

EU GEORGIA INTELLECTUAL PROPERTY PROJECT

Seminar on Convergence of Practices and EU Case Law
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1. Article 59(1)(b) EUTMR : bad faith

Likelihood of confusion

The reference made by the Court of Justice to the ‘confusion’ arising where an operator registers a mark which was already used by several operators was only an illustration of bad faith¹. Likelihood of confusion is however not a requirement for a finding of bad faith, not least because a request for cancellation on that ground can be filed by anyone without being required to be the proprietor of an earlier right². Thus the simple proximity or ‘correlation’ between dissimilar goods does not bar a finding that the applicant was acting in bad faith when applying for the mark ‘*Ann Taylor*’ in respect of watches if circumstantial evidence support the conclusion that he deliberately sought to create an association with an earlier mark proprietor enjoying market recognition in the United States in respect of clothing, or to prevent this proprietor’s ‘legitimate commercial expansion strategy’ in Europe from one economic field to the other³.

Circumstances arising outside of Europe

The relevant circumstances when examining an applicant’s bad faith are neither limited in time and space nor by the signs which the applicant previously used. A deliberate strategy of misappropriation of third parties’ rights may be substantiated by evidence relating to facts which occurred outside Europe and which concern the use and/or the registration of other marks. Nothing ‘precludes bad faith on the part of the trade mark applicant being found in different circumstances’⁴.

¹ Case C-529/07 *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECLI:EU:C:2009:361, para 45 (*Lindt*)

² Case C-104/18 P *Koton Mağazacılık Tekstil Sanayi ve Ticaret AŞ v EUIPO* [2019] ECLI:EU:C:2019:724, paras 48-57 (*Stylo & Koton*)

³ Cases T-3/18 et T-4/18 *Holzer y Cia, SA de CV v EUIPO* [2019] ECLI:EU:T:2019:357, paras 58, 64 and 65 (*Ann Taylor*)

⁴ Cases T-3/18 et T-4/18 *Holzer y Cia, SA de CV v EUIPO* [2019] ECLI:EU:T:2019:357, paras 88 and 158-161 (*Ann Taylor*) ; Case T-795/17 *Carlos Moreira v EUIPO* [2019] ECLI:EU:T:2019:329, para 50 (*Neymar*)

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Business relationships and duty of loyalty

The existence of a contractual or pre-contractual relationships between the parties creates the presumption that the trade mark applicant was aware of the use of the mark at issue by his business partner and supposes a duty of loyalty in respect of this partner⁵.

The duty of loyalty decreases in proportion of the time lapsed between the termination of the business relationship and the filing of the mark at issue. The fact that 'a long period had elapsed between the end of that business relationship and the application for registration of the contested mark militates against the existence of bad faith' if this filing had a 'commercial logic' in the light of the applicant's activities⁶.

2. Article 7(1)(c) EUTMR: Geographical names

A sign consisting of a geographical name may describe the place where a product is manufactured. Article 7(1)(c) EUTMR however requires that the geographical name be currently associated with the category of goods in question, or liable to be so in the future.

This explains that, save exceptions, the name of a State will be considered descriptive of the geographical origin or destination of goods or the place in which services are to be provided⁷. Thus the sign '*Swissgear*' must be refused in respect of a relatively broad list of goods, from vehicles to bags and clothing, irrespective of whether the term 'swiss' generally conveys a positive connotation associated with the reputation for quality of goods that come from Switzerland⁸.

This is not the case of the Spanish region of Aragon which does not enjoy reputation in respect of sandstone products. The sign '*Gres de Aragon*' (sandstone from Aragon) is therefore registrable⁹.

The fact that a sign consists of a geographical name, such as '*Devin*' which is a small spa town in Bulgaria (Bulgaria being still a third country on the date of filing of the mark), does not render this sign descriptive of the geographical origin of mineral water if the knowledge of the spa town by Europeans consumers is almost non-existent. The Greek and Romanian tourists visiting the city of Devin constitute 'a very small or minimal fraction of the relevant public, which, in any event, is negligible and cannot be considered sufficiently representative'. More generally, the need to keep descriptive indications free for the use of all competitors 'is strong in the case of a large region with a reputation for the quality of a wide range of goods or services', but it is 'weak in the case of a well-defined place the reputation of which is limited to a restricted number of goods or services'¹⁰.

If a sign consisting of a geographical name will most often describe the place where a product is manufactured, the connection between the geographical name and the product may also relate to the place where the product was conceived and designed. This 'does not necessarily imply that the *place of marketing* may serve as a tie connecting the goods and services covered by the contested trade mark with the place concerned, even in the case of items sold as souvenirs' (emphasis added). The

⁵ Case T-136/18 *Kuota International Corp. Ltd v EUIPO* [2019] ECLI:EU:T:2019:265, paras 55-57 and 68-69 (*K/Kuota*); Case T-772/17 *Café del Mar, SC v EUIPO* [2019] ECLI:EU:T:2019:538, paras 34 and 53-54 (*Café del mar*)

⁶ *Stylo & Koton* (n 59) paras 64-65

⁷ *France.com, Inc. v EUIPO*, T-71/17, EU:T:2018:381, para 51 (*France.com*)

⁸ *Wenger SA v EUIPO*, T-869/16, EU:T:2018:23, paras 41-46 (*Swissgear*)

⁹ Case T-624/18 *Gres de Aragón, SA v EUIPO* [2019] ECLI:EU:T:2019:868, paras 47-53 (*Gres de Aragon*)

¹⁰ *Devin AD v EUIPO*, T-122/17, EU:T:2018:719, paras 45, 48 and 82 (*Devin*)

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fact that goods and services are sold in a famous touristic attraction, such as the Neuschwanstein Castle in Bavaria, cannot constitute a descriptive indication of the geographical origin of the goods and services at issue unless the name of this site is associated with ‘a craft, a tradition or a climate which is a characteristic of a particular place’. On the facts of the case, the sign ‘*Neuschwanstein*’ is known to identify a museum the primary function of which is not the production or sale of souvenirs but the preservation of cultural artefacts¹¹.

3. Article 8(2)(c) EUTMR (Well-known marks) and Article 8(5) EUTMR (marks with reputation)

Well-known trade marks

As for all other conditions to be met for the success of an opposition or an action for invalidity, the well-known character of the earlier mark, within the meaning of Article 8(2)(c) EUTMR must be established on the *filing date* of the contested mark and it must subsist until the date that the action is brought. It can no longer be claimed that a ‘prestigious but historical’ mark, which was well-known in the 1970s in the field of racing bicycles, has a sufficient ‘surviving reputation’ forty years later. A well-known status requires a higher degree of recognition of the mark than that required to establish reputation¹².

Marks with reputation

Assessment of reputation

Any form of evidence is admissible when demonstrating reputation. Earlier decisions may be invoked, not as simple precedents to guide a new decision, but also as evidence establishing a fact¹³.

National or EUIPO decisions can constitute ‘strong indications’ of this reputation, ‘in particular where they are identified in a precise manner and their substantive content is set out in the notice of opposition in the language of the opposition proceedings’. Evidence of the reputation of an earlier mark, as illustrated by EUIPO decisions, cannot be disregarded without proper reasoning. In case of doubt as to the existence of this reputation found in past decisions, EUIPO is under the obligation to ask the opponent to provide additional evidence¹⁴.

Proof of reputation does not always require evidence regarding market shares or opinion surveys. A finding of reputation may be the result of proof relating to the important presence of the mark on the Internet, as established by the number of subscriptions to social media accounts dedicated to the mark at issue, or the number of users visiting blogs which refer to the mark¹⁵.

The complete dissimilarity of goods or services covered by the mark with a reputation and the contested mark is not sufficient *in itself* to exclude the possibility of free-riding or harm to reputation, even if the distance which separates the economic fields is a relevant element of this assessment.

¹¹ *Bundesverband Souvenir – Geschenke – Ehrenpreise eV v EUIPO*, C-488/16 P, EU:C:2018:673, paras 48-54 (*Neuschwanstein*)

¹² *Lionel Andrés Messi Cuccittini v EUIPO*, T-554/14, EU:T:2018:230, paras 57-58 and 75 (*Messi / Massi*)

¹³ *Raquel Superior Quality Cigarettes v Marlboro*, T-105/16, paras 64 and 65; *Gall Pharma GmbH v EUIPO*, T-662/16, EU:T:2018:242, paras 58-59 (*Styriagra / Viagra*); *Two parallel stripes on a shoe*, T-629/16, para 72

¹⁴ *EUIPO v Puma SE*, C-564/16 P, EU:C:2018:509, paras 66-74 and 95-99 (*Representation of a feline*)

¹⁵ Case T-651/18 *Sonu Gangaram v EUIPO* [2019] ECLI:EU:T:2019:444, paras 25 and 29-35 (*Hawkers*)

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This distance may be offset by demonstrating that the reputation of the earlier mark is of such a magnitude that it extends to economic fields outside of the one in which it was originally acquired.

The application of Article 8(5) EUTMR therefore requires EUIPO to take a preliminary position on the *degree* of the reputation of the earlier mark¹⁶. Even when EUIPO makes an assumption based on the acknowledgement of a reputation of a predetermined strength, it must still check if this strength is such that it could go beyond the circle of consumers of products or services covered by the earlier mark. If this is the case, then the strength of the reputation can neutralise the absence of any overlap of the relevant public of the goods or services belonging to fields as distinct as sports equipment and industrial machinery¹⁷.

Territorial scope of reputation

For a European Union trade mark to be protected throughout the EU as a mark with a reputation, this reputation must exist in a 'substantial part' of the EU, which may correspond to the territory of a single Member State, such as Germany¹⁸.

Reputation and use in an amended form

Reputation can result from the use of the mark as part of a complex sign or in association with another registered sign, provided that that mark alone, as opposed to any other trade mark which may also be present, identifies the particular undertaking from which the goods originate¹⁹.

The Court further extends this principle to the acquisition of a reputation resulting from a use 'in a different form' than that of the registration, and in particular in the form of another registered mark, insofar as the public is inclined to attribute the same origin to both signs. As a result, the reputation of a mark consisting of three stripes attached to the side of a shoe can be established by evidence concerning the use of different stripes, regardless of whether they are subject to separate registrations, taking account of their 'very close visual proximity'²⁰.

Establishment of a link

The examination of the similarity of signs in the context of Article 8(5) EUTMR is carried out following the same criteria as in that of Article 8(1)(b) EUTMR²¹. The absence of any similarity on all three levels of the perception is a bar to the application of Article 8(5) EUTMR²². A lesser degree of similarity, which would be insufficient to give rise to likelihood of confusion, may however suffice to generate a link between the marks. Such a minimal similarity can result from the coincidence of the signs in individually non-distinctive elements such as the use of the same banal colours or the same standard

¹⁶ *Casual Dreams, SLU v EUIPO*, T-900/16, EU:T:2018:327, paras 32-37 (*Dayaday*)

¹⁷ *Puma SE v EUIPO*, T-62/16, EU:T:2018:604, paras 67-70, 88-89 and 100-101 (*Puma / Puma*)

¹⁸ *Two parallel stripes on a shoe*, T-629/16, above, n 17, para 81

¹⁹ *Pepero/Shape of an oblong biscuit* (n 24) paras 130-135; *Anna de Altun/Anna* (n 14) paras 38-48

²⁰ *Two parallel stripes on a shoe*, T-629/16, above, n 17, paras 76-78. *Contra*, in the context of Article 7(3) EUTMR, *Deluxe*, T-222/14 RENV, above, n 20, paras 97-98

²¹ Case C-505/17 P *Groupe Léa Nature v EUIPO* [2019] ECLI:EU:C:2019:157, para 79 (*So'Bio etic/So... ?*)

²² Case T-215/17 *Pear Technologies Ltd v EUIPO* [2019] ECLI:EU:T:2019:45, paras 79-80 (*pear/apple*); *Jaume Cordoniu/Jaume Serra* (n 81) para 97

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font used for writing the dominant element ‘V’ of the contested mark and the word ‘Volvo’ of the earlier mark²³.

The exceptional reputation of a trade mark may facilitate a link with a similar mark for goods or services intended for publics which do not coincide. This is why the degree of the reputation acquired by the earlier mark must be defined with precision as a *preliminary step* to the assessment of the possible forms of prejudice caused to this reputation. It is for the opponent to ‘put forward any arguments relating either to the exceptionally strong reputation of its marks or to the consequences which could arise if such a strength of reputation had been acknowledged’, not for EUIPO to make a decision on these points on its own motion²⁴.

Exceptional reputation does not however have automatic results. The magnitude of the reputation of the trade mark ‘Prada’, which was demonstrated particularly for bags, does not imply the existence of a link with the application for the trade mark ‘The rich Prada’ for goods and services as unconnected as foodstuffs, advertising, management or financial, construction and education services, etc. The mere claim that the reputation of a mark could be extended to other areas of activity is insufficient because it is too general²⁵.

A lesser degree of similarity between signs may be sufficient to establish a link to a trade mark with a reputation, even if this minimal similarity would be insufficient to conclude that there is a likelihood of confusion²⁶.

For the purposes of verifying the existence of a ‘link’ between the marks, relevant factors include the strength of the reputation of the earlier mark, and the degree of its distinctive character, whether inherent or acquired through use²⁷. The General Court holds that these two factors do not have to be assessed independently, as the distinctive character per se of a mark consisting of three stripes could not be ‘revised downwards’ since it would be mitigated by a strong reputation²⁸.

Taking unfair advantage of repute (free-riding)

An opponent must submit ‘evidence or arguments showing that use without due cause of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark’ (Article 7(2)(f) EUTMDR).

The risk of free-riding may be supported by evidence of *actual* commercial use of the sign applied for, including in respect of the combination of colours used for the marketing of the earlier mark’s products²⁹. Thus, the use of the slogan ‘Two stripes are enough’ reinforces the conclusion that the use of a mark consisting of two stripes takes advantage of the repute of a trade mark of three stripes³⁰.

²³ Case T-356/18 *Volvo Trademark Holding AB v EUIPO* [2019] ECLI:EU:T:2019:690, paras 43-47 (*V-Wheels/Volvo*)

²⁴ Case T-655/17 *Industria de Diseño Textil, SA (Inditex) v EUIPO* [2019] ECLI:EU:T:2019:241, paras 37-39 (*Zara Tanzania Adventures/Zara*)

²⁵ *Prada SA v EUIPO*, T-111/16, EU:T:2018:328, paras 49-55 (*The rich Prada / Prada*)

²⁶ *Starbucks Corp. v EUIPO*, T-398/16, EU:T:2018:4, paras 77-79 (*Coffee rocks / Starbucks*)

²⁷ *Intel Corporation Inc. v CPM United Kingdom Ltd*, C-252/07, EU:C:2008:655, para 42

²⁸ *Two parallel stripes on a shoe*, T-629/16, above, n 17, paras 135-137

²⁹ Case T-428/18 *McDreams Hotel GmbH v EUIPO* [2019] ECLI:EU:T:2019:738, para 93 (*McDreams Hotels/McDonald’s*)

³⁰ *Two parallel stripes on a shoe*, T-629/16, paras 191-192

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Fashion accessories such as sunglasses and watches belong to adjacent market segments, which facilitates an unfair advantage being taken in the field of horology of an earlier quasi-identical mark which is reputed in respect of eyewear³¹.

Detriment caused to the repute of the earlier mark (tarnishment)

The risk of tarnishment requires that the goods or services for which the earlier mark has acquired reputation and those covered by the mark applied for are such that an association between them would have negative connotations for the earlier mark's goods or services. Use of the mark '*So'Bio etic*' for bleaching and cleaning products will cause undesired and negative associations to the detriment of the earlier mark '*So...*' which has acquired reputation for cosmetics³².

Due cause

The fact that the trade mark applied for corresponds to the surname of a natural person or the name of a legal person does not constitute due cause for the use of the sign³³.

³¹ Case T-288/19 *Ipanema* [2020] EU:T:2020:201; Case T-651/18 *Sonu Gangaram v EUIPO* [2019] ECLI:EU:T:2019:444, paras 57-59 (*Hawkers*)

³² Case C-505/17 P *Groupe Léa Nature v EUIPO* [2019] ECLI:EU:C:2019:157, para 87-88 (*So'Bio etic/So... ?*)

³³ *Kenzo Estate / Kenzo*, C-85/16 P and C-86/16 P, above, n 32, paras 91-95