

Dilution in Europe

Spyros Maniatis

Head, Centre for Commercial Law Studies

Queen Mary University of London

Positioning ‘Dilution’ – No Presumptions

Adidas-Salomon AG v. Fitnessworld Trading Ltd [2003] E.C.R. I-12537

Article 5(2) does not require confusion. What is required for the application of Article 5(2) is that as the result of the similarity between the mark and the sign the relevant section of the public “... establishes a link between them even though it does not confuse them ... The existence of such a link must ... be appreciated globally ...”.

“If the “relevant section of the public views the sign purely as an embellishment, it necessarily does not establish any link with a registered mark. **That therefore means that the degree of similarity between the sign and the mark is not sufficient for such a link to be established**”.

Niche Reputation

General Motors Corp. v. Yplon SA [1999] E.C.R. I-5421 – Product Market Niche Fame

For the purposes of Article 5(2) Dir. the public amongst which the earlier mark must have acquired a **reputation in the public concerned by the products or services covered by the trade mark.**

The mark must be known by a “significant part” of the public concerned. In making this assessment courts “must take into consideration all the relevant facts of the case, and in particular the market share held by the trade mark, the intensity, geographical extent[,] and duration of ... use, and the size of investment made ... in promoting [the mark]”.

The stronger the earlier mark's distinctive character and reputation, the easier it will be to accept that detriment has been caused to the mark.

Dilution: Blurring

Intel [2008] E.C.R. I-08823

As regards, in particular, the detriment to the distinctive character of the earlier mark, which the Court also described as ‘dilution’, ‘whittling away’ or ‘blurring’, it accepted that such detriment is caused when that **mark’s ability to identify the goods or services for which it is registered as coming from the proprietor of that mark is weakened by the use of the later sign, which leads to the dispersion of its identity and hold upon the public mind.**

It also confirmed that this is notably the case when the earlier mark, which used to arouse **immediate association** with the goods and services for which it is registered, is no longer capable of doing so.

The Relevant Public – Rebalancing Niche Reputation

The public to be taken into account varies depending on the type of injury claimed, there is a two tiered test:

In the first place, the mark's reputation must be assessed, by reference to the perception of the relevant public, which consists of average consumers of the goods or services for which that mark is registered, who are reasonably well informed and reasonably observant and circumspect.

Secondly, if what has been claimed is detriment to the distinctive character or the repute of the earlier mark, it is the average consumers of the goods and services for which that mark is registered, who must be taken into account; conversely, in cases of unfair advantage, its existence must be assessed by reference to the average consumers of the goods or services for which the later mark is registered and/or used.

Blurring: Standard and Burden of Proof

The burden of proving detriment or unfair advantage falls on the proprietor of the earlier mark, who must adduce **appropriate evidence** to that effect.

It stressed though, **that the proprietor is not required to demonstrate actual and present injury to its mark** since, when it is foreseeable that such injury will ensue from the use of the later mark, he cannot be expected to wait for it actually to occur in order to be able to prohibit that use; in any event, however, he **must at least establish that there is a serious risk that such an injury will occur in the future.**

Blurring: Standard and Burden of Proof

Moreover, considering that blurring is caused when the mark's ability to identify the goods or services for which it is registered is weakened because the use of the later mark leads to dispersion its identity and hold upon the public mind, the **proof of dilution requires evidence of a change in the economic behaviour of the consumer consequent on the use of the later mark, or at least a serious likelihood that such a change will occur in the future.**

Harm to Reputation – Unfair Advantage

L'Oréal SA v Bellure [2009] E.C.R. I-05185

The Court defined 'detriment to repute' as **the 'tarnishment' or 'degradation' of the earlier mark, caused when the goods or services of the later sign are perceived by the public in such a way that the earlier mark's power of attraction is reduced.** It also pointed out that such detriment may arise in particular from the fact that the goods or services of the later mark possess a characteristic or quality which is liable to have a negative impact on the image of the reputed mark.

'Unfair advantage', also referred to as 'parasitism' or 'free-riding', it held that it relates to the advantage taken by a third party as a result of the use of an identical or similar sign and that it covers, in particular, cases where there is clear exploitation on the coat-tails of the reputed mark, by reason of a transfer of the image embedded in that mark, or of the characteristics which it projects, to the goods designated by the later sign.

Challenging the ‘Dilution’ Threshold

T-570/10 *Environmental Manufacturing v OHIM – Wolf*
ECLI:EU:T:2012:250

The General Court stressed that “[Following *Intel*] the proprietor of the earlier mark must adduce prima facie evidence of a future risk, which is not hypothetical, of detriment [...]. Such a conclusion may be established, in particular, on the basis of **logical deductions** made from an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case [...].;

Introducing a Presumption?

It cannot, however, be required that, in addition to those elements, the proprietor of the earlier mark must show an additional effect, caused by the introduction of the later mark, on the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered ... **the change in the economic behaviour of the consumer ... is established if the proprietor of the earlier mark has shown ... that the mark's ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark**".

Back to the Intel Orthodoxy ...

C-383/12 P - ECLI:EU:C:2013:741

The CJEU however stressed **“the wording of [*Intel*] is explicit. It follows that, without adducing evidence that that condition is met, the detriment or the risk of detriment to the distinctive character of the earlier mark ... The concept of ‘change in the economic behaviour of the average consumer’ lays down an objective condition. That change cannot be deduced solely from subjective elements such as consumers’ perceptions. The mere fact that consumers note the presence of a new sign similar to an earlier sign is not sufficient of itself to establish the existence of a detriment or a risk of detriment to the distinctive character of the earlier mark ... the criterion put forward by the General Court could, in addition, lead to a situation in which economic operators improperly appropriate certain signs, which could damage competition.”**

Evidence – Surveys? – Proper Reasoning

Deductions acceptable but only when “founded on **an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case**”.

Worth Arguing a Good Case Fully from the Start

T-85/16 Shoe Branding Europe v EUIPO - Adidas

The arguments advanced by OHIM and the intervener in support of the Board of Appeal's conclusion cannot succeed. First, the elements on which they rely, seeking to demonstrate that the marks at issue differ on account of the different colour and length of the stripes, **are not relevant in so far as they are not mentioned by the Board of Appeal in the contested decision.** Those new elements cannot supplement the reasoning of the contested decision and have no influence on the assessment of its validity. Second, with regard to the argument concerning the difference in length of the stripes arising from their difference in inclination, it should be pointed out that that minor difference between the marks at issue will not be noticed by the consumer with an average degree of attention and will not influence the overall impression those marks produce on account of the presence of wide sloping stripes on the outside of the shoe

The Relevance of Reputation – Likelihood of Confusion

“... the Board of Appeal considered the earlier marks to enjoy a high reputation in the sports shoes and clothing sector and that that reputation extended to a three-stripe figurative device. It took the view that, where those three stripes were applied to sports shoes, that element consisted of three parallel stripes of the same size and width contrasting with the base colour of the shoe and positioned on the footwear upper in the area between the laces and the sole ...

the more distinctive the earlier mark, the greater will be the likelihood of confusion. Thus, marks with a highly distinctive character, either per se or because of their recognition on the market, enjoy broader protection than marks with less distinctive character. The distinctive character of the earlier trade mark and, in particular, its reputation, must therefore be taken into account”

Similarity – Context

“the degree of similarity required under Article 8(1)(b) ... and 8(5) ... is different. Whereas the implementation of the protection provided for under the first of those provisions is conditional upon a finding of such a degree of similarity between the marks at issue that there exists a likelihood of confusion between them on the part of the relevant section of the public, the existence of such a likelihood is not necessary for the protection conferred by the latter provision. Accordingly, the types of injury referred to in Article 8(5) of Regulation No 207/2009 **may be the consequence of a lesser degree of similarity** between the earlier and later marks, provided that it is sufficient for the relevant section of the public to make a connection between those marks, that is to say, to establish a link between them ...

Evidence - Surveys

C-396/15 P - ECLI:EU:C:2016:95

“Community law **does not preclude** a national court, if it encounters particular difficulties in assessing the misleading nature of the indication in question, from making use, within the parameters established by national law, of market surveys or expert reports in order to deliver a more enlightened judgment.”

Back to Basics ... Cumulative conditions

T-624/13 The Tea Board v OHIM – Delta Lingerie, ECLI:EU:T:2015:743
It follows from the wording of Article 8(5) of Regulation No 207/2009 that the application of that provision is subject to three conditions: first, the identity of or similarity between the marks at issue; secondly, the existence of a reputation of the earlier trade mark relied on in support of the opposition; and, thirdly, the existence of a risk that the 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. Those conditions are cumulative, and failure to satisfy one of them is sufficient to render the provision inapplicable ...

Establishing the Link or Leading to Harm?

According to case-law, the existence of a link between the mark applied for and the earlier mark must be assessed globally, taking into account all factors relevant to the circumstances of the case, which include: the degree of similarity between the marks at issue; **the nature of the goods or services covered by the marks at issue, including the degree of closeness or dissimilarity between those goods or services**, and the relevant section of the public; the strength of the earlier mark's reputation; the degree of the earlier mark's distinctive character, whether inherent or acquired through use; and the existence of a likelihood of confusion on the part of the public

The Relevance of Exclusivity

Indeed, as is noted in the contested decision, the word element 'darjeeling' of which the earlier word mark is entirely composed and which is included in the earlier figurative mark, is a geographical name. Regardless of whether, as a result, that word element has a particularly distinctive character ... it should be borne in mind that the second sentence of Article 66(2) of Regulation No 207/2009 provides that a collective mark registered under that provision is not to entitle the proprietor to prohibit a third party from using in the course of trade such signs or indications, provided he uses them in accordance with honest practices in industrial or commercial matters, and that, in particular, such a mark may not be invoked against a third party who is entitled to use a geographical name.

Back to the Orthodoxy

In the light of the foregoing, it must be found that, **in the absence of evidence capable of establishing a serious likelihood of a change in the economic behaviour of the average consumer**, the risk of injury to the distinctive character of the earlier trade marks cannot be established from the mere fact that the signs at issue are similar, especially since, in the present case, it is possible for the word element 'darjeeling' to be used for marks other than those earlier marks ...

Consequently, the Board of Appeal was right to hold that the relevant public would not be surprised that the word element 'darjeeling' could be used in different market sectors by different undertakings and, accordingly, ruled out the existence of a likelihood of detriment to the distinctive character of the earlier trade marks. On that subject, the applicant's argument that the average consumer is not used to the possibility of goods or services offered to him under the trade mark DARJEELING not having any link with Darjeeling must be rejected, since no evidence has been provided to substantiate that assertion.

Strength Working Against the TM Proprietor

What is more, as OHIM emphasises, there is a unique connection between the geographical name 'Darjeeling' and Darjeeling tea which does not exist between that name and the goods and services covered by the mark applied for. The applicant does not provide any evidence to establish that the geographical name in question is, in the mind of the relevant class of persons, currently associated with the goods or services covered by the mark applied for or that that name might be used by the undertakings concerned as an indication of the geographical origin of those goods or services ...

In that regard, the argument put forward by the applicant that India is a country where clothing is produced is not in itself sufficient to establish a specific connection of that kind. It is therefore unlikely that the relevant public will be led to believe that the goods and services covered by the mark applied for come from the Darjeeling region, still less to doubt, in finding that this is not the case, the origin of the goods covered by the earlier trade marks, which, according to the applicant, would entail a change in the economic behaviour of the average consumer for the purposes of the case-law cited in paragraph 100 above.

Free Ride to the Rescue – Note the Language

Where an earlier trade mark with an **exceptional reputation** is involved, even if the goods and services covered by the signs at issue are quite different, it **is not altogether inconceivable** that the relevant public could be led to transfer the values of that earlier mark to the goods or services covered by the mark applied for ...

Free Ride to the Rescue

In the present case, first, the values conveyed by the element shared by the signs at issue — namely, the word element ‘darjeeling’, which refers to a tea marketed under the earlier trade marks, which have an exceptional reputation according to the hypothetical premiss on which the contested decision is based — are those of a sophisticated, exclusive, unique product. Second, given that the Board of Appeal’s analysis is based on the hypothetical premiss of an exceptional reputation, **it is permissible to presume** that a large part of the public concerned will be aware that the region of the same name from which that product originates is located in India. Thus, the word element ‘darjeeling’ is likely to evoke images of exoticism, sensuality and mystery which are connected, in the mind of the relevant public, with the representation of the Orient.

Is there an Anomaly?

It should be noted that that conclusion does not contradict the conclusion concerning the detriment to the distinctive character of the earlier trade marks ... Although, as regards the risk of detriment to the distinctive character of the earlier trade marks, the relevant public, that is to say ... the public at whom the earlier trade marks are directed, will not make any connection between the goods and services covered by the mark applied for and Darjeeling as a region of India, there is nothing to prevent the public at whom the mark applied for is directed from being attracted by the transfer to the mark applied for of the values and positive qualities connected with that region.

Thank You and Points to Explore ...

Establishing the Link and Proving the Harm

‘Dilution’ v Free Ride

How do we Establish ‘Dilution’?

Objective and Contextual Evidence