certain goods (even if it is unregistered), an application to register a similar mark for similar goods should be rejected on proof of likelihood of confusion. Further, the use of a junior mark should be prohibited.
- Article 16(3) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) states that in relation to registered marks, Article 6bis should apply to non-similar goods or services, provided that use of the later mark indicates a connection to the owner of the well-known mark and that the interests of the owner of the well-known mark are likely to be damaged.

Each of these principles has been implemented in EU law, both in the First Trademarks Directive (89/104/EEC) and in the Community Trademark (CTM) Regulation (40/94):

- Article 4(2)(d) of the directive and Article 8(2)(c) of the regulation deal with conflicting earlier rights in the context of oppositions and invalidations. Under each of these provisions an ‘earlier right’ includes a “well-known trademark” in the sense of Article 6bis. Thus, an earlier well-known trademark (whether registered or not) can be asserted against the registration of a later mark in the same

way as an earlier registered mark.

- The extended protection required under Article 16(3) of the TRIPs Agreement is provided under Articles 4(3), 4(4)(a) and 5(2) of the directive and Articles 8(5) and 9(1)(c) of the regulation. Protection is available to marks “with a reputation” against the use or registration of similar marks for non-similar goods or services. This applies where use of the later mark, without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the earlier reputable mark. Articles 4(4)(a) and 5(2) of the directive are permissive (rather than mandatory), but in practice the extended protection has been introduced by all member states. Article 4(3) of the directive (providing that a CTM with a reputation can be asserted against the registration of a later national mark for non-similar goods and/or services) is mandatory.

EU legislation does not address the requirement of Articles 6bis to allow a well-known unregistered mark to be asserted against the use of a junior mark. The directive is concerned with unregistered rights only to the extent that such rights are relevant to the system of registered rights while the regulation deals only with the registration and enforcement of CTMs. Therefore, the matter of the enforceability of unregistered well-known trademarks is left for the member states.

Well-known marks v marks with a reputation

As noted, some of the EU law provisions refer to “well-known trademarks” in the sense that the term is used in Article 6bis, whereas others refer to “marks with a reputation”. The legislation does not

elaborate on the latter term, which is used in the provisions equivalent to Article 16(3) of the TRIPs Agreement. The EU legislation pre-dates the TRIPs Agreement, so it could not have referred to the terminology used in this agreement.

It remains unclear whether there is a difference between the two terms. In at least one reported case (*C-375/97, General Motors Corporation v Yplon SA*), it was argued that for a mark to have a reputation under Article 5(2) of the directive, it did not need to be well known in the sense of Article 6bis of the Paris Convention, but the European Court of Justice (ECJ) did not comment on this relationship. It did, however, provide guidance on what amounts to a ‘mark with a reputation’. To satisfy the requirement, the trademark must be known by a *significant* part of the public concerned in a substantial part of the relevant territory. In assessing the question, the ECJ held, a court should take into account the market share of the mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.

In *Nuño v Franquet* (C-328/06), the ECJ addressed the issue of well-known trademarks in the context of Article 4(2)(d) of the directive, holding that the requirement is for the mark to be well known in a substantial part of the territory. Mere local reputation is not enough, but the mark does not need to be well known throughout the territory.

Basis of opposition

In the *TOSCA Case* (T-150/04), Mülhens GmbH & Co KG, the owner of an unregistered mark which was well known in Germany for perfumes, opposed an application to register a CTM for a similar mark for clothing. Mülhens argued that

under Article 8(2)(c) of the CTM Regulation a well-known trademark should be treated equally to registered trademarks and that an application for a CTM in respect of non-similar goods should be rejected where the use of the CTM takes unfair advantage of, or causes detriment to, the reputation of the well-known unregistered mark. The Court of First Instance (CFI) held, however, that the grounds for opposition relating to non-similar goods applied only to registered marks, as dictated by the language of Article 8(5). The court noted that this was in keeping with Article 16 of the TRIPs Agreement, which is also limited to registered well-known trademarks. The case was dismissed on the basis that the unregistered mark TOSCA could not be asserted against a CTM application for non-similar goods. The argument that designer brands are often used for toiletries as well as clothing failed to persuade the CFI, which held that the goods in question were simply not similar.

Extended protection

The extended form of protection for marks with a reputation was first examined by the ECJ in *adidas-Salomon v Fitnessworld Trading* (C-498/01), in which adidas tried to enforce its famous (and registered) triple line design against the use by the defendant of a two-stripe element on sportswear. The ECJ established two important principles in the context of Article 5(2) of the directive:

- The extended protection applies in cases of similar as well as non-similar goods and/or services (perhaps an obvious conclusion, but one which was not clear from the wording of the directive).
- While it is unnecessary to show likelihood of confusion (the main test being the existence of unfair advantage or detriment), a preliminary requirement is that the use of the junior mark should create a link in the minds of consumers to the reputable mark.

This requirement is broadly equivalent to the requirement under Article 16(3) of the TRIPs Agreement that the use of the junior mark should “indicate a connection” to the proprietor of the well-known mark. The notion of a ‘link’ was applied in *adidas-Salomon* on the facts. The referring court found that consumers perceived the defendant’s sign purely as an ornament. The ECJ held that in such circumstances no link is created in consumers’ minds to the famous adidas mark and no cause of action lies under Article 5(2). Yet, what is required to establish a link is still not entirely clear. A



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reference on this issue from the English Court of Appeal is pending before the ECJ (C-252/07, *Intel Corporation Inc v CPM United Kingdom Limited*). The referring court suggests that protection should not be available on the mere basis that the defendant’s sign “calls to mind” the reputable mark.

Unfair advantage and detriment

In his opinion in the *adidas-Salomon Case*, Advocate General Jacobs elaborated on the notions of ‘unfair advantage’ and ‘detriment’. The taking of unfair advantage, he observed, concerns free-riding where the defendant is using its mark to trade on the reputation of another, whether or not this leads to confusion. Jacobs gave the example of use of the mark ROLLS ROYCE for whisky and restaurants. Detriment to the distinctive character of a mark, he said, is the classic case of dilution, where the use of the defendant’s mark is likely to erode the distinctiveness of the reputable trademark so that it is “no longer capable of arousing immediate association with the goods for which it is registered and used”. Detriment to the reputation of a mark occurs where the association between the defendant’s mark and the registered mark (while not leading to confusion) can damage the reputation of the latter in such a way that the mark’s “power of attraction” is affected. The example given was the mark CLAERYN (known for Dutch

gin) and KLAREIN, pronounced the same and used for liquid detergent. Use of the detergent mark may put off drinkers of CLAERYN gin, he explained.

The ECJ did not repeat these observations (as the decision turned on the absence of a link) and the opinion of the advocate general has no force of law or precedent. Nevertheless, it can have a persuasive force and the CFI has cited the observations made in *adidas-Salomon* in several cases where the issues of unfair advantage and detriment have arisen.

In *NASDAQ* (T-47/06), an application was made to register the sign NASDAQ as a CTM for sportswear. The CFI held for the opponent, Nasdaq Stock Market Inc, on the finding that the CTM would take unfair advantage of the reputation of the opponent’s mark. In reaching its conclusion, the court took into account:

- the high inherent distinctiveness of the NASDAQ mark (as an unusual invented word);
- its omnipresence in the general media as well as the specialist press;
- the investments made in promoting the NASDAQ brand; and
- the similarity of the marks concerned.

The court also noted the evidence of the applicant’s intention to exploit the reputation on the exchange. An appeal on this decision is pending before the ECJ.

An opposite outcome was reached in the *SPA Case* (T-67/04) where the opponent asserted its registered mark SPA for mineral waters against an application to register SPA-FINDERS for travel agency services. The CFI accepted that the mark had a reputation in Benelux for mineral water and noted that an opponent needs not demonstrate actual and present harm to its trademark. It is enough to show *prima facie* evidence of a future risk (which is not merely hypothetical). However, the court found no evidence of unfair advantage or detriment. One factor in reaching this conclusion seems to have been the low distinctive quality of the SPA mark (which is also known as a geographical name).

Without due cause

The element of ‘due cause’ was examined in *NASDAQ*, where the defendant argued that it legitimately chose the term as a acronym relating to its products. The argument failed as being artificial on the facts. [WTR](#)