

*Martin Senftleben\**

## Trade Mark Protection – A Black Hole in the Intellectual Property Galaxy?

A black hole is a region of space from which nothing, not even light, can escape . . . . It is called “black” because it absorbs all the light that hits the horizon, reflecting nothing, just like a perfect black body in thermodynamics.<sup>1</sup>

Following traditional trademark theory, trademarks could hardly ever gather sufficient mass to constitute a black hole. Trademark law offers enterprises the opportunity to establish an exclusive link with a distinctive sign. Accordingly, the protected sign can serve as a source identifier in trade. This basic function guarantees market transparency. It ensures fair competition, protects consumers against confusion and contributes to the proper functioning of market economies by allowing consumers to clearly express their preference for a particular product or service.

To enable trademarks to fulfil this basic function, the gravity field of trademark protection need not be strong. Rather, defensive protection is sufficient. As long as the trademark owner is capable of preventing other traders from using identical or similar signs for identical or similar goods or services, the basic identification function of trademarks can be safeguarded. This protection is to be granted only if use of a conflicting sign is likely to cause confusion. In cases of double identity (an identical sign used for an identical product), the risk of confusion may be deemed so obvious that it can be presumed. Given these clear conceptual contours of traditional trademark protection against confusion, it is not surprising that agreement on this limited scope of protection could be reached in the European Union. By virtue of Art. 5(1) of the Trade Mark Directive (TMD), the grant of this basic protection is mandatory in all EU Member States. It gives trademark owners limited control over communication concerning their marks – control that only covers the identification and distinction of products.

However, modern marketing techniques show that this limited field of gravity can be used strategically to create much more massive trademarks. The trademark conveys information about the commercial origin of goods or services. Through investment in advertising, however, an enterprise can easily add further messages. In particular, an enterprise can use advertising campaigns to teach consumers to associate a certain attitude or lifestyle with the trademark. As a result, the trademark begins to “speak” to consumers. They no longer simply buy products from a particular source. They also buy the respective “trademark experience” and “brand image”.

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<sup>1</sup> See [http://en.wikipedia.org/wiki/Black\\_hole](http://en.wikipedia.org/wiki/Black_hole), last visited on April 2, 2011.



Inevitably, trademark law protects the investment made in the creation of a favourable trademark image to some extent. Basic protection against confusion safeguards the exclusive link between an enterprise and its trademark. In this way, it offers the legal security necessary for investment in the trademark. The question, then, is whether the creation of a brand image should be rewarded with enhanced protection even though this is a selfish endeavour. Unlike inventors and authors, the brand owner cannot validly claim to have created intellectual property that furthers science or art. The trademark does not fall into the public domain after a limited period of time. Not surprisingly, EU trademark law is cautious. Enhanced protection against dilution is optional under Art. 5(2) TMD and counterbalanced by a flexible defence of “due cause”.

This cautious approach is justified. The broader the scope of trademark protection, the stronger becomes a trademark’s field of gravity. With protection that no longer requires a showing of confusion, and that is no longer confined to identical or similar market segments, trademark owners acquire remarkably enhanced control over the use of the protected sign. The trademark monopoly impacts more deeply on comparative advertising, referential use and parody. It strongly affects the fundamental guarantee of (commercial) freedom of speech.<sup>2</sup>

Ultimately, the trademark may even be transformed into a black hole that absorbs all the communication surrounding it. Step by step, the EU Court of Justice has paved the way for this supermassive trademark protection by continuously relaxing protection requirements. The prerequisites of use in the course of trade and use in relation to goods or services do not constitute substantial hurdles in the EU.<sup>3</sup> The threshold for assuming that a trademark has a reputation is ridiculously low.<sup>4</sup> In line with *Adidas/Fitnessworld*, enhanced protection against dilution becomes available the moment a competing sign calls to mind a mark with a reputation.<sup>5</sup> After this erosion of safeguards against overbroad brand image protection, the decision in *Intel/CPM* gave hope that the Court might defend at least the remaining bastion – the infringement criteria of bringing detriment to, or taking unfair advantage of, distinctive character or repute. Requiring evidence of a change in the economic behaviour of the average consumer, the Court seemed determined

2 For a detailed analysis of the impact of trademark protection on freedom of expression, see W. SAKULIN, “Trademark Protection and Freedom of Expression – An Inquiry into the Conflict between Trademark Rights and Freedom of Expression under European Law” (Kluwer Law International, The Hague/London/New York 2010).

3 See CJEU, judgment of June 12, 2008, case C-533/06 – *O2/Hutchison*, paras. 35–36.

4 See CJEU, judgment of 14 September 1999, case C-375/97 – *General Motors/Yplon* (“Chevy”), paras. 24–28. Cf. M.R. F. SENFTLEBEN, “The Trademark Tower of Babel – Dilution Concepts in International, US and EC Law”, 40 IIC 45, 50–55 (2009), available online at <http://ssrn.com/abstract=1723903>.

5 See CJEU, judgment of October 23, 2003, case C-408/01 – *Adidas/Fitnessworld*, para. 29.

to set a high threshold for anti-dilution protection.<sup>6</sup> However, this hope was shattered in *L'Oréal/Bellure*.

Black holes are expected to form when heavy stars collapse in a supernova at the end of their life cycle.<sup>7</sup> *L'Oréal/Bellure* is the supernova in EU trademark law. The Court lowered the threshold under Art. 5(2) TMD substantially by stating that – in the absence of damage – a mere attempt to ride on the coattails of a mark with a reputation can be sufficient to assume that unfair advantage has been taken.<sup>8</sup> The bastion of infringement criteria, therefore, was abandoned. The Court, however, did not content itself with this surrender. In addition, it held that besides the essential origin function, a trademark's quality, communication, investment and advertising functions enjoyed *absolute* protection under Art. 5(1)(a) TMD.<sup>9</sup> With this holding, the Court clearly trespassed the boundary lines drawn in the Directive. Communication, investment and advertising are typical functions of marks with a reputation. The protection of these functions is optional under Art. 5(2) TMD. By including these functions in the mandatory Art. 5(1)(a) TMD, the Court eroded the freedom left to EU Member States.

Absolute protection under Art. 5(1)(a) TMD completes the formation of a black hole. While Art. 5(2) provides for the flexible defence of “due cause”, comparable balancing tools are sought in vain in Art. 5(1)(a). In this region, the trademark's field of gravity absorbs all communication, including comparative advertising and parody.<sup>10</sup> Advertisers can only escape from this black hole because the Court employs the external balancing tool of rules on permissible comparative advertising from the neighbouring galaxy of EU unfair competition law. The trademark owner cannot invoke Art. 5(1)(a) against comparative advertising that is permissible under the Misleading and Comparative Advertisement Directive.<sup>11</sup> Whether the Court will make similar efforts for parodists remains to be seen.

Is there any light in the trademark system after the creation of the black hole? This light may come from an interstellar phenomenon that increasingly affects trademark law. The Internet, bringing along the challenge of keyword advertising, allows the Court to reconsider the balance between trademark protection and (commercial) freedom of speech. The Advocates General in keyword advertising cases emphasise the need to strike a proper balance.<sup>12</sup> The Court's first decisions are promising.

6 See CJEU, judgment of November 27, 2008, case C-252/07 – *Intel/CPM*, para. 77.

7 See [http://en.wikipedia.org/wiki/Black\\_hole](http://en.wikipedia.org/wiki/Black_hole), last visited on April 2, 2011.

8 See CJEU, judgment of June 18, 2009, case C-487/07 – *L'Oréal/Bellure*, para. 49.

9 CJEU, *ibid.*, para. 58.

10 Cf. M.R. F. SENFTLEBEN, “Overprotection and Protection Overlaps in Intellectual Property Law: The Need for Horizontal Fair Use Defences”, in: A. KUR (ed.), “Horizontal Issues in Intellectual Property Law, Uncovering the Matrix”, ATRIP Conference 2009, (Edward Elgar Publishing, Cheltenham 2011), available online at <http://ssrn.com/abstract=1597123>.

11 CJEU, *ibid.*, paras. 54 and 65

In *Google France* and *Google*, the Court held that the search engine offering a keyword advertising service does not use affected trademarks in the sense of trademark law.<sup>13</sup> Given the flexible approach to trademark use in past cases,<sup>14</sup> this ruling comes as a welcome surprise. The use made by advertisers, moreover, does not encroach upon the advertising function newly protected under Art. 5(1)(a) TMD. The Court arrives at this conclusion by assuming that the website of the trademark owner will feature prominently among the natural search results.<sup>15</sup> This doubtful assumption<sup>16</sup> appears as a strategic argument to bypass the inappropriate function theory developed in *L'Oréal/Bellure*. The fact that the Court does not even address the communication and investment function confirms this impression. Does the Court already regret the function theory? In any case, the decision seems to indicate that the threshold for assuming an adverse effect on the communication, investment and advertising function is rather high. It may also indicate that Art. 5(1)(a) only concerns detriment. Benefits derived by the advertiser, such as enhanced attention resulting from the use of a reputed mark as a keyword, seem irrelevant in this context. This would at least explain the Court's hesitance to address the communication and investment function.

A restrictive approach to Art. 5(1)(a) TMD, however, is not necessarily sufficient to escape from the black hole. Because of the strong communication, investment and advertising function of marks with a reputation, judges may be induced to assume that the advertiser attempted to take unfair advantage in the sense of Art. 5(2) TMD. Given the flexible "coattail" formula developed in *L'Oréal/Bellure*, this area of protection is part of the black hole problem. The forthcoming decision in *Interflora/Marks & Spencer* will show whether the Court is willing to reduce the supermassive protection in this area as well.<sup>17</sup>

Mankind may have no influence on black holes in our Milky Way system. The gravitational power of trademark protection in the intellectual property galaxy, however, can be brought back to reasonable proportions. The current black hole in this region need not last forever. The EU Court of Justice should put an end to the darkness as soon as possible.

12 See Advocate General Póitres Maduro, opinion of September 22, 2009, cases C-236/08–238/08 – *Google France* and *Google/Louis Vuitton et al.*, para. 102; Advocate General N. Jääskinen, opinion of December 9, 2010, case C-324/09 – *L'Oréal/LeBay*, para. 49.

13 See CJEU, judgment of March 23, 2010, cases C-236/08–238/08 – *Google France* and *Google/Louis Vuitton et al.*, para. 57.

14 Cf. A. KUR, "Confusion Over Use? – Die Benutzung ‚als Marke‘ im Lichte der EuGH-Rechtsprechung", 2008 GRUR Int. 1.

15 CJEU, *ibid.*, para. 97.

16 See A. OHLY, "Keyword Advertising auf dem Weg zurück von Luxemburg nach Paris, Wien, Karlsruhe und Den Haag", 2010 GRUR 776 (782).

17 The opinion of Advocate General Jääskinen of March 24, 2011, case C-323/09 – *Interflora/Marks & Spencer*, paras. 94–99, gives hope in this regard.

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Satzspiegelhöhe: 192mm  
Höhe der gesamten Fahne: 776mm

