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„A'RICCIONE“

The protection of highly reputed marks under Art. 8 (5) EUTMR -

Reloaded

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01

Introduction

- Last year we discussed the legal basis of Art. 8 (5) EUTMR, the problems of the application in certain example cases with the conclusion that there is time for a change and the need for a more efficient protection of trademarks with a reputation.
- This year the wind of change has not yet reached the General Court.
- The presentation together with older case law has shown that there is not really a coherent approach of the European courts when it comes to applying and weighing the different criteria that are the precondition for a case under Art. 8 (5) EUTMR.

Those are:.

- The earlier trademark must have a **reputation**;
- The trademarks have to be **identical or similar** to each other;
- The use of the mark applied for (without due cause) must give rise to the risk that the earlier mark **takes unfair advantage** of the repute/distinctive character or is **detrimental** to it;
- Such risk of injury being the consequence of a certain degree of similarity between the earlier mark and the later mark on the basis of which the public concerned perceive a **link** between the two marks without however confusing them.
- The **link** depends on the extent of the reputation/distinctiveness of the earlier trademark, the degree of similarity between the two marks, the degree of similarity between the goods and services and the relevant public.

- The case analysis shows that there are cases where a link has been assumed although there is no similarity between the goods and services in question (BEATLES; GOOGLE; ZARA; TANZANIA; *Nasdaq* stock market – sports equipment, modernity; *Viagra/Viaguara* pharmaceutical products – drinks, same effect) and others where the dissimilarity of the goods was the crucial factor to exclude a link/injury (the PUMA cases; *SPA/Spa-Finders* mineral water-publications/travelagency; BIMBO BIKE; CONGUITOS; THE RICH PRADA).

- And the ECJ in the *Intel-decision* on the one hand says that **there are certain marks that may have acquired such a reputation that it goes beyond the relevant public** for which those marks were registered so that the public as regards the goods and services for which the later mark is registered **will make a connection between the conflicting marks even though that public is wholly distinct** from the earlier mark and that in such a case a finding may be justified that there is **a link between the marks even if there is no link between the goods and services** covered by the marks, but on the other hand points out that even if the public is the same or overlaps **the goods and services may be so dissimilar that the mark applied for is unlikely to bring the earlier mark to the mind of the relevant public.**

- This confirms that there is a need for clarification, guidance, and a practice which actually provides sufficient protection for trademarks with a reputation. Otherwise the investment in trademarks will not be worth the effort but there will be instead dilution and the possibility of free-riding although statutory law and prior court cases ask for an efficient protection of trademarks with a reputation.



02

The development in the last year

- The summary of the cases
- The DN Solution case
 - ECJ refused the admission of the appeal
- The Vaillant case
 - ECJ refused the admission of the appeal

- The Societé d'Equipments des Boulangerie Patisserie case
 - The General Court decided with judgement dated February 28, 2024 that PUMA's opposition on the basis of Art. 8 (5) EUTMR is not successful.
 - Main reasoning that the goods in question between the earlier mark and the younger mark are too different so that no link could be established, reference to prior PUMA decisions.
 - An appeal will be filed at the latest on May 9, 2024 before the ECJ.

- The PUMA Soundproofing case
 - The General Court decided with judgment dated January 25, 2024 that PUMA's opposition on the basis of Art. 8 (5) EUTMR is not successful.
 - main reasoning that the goods in question between the earlier mark and the younger mark are too different so that no link could be established, reference to prior PUMA decisions.
 - An appeal has been filed on April 5, 2024 before the ECJ

- The Gottardo Li PUMA, Luca case
 - complaint filed before the General Court on January 10, 2014 against the decision of the EUIPO Board of Appeal which has rejected PUMA's opposition on the basis of Art. 8 (5).
- other cases



03

The need for clarification and guidance by the ECJ

– **The expert opinion of Prof. Büscher**

- Prof. Büscher
- leading European Trademark practitioner
- head of the trademark chamber of the German Supreme Court (2014 until 2017)
- Professor at the University Osnabrück
- leading practitioner and speaker at all important trademark congresses

- **The expert opinions**

- **first expert opinion** regarding “interpretation of Art. 8 (5) EUTMR with regard to the "PUMA" trademarks, in particular in the context of the Vaillant, DN Solutions and Société d'équipements de boulangerie/pâtisserie proceedings” dated May 16, 2023.
- **second expert opinion** regarding “admissibility requirements for appeals to the ECJ in the context of opposition proceedings pursuant to Art. 8(5) EUTMR using the example of the opposition proceedings of PUMA SE” dated January 26, 2024.

- **presentation of the expert opinions in the framework of the following proceedings:**
 - **DN Solutions** first expert opinion during the appeal before the ECJ
 - **Vaillant GmbH** first expert opinion during the appeal before the ECJ
 - **Société d'équipements de boulangerie/pâtisserie** first expert opinion presented together with the complaint before the General Court; second expert opinion filed together with the appeal before the ECJ

- **PUMA Soundproofing** first expert opinion presented together with the complaint before the General Court second expert opinion filed together with the appeal before the ECJ
 - **Gottardo li PUMA, Luca** case first expert opinion presented together with the complaint before the General Court.
- **Purpose and aim:** to give additional weight to the legal arguments both regarding the application of Art. 8 (5) and the need for a clarification and guidance that is in the interest of unity, consistency and development of Union law so that the appeal should be admitted by the ECJ.



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**The legal arguments in favor of the appeal before the ECJ /
complaints before the General Court**

a) The incorrect determination of the public

- The question of the relevant public has two aspects: firstly the question of the relation between the public of the earlier mark and the public of the mark applied for and secondly the relevance of the public in case of trademarks with an extra-ordinary reputation.
- If the goods covered by the earlier mark are aimed at the general public and the goods covered by the mark applied for are aimed at a public consisting of technical or industrial professionals the following questions arise:

- In its examination of whether the mark applied for evokes the earlier mark in the minds of the relevant public or leads to a mental association the General Court took completely different publics as a basis and denied the overlapping of the publics asserted by the applicant.
- **How the relationship between the public is to be determined in cases in which the goods registered for the earlier mark with the reputation are aimed at the general public and the goods claimed by the mark applied for are aimed at a specific specialist public, raises an important question for the unity, consistency and development of EU law.**

- It arises in all cases in which the goods or services of the earlier mark with a reputation are directed at a general public and those of a later mark are directed at a specific public.
- The General Court has repeatedly dealt with this constellation (Segler / EUIPO – Elini [MIPS]; U-Q/EUIPO – Applecorps [BEATLES]; Swatch / EUIPO – Panavision Europe [SWATCHBALL]).

- The question whether the public can be assumed to overlap or whether the public is completely different is of particular importance. If the publics do not overlap the earlier mark is generally unknown to the public targeted by the later mark so that a mental link is ruled out. The younger mark cannot recall the earlier mark in the perception of the relevant public and they will not establish a link between the marks.

- How shall this be dealt with in the case of an earlier mark which due to its **extraordinary reputation** has an effect beyond the public targeted by its goods or services (the Intel-principle)? How can it be dealt with that the public targeted by such marks can establish a link although such public is completely different from the public targeted by the goods or services of the earlier mark? Can the difference between the publics then still be relevant?
- Such question goes beyond the contested judgment in the specific appeals and regards all opposition proceedings or invalidity proceedings or counterclaim proceedings and all infringement proceedings pursuant to Art. 9 (2) (c) EUTMR and also national trademarks.

- The question is also controversial in the case law of the ECJ in part the court **assumes overlapping public** (U-Q/EUIPO – Applecorps [BEATLES]). In some cases it bases its decision on a **complete difference in the public** (Swatch/EUIPO – Panavision Europe [SWATCHBALL]; PUMA SE / EUIPO – DN Solution; Arnoldo Mondadori editore / EUIPO – Gracia Equity [GRACIA]) insofar as the goods in services of the earlier mark are aimed at the general public and the services of the later mark are aimed at a specialist public. Further there is the obvious contradiction in the assessment of the public regarding trademarks with an extraordinary reputation in the Intel-reasoning.
- These questions therefore need clarification and have a considerable impact on the delimitation of the scope of the protection of well-known trademarks so that an answer to them is in the interest of unity, consistency and development of Union law.

a) Failure to comprehensively assess the relevant criteria and their interaction

- The assessment of whether there is a link must be carried out on the basis of the global assessment of all the relevant criteria whereby there is a certain interdependence between the factors that has to be taken into account.
- Such comprehensive assessment considering the interaction between the respective relevant parameters has been disregarded in the aforementioned decisions and are not even mentioned in the decisions.

- In the decision making practice the General Court often only strings together the individual relevant circumstances without assessing their interaction on the merits. For example a dissimilarity of goods can be offset by an extraordinarily high degree of recognition and increased distinctiveness of the earlier mark (Intel). This must apply a fortiori if other relevant circumstances are particularly pronounced in favor of the proprietor of the mark with the reputation such as the degree of the similarity of the opposing mark or the uniqueness of the earlier mark.

- As such interaction between the criteria should be considered in all cases and is of particular importance but often ignored in the decision practice it is a question that has an impact on opposition proceedings, invalidity proceedings, counterclaims and even infringement proceedings according to Art. 9 para. 2 lit. c EUTMR and guidance is required that is in the interest of unity, consistency and development of Union law.

a) The incorrect weighing of the exceptional reputation and high degree of distinctiveness

- In a situation where the earlier mark has an **exceptional high reputation** the relevant public may establish a link between the marks even though they do not associate the goods or services in question (Intel; Louis Vuitton Maletier / EUIPO-Bee-fee Group (LV); PUMA System). There are trademarks that are **so highly reputed that they are always brought to mind of the public in any context**. This principle is generally recognized by the European courts and the EUIPO.

- If a mark has this exceptional reputation and enhanced distinctiveness the likelihood that the relevant public will remember the well-known mark when confronted with an identical or nearly identical later mark is obvious (Sigler/EUIPO – Elini [VIPS]; Spa Monopole / EUIPO – YTL [Hotels und Properties]). This raises the question **of what impact** this circumstance has **on the burden of proof** regarding the existence of the conditions for a mental link.

- According to the case law of the ECJ, the attempt by a third party to be drawn into the pull of a well-known mark in order to benefit from its appeal, reputation and prestige and to exploit the economic efforts of the proprietor of the mark to create and maintain the image of that mark without any financial consideration and without having to make any efforts of his own is to be regarded as an unfair advantage of the distinctive character or repute of the well-known mark. (L'Oréal/Bellure; De Vries/Red Bull)

- **The greater the reputation and distinctiveness of the earlier mark, the greater the incentive to be drawn into the pull of a well-known mark and the greater the possibility of benefiting from the economic investment of the proprietor of the well-known mark without making any effort of one's own.**
- Trade marks that are exceptionally well known to the general public are therefore particularly at risk of third parties attempting to take unfair advantage of their reputation and distinctive character. As a result, they are regularly the subject of trade mark disputes. This justifies a particular need for protection of exceptionally well-known trade marks.

- At the same time the system of the trademark protection under the trademark directive and the EU Trademark regulation requires the owner of the well-known trademark to be sufficiently vigilant in resisting the use of signs that may infringe the trademarks by other economic operators (Levi Strauß/Casucci; De Vries/Red Bull; Backaldrin/Pfahnl [KORNSPITZ]). This makes it **necessary to constantly defend the exceptionally well-known trademark against infringements.**
- **For this purpose the trademark owner must also have effective legal protection outside the area of identity and similarity of goods** pursuant to Art. 8 (5) EUTMR in the context of opposition and nullity proceedings as well as in the context of counterclaims and infringement proceedings.

- This raises the question of **whether in the case of marks with an exceptionally high reputation and a very high degree of distinctiveness it can generally be assumed that the relevant public will associate the identical, almost identical on average similar marks with each other.** The likelihood that the relevant public will remember the mark with a reputation when confronted with an identical or nearly identical or similar mark is obvious.

- The case law of the ECJ on this is inconsistent. In some cases the court also assumes that the conceptual link is obvious in this case constellation (Sigler/EUIPO – Elini [VIPS]; Spa Monopole / EUIPO – YTL [Hotels und Properties]; BEATLES; NASDAQ; GOOGLE). In other decisions of the court this principle does not apply, instead the General Court focuses on the degree of the similarity of the goods and denies an association even though the public is familiar with the earlier mark with a reputation (Swatch/EUIPO – Panavision Europe [SWATCHBALL]. PUMA SE / DN Solutions, PUMA SE / Vaillant).

- According to **Recital 10 of Directive (EU) 2015 /2436** the Trademark Directive and the EU Trademark Regulation are based on comprehensive protection in well-known trademarks. The case law of the ECJ has clarified that the higher reputation and the distinctiveness of a mark with a reputation the more likely it is to be associated with a conceptual link and to take advantage of or to be detrimental to the distinctive character and repute of the mark (Intel; General Motors).

- According to **Art. 47 of the Charter of Fundamental Rights** of the EU the proprietor of a trademark with a reputation has the right to an effective remedy. This also applies to the proprietor of a mark with a reputation who has provided evidence that the reputation of his mark is exceptionally high and therefore extends beyond the public target by the goods and services registered for the opposing mark (Intel).

- The principle **of effective judicial protection** of the rights of individuals under Union law is a general principle of the Union law which derives from the constitutional traditions common to the Member States. The principle of an effective remedy includes the right of a party to a fair trial which does not place him in a clearly disadvantageous position vis-à-vis his opponent. The interpretation and application of the rules and the allocation of the burden of proof must not unduly complicate the enforcement of a party's claim.

- This raises the question, which is important for the unity, consistency and development of EU law, whether the proprietor of an exceptionally well-known mark, which also has an enhanced distinctive character and whose reputation extends beyond the public targeted by the goods and services protected by the marks, must also prove the existence of an association between the marks in the event of a conflict between the well-known mark and a later mark, **or whether it should not normally be assumed that the relevant public will be reminded of the well-known mark when they encounter the later mark**. This would mean that the applicant for the later mark would have to demonstrate an exceptional case in which there is no association between his mark and the earlier mark with an exceptional reputation.

- Such distribution of **the burden of proof** only takes into account the extended protection of well-known trademarks provided by the union legislator the scope of protection of extra ordinarily well-known trademarks with enhanced distinctiveness and requirements for an effective legal remedy for the trademark proprietor and has effect in opposition, invalidity, counterclaim and infringement proceedings and therefore goes in its effect and significance beyond the contested judgment and the specific appeal.

- There is an obvious need for such a clarification of the burden of proof for the following reasons:
 - Only if a link and injury is assumed in case of extraordinarily highly reputed trademarks the principle that there are highly reputed marks that are always brought to mind of the public in any context can be honoured.
 - If for such trademarks there is always an association with the younger – famous - trademark it is either positive (and thereby takes unfair advantage of the repute) or negative (causing detriment to the repute) or neutral in the sense “another XY-trademark” (causing dilution).

- The current evidence requirements are unrealistic:
 - How can the opponent provide evidence that there is a change in the economic behaviour of the average customer if in most register cases he does not know what products will be brought on the market and how the trademark will be used and Art. 8 (5) proceedings deal with the register situation only?

- Detriment must be **foreseeable prima facie evidence of a future risk** which is not hypothetical: “the opponent **must adduce evidence and/or develop a cogent line of argument to demonstrate specifically how the alleged injury might occur**, taking into account all the relevant circumstances including the marks and the goods and services in question. As such the opponent cannot merely contend that detriment or unfair advantage would be a necessary consequence flowing automatically from use of the sign applied for, owing to the strong reputation of the earlier mark, since, otherwise marks with a reputation would enjoy blanket protection against identical or similar signs for virtually any kind of product. This would be clearly inconsistent with the wording and spirit of Art. 8 (5) because otherwise reputation would become the sole requirement rather than being only one of several conditions.”

- With what kind of evidence can this be shown?
- “The precise threshold for proving the risk of injury will be determined case by case” – this strikes against any legal certainty and makes it impossible to thoroughly prepare a case under Art. 8 (5).
- It is much easier for the opponent to show and explain why he has chosen such trademark and to provide a respective justification



05

Summary and outlook for the future

- Hope for a clarification by the ECJ

We hope that the ECJ will be additionally impressed by the expert opinion of Prof. Büscher, the second one which specifically deals with the need for a clarification in an appeal before the ECJ has now been presented for the first time in the framework of an application before the ECJ in the cases Société d'équipements de boulangerie/pâtisserie and PUMA Soundproofing.

- Infringement proceedings with a submission before the ECJ according to Art. 267 AEUV
- Amicus brief?
- Lobbying
- Pressure of right holders by actually enforcing their rights in an aggressive way
 - surveys
 - infringement cases as additional argument
 - actual confusion / documentation

Thank you for your attention!