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Is German trademark law prepared for modern advertising?

Rights holders are advised to take precautionary measures in order to avoid problems and issues related to the use of fluid marks

In many highly competitive commercial fields there is a need to attract consumers' attention through various forms of advertising that incorporate variations of registered trademarks. However, this practice stands in contrast to the general principle of trademark law – that of static use.

Once a trademark application has been filed with the respective trademark office, the trademark may no longer be altered. The rights holder must use the trademark in its registered form. However, faced with an unchanging trademark, consumers may perceive the brand as inflexible or even dull.

If a rights holder wishes to modernise its trademark periodically, it must usually be required to register a new trademark. The new mark will have a later priority than its predecessor and thus may be subject to opposition by owners of third-party marks which have been registered in the meantime.

To avoid this detrimental effect, rights holders may make use of so-called 'fluid' trademarks. Fluid trademarks are variants of an underlying trademark with which consumers are already familiar, without completely replacing the underlying mark.

The most notable example of a fluid trademark is the 'Google Doodle' used by Google Inc.

Fluid trademarks are often used for seasonal advertising (eg, Christmas) or to emphasise the image of a certain product. For instance, German confectionery manufacturer Haribo GmbH & Co KG often uses variations of its underlying 'bear' trademarks (as illustrated on this page).

From a marketing perspective, fluid trademarks can effectively enhance the advertising value of a brand. However, using fluid trademarks can have a downside. The rights holder must make use of the original registered trademark or risk a potential infringer raising the non-use defence in infringement proceedings, or even filing for cancellation of the underlying mark in extreme cases.

Risks

The Federal Court of Justice has held that, in general, a trademark must be used in its registered form (July 17 1997, I ZR 228/94, *ECCO I*).

A registered trademark must be used after the grace period has expired (ie, within a five-year period), which commences either after the date of registration or after a final decision has been issued in opposition proceedings, as the case may be.

In case of trademark infringement proceedings, German trademark law stipulates a floating five-year term to prove use of the trademark for the protected goods or services. If the trademark on which the infringement proceedings are based has been registered for more than five years when the lawsuit is filed, use of the trademark must be proven within the five years preceding the filing of the lawsuit (see Section 25(2)(1) of the Trademark Act). If the five-year term expires after the lawsuit has been filed, the rights holder must prove use during the five-year term before the closing of oral proceedings (see Section 25(2)(2) of the Trademark Act).

In opposition proceedings there is a corresponding floating five-year term to prove use. If the trademark on which the opposition is based has been registered for more than five years when the opposition is filed, use must be proven within the five-year period before publication of the registration of the opposed trademark (see Section 43(1) of the Trademark Act). Otherwise, the proprietor of the opposing trademark must prove use of its mark in the five-year period before an opposition decision is issued.

Failure to prove use of the trademark results in loss of the infringement action or opposition proceedings. Additionally, the opponent may instigate cancellation proceedings based on non-use (Sections 49, 53 and 55 of the Trademark Act).

Exception to the rule

German trademark law provides an exception to the rule which mitigates the seemingly incompatible demands of using fluid trademarks and the obligation to use a

Images taken from www.haribo.de

trademark in its registered form.

According to Section 26(3) of the Trademark Act, use of a sign which differs from the registered form of the trademark is deemed to constitute 'use' of the registered trademark, provided that the differing elements do not alter the distinctive character of the registered mark. This provision grants the rights holder a certain creative leeway in using the registered trademark without losing statutory trademark protection when making minor alterations to it.

German courts tend not to construe this provision too rigidly. Rather, they adopt an individual approach which takes into account the relevant circumstances of each individual case.

In particular, even if the relevant public recognises that the variant differs from the registered trademark, this does not automatically constitute an alteration of the distinctive character of the registered trademark. Therefore, a comparison of the registered trademark and the variant is decisive.

Thus, German law leaves room to use a fluid trademark as a variation of an underlying registered mark without *per se* putting its enforceability or existence at risk.

Case law

The Federal Patent Court has ruled that changing the letters of a word mark from upper case to lower case and vice versa – even within a word – and changing the typeface generally do not alter the distinctive character of a trademark (June 29 2006, 26 W (pat) 23/02, *EVIAN/REVEAN*). This does not apply if the trademark is eligible for protection only due to its typeface.

The omission of a verbal element of a trademark regularly alters its distinctive character. An exception can be made if the omitted verbal element is purely descriptive (Federal Court of Justice, July 9 1998, I ZB 7 / 96, *Karolus Magnus*; Cologne Higher Regional Court, December 1 2006, 6 U 51/06, *Moskovskaya*). The omission of a prominent figurative element of a trademark (eg, a stylised initial letter) also alters its distinctive character (Federal Patent Court, November 29 2005, 24 W (pat) 116/03, *ARTIST(E)*).

Minor graphic variations (eg, changing the colour of areas from grey to a lighter colour) are allowed (Federal Supreme Court, December 13 2007, I ZB 39/05, *idw Informationsdienst Wissenschaft*). Munich District Court I held that changing a trademark to its photographic negative does not alter its distinctiveness (December 17 2003, 1 HKO 12587/02, *Nordmende*).

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On various occasions, the Federal Court of Justice has held that the addition of a figurative element which is a conceptual illustration of the word element does not change the distinctive character of a word mark (March 30 2000, I ZB 41/97; *Kornkammer*; July 9 1998, I ZB 7 / 96, *Karolus Magnus*). Even the addition of a stylised figurative element may not change the distinctive character of the registered trademark (Federal Court of Justice, May 6 1999, I ZB 54/96, *HONKA*).

As far as adding figurative elements to a figurative mark is concerned, the Federal Court of Justice has held that the distinctive character is not altered if the relevant consumers do not deem the added elements to have their own distinctive character (October 18 2007, I ZR 162/04, *AKZENTA*; January 20 2005, I ZB 31/03, *FERROSIL*).

Although the German courts have demonstrated their inclination to interpret the requirement of altering the distinctive character of a registered trademark rather leniently, the fact that relevant circumstances of each individual case are taken into account creates a certain amount of unpredictability. Therefore, a residual risk concerning the use of fluid trademarks remains.

Protecting fluid trademarks against infringement

Fluid trademarks can be eligible for protection against infringement in their own right.

A variant may be protected as a registered trademark, provided that it satisfies the statutory conditions. In addition, according to Section 26(3)(2) of the Trademark Act, a registered variation of an underlying trademark may prove use of the underlying trademark, provided that it does not alter the underlying trademark's distinctive character. The European Court of Justice recently held this provision to conform with EU law (October 25 2012, C-553/11, *PROTI*).

The variation may also be eligible for copyright protection if it is a personal intellectual creation of its author. Copyright protection arises on creation of the work and requires no registration.

Provided that the variation is new and possesses individual character, it may also be eligible for protection as a registered national or Community design or an unregistered Community design. The term of protection for designs expires after 25 years for registered designs and three years for unregistered designs.

Conclusion

Rights holders are advised to take precautionary measures in order to avoid problems and issues related to the use of fluid marks.

First, the rights holder should select its strongest trademark – that is, the mark with the highest degree of consumer recognition – for use in variations. The higher the degree of distinctiveness of the underlying mark, the lower the risk of altering its distinctive character on variation.

Second, the underlying trademark should be continuously used in its registered form for the protected goods and services. This ensures that the underlying trademark will not lapse and its priority date will not be lost. Consequently, potential infringers will be unable to raise the non-use defence.

Finally, it is advisable not to deviate too significantly from the registered trademark. If the basic characteristics of the underlying trademark are maintained, it may be easier to convince a court that the variant has not changed the distinctive character of the underlying mark. WTR