



The misconception of F. I. Schechter.

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“THE MISCONCEPTION OF F. I. SCHECHTER”

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September 2010

*To my parents,
Lela & Andreas*

ABSTRACT

After briefly examining the history of trade marks and establishing the theoretical framework of trade mark functions, an analysis from the perspective of semiotics is conducted, viewing the trade mark as a sign. This analysis serves as a tool for the suggestions and conclusions drawn in relation to the role of trade mark law today.

The issues of trade mark registration, use and protection are examined, as main facets of the trade mark functions. An analysis of the legal provisions, legal doctrine and case law on trade mark registration and use in Greece, before and after the entry into force of the First Council Directive on the Harmonisation of trade mark laws in Europe 89/104/EEC is undertaken, so as to denote the effect of the European harmonisation on these issues. The Court of Justice case law is examined, in juxtaposition to the Greek case law on the respective implementing provisions. The similarities and differences are noted and analysed. Throughout, examples from a common law jurisdiction, namely the UK, are taken into account.

The issues of risk of confusion and dilution are analytically examined at a national (Greek) and European level. In comparison to the Court of Justice jurisprudence, the national legal framework and case law of Greece on these issues is analysed. Examples from other European jurisdictions are taken into account. The theory of dilution in the context of the European trade mark framework is further analysed against developments in the USA.

The controversial doctrine of trade mark dilution, introduced by Fr. I. Schechter, is of primary interest in the course of the thesis and suggestions are made for a new perspective of the theory. The controversial doctrine of Schechter is seen, in view of the above, under a new light.

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INTRODUCTION

The scope of this thesis will encompass the theoretical framework of trade mark protection and the application of it in pieces of legislation and case law. Through the analysis of the European Courts' case law in comparison with examples from national courts, the evolution of trade mark law in the European context shall be examined.

In part I of the thesis, a reconsideration of the categorisation and the systematisation of trade mark functions will be made, in view of the First Council Directive on the Harmonisation of trade mark laws in Europe¹. The historical background of trade marks and the evolution of their role in every day life and subsequently in the legal reality shall be analysed. It shall be argued that a trade mark is a sign; an analogy between trade mark functions and semiotics shall be drawn. The theory of semiotics supporting the interpretation of the law on trade marks, as well as examples of application of the theory of semiotics on European case law, shall be examined.

In part II of the thesis, the notion of a trade mark as defined by the Directive, in comparison with the view taken by the courts of Greece before and after the entry into force of the Directive shall be examined. The criteria for registration and, respectively, the absolute grounds for refusal of registration shall be examined at a European and national level and a comparison between the existing tendencies prior to the Directive, on the one hand and the case law as developed after the guidelines of the European Courts, on the other, shall be analysed.

Within the same lines, in part III of the thesis, the rights conferred to the trade mark owner and, more closely, the issue of trade mark use shall be examined. A comparison between the particularities of the Greek law against the interpretative lines of the European case law shall be made, in order to conclude whether the

¹ First Council Directive of 21 December 1988 to Approximate the Laws of the Member States Relating to Trade Marks, (89/104/EEC), OJ L40/1, 11 February 1989. Henceforth referred to as: the Directive.

Directive has contributed to the evolution of national trade mark law in relation to trade mark use or not.

In part IV, the traditional protection of trade marks in the European Union shall be examined, as against the legislation and case law developed by the Greek courts prior and after the entry into force of the Directive. The notion of “likelihood of association” shall also be analysed. The degree of harmonisation and the discrepancies between the guidelines given by the case law of the European Court of Justice² and the Greek courts shall be examined. Examples from a common law (UK) jurisdiction shall also be drawn upon.

Lastly, in part V of the thesis, the notion of trade mark dilution, a theory that was originally introduced in the USA by Fr. I. Schechter³ shall be analytically examined. The infringement provisions of the European Directive as well as the national trade mark law in Greece regarding dilution shall be considered. The evolution of the case law of the European Court of Justice on famous marks and protection thereof shall be examined. Such evolution shall be compared to the USA case law on dilution. Throughout, the examination shall be made against the background of the Federal Anti-Dilution Act in the USA⁴. The European Court of Justice case law shall also be examined in relation to case law of the courts of Greece prior and after the entry into force of the Directive. The extent of harmonisation in Greece shall be analytically concluded. Examples by the UK courts shall also be drawn upon. In view of the practical application of the doctrine by the European and Greek courts, the inherent inconsistencies of Schechter’s seminal work will be shown.

Finally, it is suggested that trade mark legislation should offer adequate protection to the trade mark, against any detrimental unauthorised use by a third party. The value of trade marks as a property asset and their significance as signs is beyond any doubt a result of the development of modern economy and culture. The mass media, advertising and the globalisation of commerce dictate an overall reconsideration of

² Henceforth referred to as: the ECJ.

³ Fr. Schechter, “The Rational Basis for Trademark Protection”, 40 Harv L Rev, 813, [1927].

⁴ Federal Trademark Dilution Act 1995, as revised by the Trade Mark Dilution Revision Act of 2006.

trade mark functions, so that the rights conferred to the trade mark owner can be fulfilled to their full extent.

PART I. EXPLORING TRADE MARK THEORY

A. THE ROLE OF TRADE MARKS THROUGH TIME

“There is upon some subjects, a touching absence of curiosity among English lawyers. Institutions which are the very heart of modern business life, the fountain – heads of not ungrateful streams of litigation, are accepted as though, like the image of Ephesus, they fell direct from heaven for the benefit of deserving profession. The legal questions to which they give rise are studied with minute care, the legal relationships which they create are made the occasion of microscopic analysis. But the subject itself, the really interesting and important matter, is left untouched”⁵.

Trade marks and goodwill represent an important factor in commercial life today also because out of the so-called law of technical trade marks has grown the law of unfair competition⁶. The examination of the historical development is not merely of academic interest. The determination of the question as to the legal nature of the right in a trade mark is also linked to the basis of relief in trade mark cases. In common law as well as civil law countries courts have accepted that the basis of relief is the deception of the public but also the protection of the trade mark owner. Where shall we find the germs of the modern trade mark, the history of which is inexorably linked with the development of trade mark law? The answer will be found in the mass of records of the organisations of merchants and craftsmen of the medieval ages, supplemented by the researches of archaeological bodies.

A. a. Antiquity

No one really knows how and why trade marks started to exist. It is highly likely that their use began even before writing was invented. Many theorists have speculated on the subject (not only lawyers, but also archaeologists or historians),

⁵ Edward Jenks, “Select Essays in Anglo – American Legal History”, iii, 51.

⁶ In the USA the law relating to technical trademarks was fully developed before the law on unfair competition. Technical trademarks were considered those non registered trademarks that were “fanciful, arbitrary, unique, distinctive and non descriptive in character” see 3 R. Callmann, “Unfair Competition and Trademarks” par. 66.1. 3rd e. [1955], cited in 408 F. 25 54 *K-S-H- Plastics Incorporation v. Carolite Inc.* and *K-S-H- Plastics Inc v. Sunbeam Lighting Company*, 9th Circuit US Court of Appeal [1969], In both cases the redress is based upon the right to be protected in the goodwill of a trade or business, see Harvard Law Review, Vol. 29 [1916] 762 “The Relation of Technical Trademark to the Law of Unfair Competition”, Rodgers in “Goodwill, Trade Marks and Unfair Trading”, 127, Hopkins, Trademarks, 2nd ed., par.1, Pitney J in *Hanover Star Milling Co. v. Metcalf* 240 US 403 “In fact the common law on trade marks is but a part of the broader law of unfair competition”, i.e. from an analytical point of view, law on unfair competition is the genus and law on technical trademarks is the species.

based on findings from the pre-historian period and antiquity. In all likelihood the first kind of marking was the branding of cattle and other animals⁷. A linguistic explanation that could support the previous speculation is that the English word “brand” is derived from the Anglo-Saxon verb “to burn”⁸. Wall paintings of Ancient Egypt and cave paintings of South Europe dating from the pre-historical age show cattle branded on the fields⁹.

These first marks were mere visual designs¹⁰, which could even be regarded as the origin of ancient alphabets or an already existing system of writing¹¹. The above speculation has not yet been confirmed, but still it shows the strong link between writing and the visual signs used as marks in trade. A great number of marks (over 5.000) have been discovered by archaeologists with regard to the Greek and Roman civilisations¹². More clearly marking started to appear at a later stage after ceramic objects were widely used. The ruins of the prehistoric settlement at Korakou, near Corinth, have yielded up saucers and bowls bearing potters’ marks at least four thousand years old¹³. However, these first marks were mere indications of the manufacturers, in order for them to be protected from theft¹⁴.

As human society and human culture evolved, so did merchandising and exchange of goods, even between different countries. The need then for an identification of the source or origin of the goods revealed itself as overwhelming. The findings bearing trade marks date from the period of 100 BC and they usually bear the initials of the

⁷ See L. E. Daniels, “The History of the Trade-Mark”, 7 TM Bull. 239, at 240-41 as found in S. A. Diamond, “The Historical Development of Trademarks”, 65 TMR 265, at 266; also I. M. Azmi, Sp. M. Maniatis, B. Sodipo, “Distinctive Signs and Early Markets: Europe, Africa and Islam”, in “Perspectives on Intellectual Property- The Prehistory and Development of Intellectual Property Systems” A. Firth ed., London, Sweet and Maxwell, [1997].

⁸ W. H. Browne, “A Treatise on the Law Trade Marks and Analogous Subjects”, 11 [1898], as cited in S. A. Diamond, *Ibid* at 266.

⁹ See S. A. Diamond, *Ibid*.

¹⁰ *Ibid*.

¹¹ G. Ruston, “On the Origin of Trade Marks”, 45 TMR 127, [1955], at 128.

¹² See Io. A. Sakellariadis, “Trade Marks”, *Dimokratia Politon*, Athens, [1995], at 13.

¹³ See, C.W. Blegen, “Korakou, A Prehistoric Settlement Near Corinth”, *American School of Classical Studies at Athens*, 1921, No 6, p.p. 5, II. See also for the early time of trademarks, Joseph Kohler, “Das Recht des Markenschutzes”, Wurzburg, [1884].

¹⁴ *Op. Cit. Supra* n. 11. It is worth clarifying, that the markings were made by the potter not by the owner of the object, so they indeed functioned as commercial trade marks, even if the aim was protection against theft.

potter's name¹⁵. As A. S. Greenberg claims: "... the maker of articles for sale in commerce used a symbol to indicate the source of the articles regardless of where they went"¹⁶.

Greeks marked their pieces of art with the name of the sculptor and in the case of pottery with the name of the maker. However, the most important source of knowledge of the development of the role of trade marks is pottery. This was a widely developed craft in ancient times, due to the fact that clay objects were used in everyday life. Amphora, cups, jars, lamps, decorative objects - apart from depicting ancient art, they also unravel the course of civilisation which was expanding and flourishing because of trade. In classical Greek society, the manufacturers used signs that were usually found on the undersurface of the objects. The inscriptions were most commonly the name of the manufacturer and on decorated pieces the name of the designer (as recognition of personal achievement, or the "early" form of copyright)¹⁷. However, according to E. S. Rogers some of the ancient Greek findings bore more elaborated trade marks (in the sense that they were not merely the signature of the potter) such as figures of *Hermes*, bees, lion heads and others.¹⁸ He also provides some examples of possible trade mark (unauthorised by the potter) copying : Greek inscriptions found on Etruscan vases that could be a mere copy of the trade mark of some celebrated Greek maker ("as the Roman engravers and sculptors were in habit of doing in later times")¹⁹. It is worth mentioning the case of a very successful mark that was used on Roman oil lamps. These lamps were an important article of trade and many different Roman potters manufactured them under various marks; the most widespread was the mark "*FORTIS*"²⁰. The mark

¹⁵ See, A. S. Greenberg, "The Ancient Lineage of Trade-Marks", 33 *Journal of the Patent Office Society*, 876, (No. 12, 1951), at 879.

¹⁶ *Ibid.*

¹⁷ According to A. Verona's, "Pravo Industrijskog Vlasništva", (Industrial Property Law), at 6, [1978], there were three signs on pottery products in Greece: the manufacturer's (which was to be found in almost every object), the designer's sign and the purchaser's sign; found in M. Vukmir, "The Roots of Anglo-American Intellectual Property Law in Roman Law", 32 *IDEA* [1992], at 128.

¹⁸ The "early" form of the figurative marks. See E. S. Rogers, "Some Historical Matters Concerning Trade Marks" 9 *University of Michigan Law Review* 29, [1910], at 10, citing also Kohler, "Das Recht des Markenschutzes" *Op. Cit. Supra* n. 13.

¹⁹ *Ibid.*, at 30.

²⁰ It would be interesting to note that classic names are still used as trade marks; very successful ones, indeed!; for example, NIKE, which is the ancient Greek personification of Victory (NIKH) or NIVEA which comes from the Latin Niveus that means snow white. See I. M. Azmi, Sp. M. Maniatis, B. Sodipo, *Op. Cit. Supra* n. 7, at 135.

was so successful that it became a generic term designating a particular kind of oil lamp!²¹

A. b. Middle Ages

The judicial conception of the alternative functions of trade marks, namely the designation of origin or ownership of goods, rests upon the uses to which marks were put in the Middle Ages. It has been argued that strictly speaking, marks designating ownership are not trademarks at all but merely proprietary marks, which may, or may not, incidentally serve to designate the origin or source of the goods to which they are affixed²².

The Middle Ages were characterised as a general “dark” period of learning and most of the people (including artisans) did not know how to read and write. Therefore, no substantial use of marks was effected in the earlier years of feudalism²³. However, later on (roughly the fourteenth to sixteenth centuries)²⁴ a significant expansion of commerce had as a consequence the increased use of trade and other kinds of marks (e.g. proprietary).²⁵

Until the 15th century, the line of demarcation between the merchant and the craftsman was not yet sharply defined. The same mark did often serve the dual function of proprietary mark and production mark²⁶.

Another very important element that established more firmly the use of marks in trade at that time was the organisation of guilds²⁷. These were tightly controlled organised groups of artisans, who used a compulsory production mark. The mark was obligatory; used to identify the guild’s products. The principle purpose of this

²¹ See S. A. Diamond, *Op. Cit. Supra* n. 7.

²² W. H. Browne, “Treatise on the Law of Trademarks”, 1898, *Op. Cit. Supra* n. 8. This is of course true. However, it is not the same if the owner of the object makes the marking on its property and if the manufacturer makes the marking on the object he wishes to sell further. In the former case, the owner is acting on a private basis, in the latter it is an act related to the manufacturer’s commercial business.

²³ See A. Diamond, *Op. Cit. Supra* n. 7.

²⁴ *Ibid*, at 272.

²⁵ For a detailed study See S. A. Diamond, *Op. Cit. Supra* n. 7.

²⁶ F.I. Schechter, “The Historical Foundations of the Law Relating to Trade Marks”, Columbia University Press, 1925, at 21.

²⁷ *Ibid*, at 15; also, M. Azmi, Sp. M. Maniatis, B. Sodipo, *Op. Cit. Supra* n. 7, at 138-139.

was dual: on the one hand, to be able to account and identify responsibility for poor quality merchandise; and on the other hand, to be able to control the manufacturers²⁸. It is obvious that the system had an inherently judicial character: the manufacturers were held responsible in cases where the products did not have the expected quality²⁹.

The past role of marks in trade and society, as presented above, is similar to the role of trade marks today, as such role is put forward in modern legal texts on trade marks: the identification of the source of the product, i.e. identification of the manufacturer and, additionally, the guarantee of quality of the product³⁰. There are considerable differences owed to the diverse cultural and economic organisation of the society.

With the growth of industrialisation there was an important development of trade marks, as well. The expansion of machines that replaced the handwork of manufacturers increased production. Consequently the need to attract consumers led to an increase of the value and significance of trade marks. However, the use of these early marks has set the preliminary basis on which modern trade mark theory lies.

A. c. Contemporary Era³¹

A typical scene taken from everyday life will be used as an example depicting the changes that have effected in contemporary society and economy. In a traditional flea market the consumer shall try one producer and the following week will revert

²⁸ See S. A. Diamond, *Op. Cit. Supra* n. 7, at 276.

²⁹ It is worth citing the following passage from the 1266 first bakers' compulsory marking law in England: "[A] baker must set his owne proper marketh and selleth, to the end that if any bread be faultie in weight, it may bee knowne to whom the fault is."; found in Rogers, *Op. Cit. Supra* n. 18, at 141. Another example is the order of the Cutlers of London in 1642 saying that: "No man from hensforth shall have a proper marcke unless he be a forger and be able of him self to forge and temper his stuf as a workman sholde do". See Welch, "History of the Cutlers of London" [1923], at 344 found in Schechter *Op. Cit. Supra* n. 26, at 111.

³⁰ As shall be examined further in the present thesis. Although the "quality guarantee" purpose of the trade mark used to rely on a different basis (namely the accountability for bad quality of the manufacturer) and was also legally enforceable.

³¹ Since the present discourse is in a historical context, it would be interesting to mention that the *Colgate* mark is continuously used since 1866, *Gordon 's Gin* since 1769, *Quaker* since 1845, *Singer* since 1851, *Campbell' s* and *Kelloggs* since 1915, *Kodak* since 1888 and *Coca Cola* since 1886. See Julius R. Lunshford Jr, "Consumers and Trade Marks: the Function of Trademarks in the Market Place", 64 TMR 75, at 76.

to the same one if he is satisfied. Looking for the same producer, as the last time the consumer will identify the products based on quality and price estimated on personal experience. The conclusion that evidently comes about is that no labelling is needed in the case where the identification of the product is effected after a direct contact with the product and the producer. In a world however which has ceased to trade face to face (a complex and impersonal marketplace) a mark becomes the *only* medium “through which the benefits that flow from the [manufacturer’s] good repute can be realised”³². A trade mark is therefore a “*creative silent salesman* through which direct contact between the owner of the mark and the consumer is obtained and maintained”³³.

The contemporary era is characterised by an over abundance of goods leading to extensive consumerism. The mechanism of consumption can be rational, based on criteria such as quality and price, according to current economic theory; in that way effective competition is promulgated. However, consumption is also a social function, rather than the mere satisfaction of individual needs. As Jean Baudrillard³⁴ remarks, consumption does not derive primarily from a vital necessity or from “natural law”, but rather from a *cultural constraint*. People consume more than they need to. They consume goods in order to follow the trends, the life style, the fashion. They feel compelled to do so, because if not, they do not fit the cultural “model”, they are in this sense not integrated in the society. The *use* value of goods is reduced; the *symbolic exchange* value of goods has replaced it³⁵. This is so because goods, and thus their *labels*, no longer designate the world, but rather the being and social rank of their possessors. Trade marks are the basic tools of this mechanism. As will be made evident throughout the course of this thesis, trade marks, especially the famous ones, attract consumers because they designate much more than the mere origin or identity of the product. They symbolise prestige and social recognition

³² Grismore, “The Assignment of Trade Marks and Trade Names”, 30 Mich L Rev 489, [1923], at 492.

³³ Fr. Schechter, “Fog and Fiction in Trade - Mark Protection”, 36 Colum L Rev 60, [1936], at 64 and 65. *Emphasis Added*.

³⁴ J. Baudrillard, “For a critique Of the Political Economy of the Sign”, Telos Press, [1988] and especially his essay “Sign Function and Class Logic”.

³⁵ *Ibid*.

therefore acquiring goodwill as such³⁶. The issue of trade mark functions will be thoroughly analysed later on.

A. d. Trade Marks in the European Union

From their inherent relationship and interaction with consumers, it follows that trade marks can have an adverse effect on competition. They can, under certain circumstances, be found to impede effective competition, because of the exclusivity of the rights linked to them. Prohibition of parallel importation, partitioning of the market, even the refusal to grant a licence are some examples of the obstacles that trade mark protection can impose on competition within the Union³⁷. Although the relationship between competition and Intellectual Property Rights (including trade marks) is not to be examined under the present thesis, a few observations could be made.

A paradox is revealed when one looks at the interactions between trade mark protection and effective competition³⁸. On the one hand, it is suggested that trade mark protection (i.e. the exclusivity of the rights granted to trade mark owners) encourages and facilitates competition. If the proprietor of an Intellectual Property right enjoys adequate protection, he is allowed and encouraged to compete more effectively. The consumers have access to valid information and can thereby base their choice on this. Otherwise they would not be able to benefit from a competitive economy that offers a wide variety and range in the quality and price of goods and services. Hence, effective competition is promoted, as consumers are able to distinguish the relevant differences between products and every identified manufacturer seeks to improve the quality of his products in order for them to appeal to the public.

³⁶ See, S. M. Maniatis “Trade Mark Rights: A justification based on property”, [2002] I.P.Q. at 123.

³⁷ See *Magill/Television Listings Cases 241/242/91, Radio Telefis Eireann and Independent Television Publications Limited v. Commission*, [1995], 4 CMLR 718, which concerned Copyright, but could obviously have an analogous application to all Intellectual Property rights. In this case, the refusal by a Copyright holder to grant a licence was said to constitute abuse of a dominant position, thereby infringing EU Treaty. See also, R. Annand and H. Norman, “Guide to Community Trade Mark”, Blackstone Press Limited, [1998], at 6-7.

³⁸ See, among others, R. Whish, “E. U. Competition Law”, London, Butterworths, [2002], p. 733 *seq.*, Torremans and Holoyak “Intellectual Property Law”, Butterworths, [2001], Anderman “EC Competition Law and Intellectual Property Rights; the Regulation of Innovation”, Clarendon Press, [1998], Govaere “The use and abuse of Intellectual Property Rights in EC Law”, Sweet & Maxwell, [1996].

On the other hand, it seems that the Single Market cannot coexist with the broad legal protection of rights the objective of which is actually to impede the entrance of new competitors in the market. The ECJ had the opportunity to adjudicate cases with regard to trade mark issues that were allegedly restricting competition³⁹. The need to have a uniform trade mark legal framework throughout the European Union in order for such tensions to be diminished became gradually apparent. These reasons, together with the general need for modernisation of national laws of the member states, lead to the introduction of harmonising legislative measures on trade marks.

The Member States of the European Union were largely following similar concepts on trade mark protection. However, significant discrepancies existed as well⁴⁰. EC Council Directive 89/104/EEC on the Approximation of Trade Mark Laws was promulgated on December 21, 1988⁴¹. According to Recital 1 of the Preamble to the Directive “trade mark laws at present applicable in the Member States contain disparities which may impede the free movement of goods and freedom to provide services and may distort competition within the common market [...] it is therefore necessary, in view of the establishment and functioning of the internal market, to approximate the laws of Member States”. In order for the approximation of laws to be effected, there should be national uniformity on the conditions for obtaining and continuing to hold a registered trade mark⁴² as well as protecting it. It is now accepted that the protection of trade marks does not necessarily impede, on the contrary, it enhances competition, through the protection it gives to trade mark owners and confidence in the efforts they are putting into establishing a good name in the market⁴³.

³⁹ See relevant case law, e.g. *Hag I*, Case 129/73, *Van Zuylen Freres v. Hag*, ECR 731 [1974] and *Hag II* Case 10/89, *SA CNL-Sucal NV v. Hag GF AG*, [1990], ECR 1711.

⁴⁰ For the pre-existing legal framework on trade mark protection and the need for harmonisation See: F. Beier, “The Development of Trademark Law in the Last Twenty-five Years”, [1995], 26 IIC 769; and “Basic Features of Anglo-American, French and German Trade Mark Law”, [1975] IIC 285; also, A. Kur, “Harmonisation of the Trademark Laws in Europe-An Overview”, [1997], 28 IIC 1.

⁴¹ *Op. Cit. supra* n. 1.

⁴² See Recital 7 of the Directive.

⁴³ See also Ch. Chrisanthis, “Free Competition, Origin Function and Risk of Confusion in trade mark law”, EpiskED [2007], 33.

However, some issues have intentionally remained unregulated. According to Recital 3 of the Preamble to the Directive “it does not appear to be necessary at present to undertake full-scale approximation of the trade mark laws of the Member States and it will be sufficient if approximation is limited to those national provisions of law which most directly affect the functioning of the internal market”. In some areas, it was considered more appropriate to leave a wide discretion to the Member States of whether to include in their legislation the relevant provisions or not. These areas concern, for example, some questions of procedure concerning registration, or formalities of licensing agreements⁴⁴. Member States were also free to apply cumulatively laws other than trade mark law (as already mentioned) such as special laws on unfair competition, civil liability, tort or consumer protection. The legal framework introduced by the Directive will be examined in detail later.

B. FUNCTIONS OF TRADE MARKS

The word “functions” denotes the possible use of the mark with regard to the products, the producers and the consumers and determines the scope of trade mark protection: legal provisions aim at protecting trade marks when they perform one of these functions. The following are the factors defining trade mark functions: the holders, the recipients and the potential rivals. The direct relationship between trade marks and consumers is of primary importance. It is unavoidable that trade marks themselves, as well as their functions, are defined in relation to the purchasers of the products, because they are the recipients of the signified meaning conveyed by the marks. However, in determining trade mark functions not only the consumers’ perception of a mark must be considered; but also that of the mark’s competitors. A wide scope of protected functions, resulting in broad legal protection restricts competition, because it creates wider monopoly rights. The opposing interests of the

⁴⁴ See, Ch. Gielen, “Harmonisation of Trade Mark Law in Europe: The First Trade Mark Harmonisation Directive of the European Council”, 8 EIPR 262, [1992]”. In Greece, for example, the law provides as a condition of validity, that the license agreement of a trade mark is heard before the Trademark Administrative Committee and that the respective ruling (granting such license) is registered with the trade mark registry. The rationale is that the consumers must be protected from licenses that entail risk of confusion. In practice, the hearing before the Trademark Administrative Committee is merely a formality and all licenses are thereby granted. However, the non registration of a license (if the licensor does bring it before the Trademark Administrative Committee) has practical implications. For example, the licensee has no *locus standi* for intervening in proceedings initiated by the licensor.

trade mark owner and his competitors must always be balanced. The most widely accepted⁴⁵ categorisation of trade mark functions is the following:

- a. The Origin or Source function.
- b. The Guarantee or Quality function.
- c. The Advertising function.

It should be noted that the functions which the trade mark performs has a direct impact on a) registrability, b) trade mark use (by a third party) whereby a sign is used in the context of trade mark infringement by a third party as a trade mark and not, for example, as a descriptive or explanatory term, c) liability to revocation of the trade mark for non use (by the trade mark owner), and of course, as mentioned earlier, d) the scope of trade mark protection⁴⁶.

B. a. The Origin Function⁴⁷

Trade marks are protected so that they may serve as indicators of the trade source from which goods or services come, or are in some other way connected⁴⁸. An analogy could be drawn between people's names and trade marks⁴⁹. The latter can be viewed as products' names, thus helping consumers to identify and easily distinguish the products⁵⁰. As A. Kamperman Sanders and Sp. Maniatis have put it,

⁴⁵ See W. R. Cornish and David Llewelyn, "Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights", 6th ed., Sweet and Maxwell, [2007], at 623; also, R. Annand and H. Norman, "Blackstone's Guide to Trade Marks Act 1994", Blackstone Press Ltd., [1994], at 13-17; A. Firth, "Trade Marks: the New Law", Jordans, [1995], 1-14, Maniatis in Sterling (ed.) Intellectual Property and Market Freedom [1997].

⁴⁶ See, R. Annand and H. Norman, "Guide to the Community Trade Mark", Blackstone Press Ltd., [1998], at 10.

⁴⁷ The European Court of Justice has defined the "specific subject matter" of trade marks, in a series of decisions the most important of which is *Hag II Op. Cit. Supra n. 38*. The Court held that the "specific subject matter" was, *in particular*, the origin function. The words "in particular" show that the Court wanted to leave some flexibility to the framework of trade mark functions. In the *Arsenal* case [2003] ETMR 19, Advocate General Colomer stated in his opinion (par. 46) that to recognise only the origin function of trade marks constitutes "simplistic reductionism". This case shall be examined further below in the present thesis.

⁴⁸ See W. R. Cornish and David Llewelyn *Op. Cit. Supra n. 45* at 623.

⁴⁹ See the study of Lars Holmqvist, "Degeneration of Trade Marks", Library of Law and Social Sciences, Sweden. In this the author discusses the semantic aspects of trade marks in an analogy with proper names: "Both living creatures and inanimate objects have designations attached to them, either proper names or common nouns, which are meant to convey to those referring to them in speech or in writing a notion of some kind." p. 64.

⁵⁰ See W. M. Landes and R. A. Posner, "The Economics of Trademark Law", 78 TMR 267, at 270; in this analysis, written from an economic perspective, the authors stress on the economising benefits of trade marks, coming from the fact that they reduce "consumer search costs": if there were no trade

a trade mark “enhances the ability to conceptualise the abstract notion of a product.”⁵¹ With the help of easily distinguishable visual (or non visual) signs⁵², consumers can individualise and consequently identify a certain product as opposed to other products bearing different brands.⁵³ From the multiplicity of information that trade marks carry, the law recognised, as already mentioned, only that connected to the product’s origin. The origin function designates that products bearing the same mark either emanate from one identified producer or group of producers; or alternatively that they emanate from the same albeit anonymous source⁵⁴.

As already discussed, the primary function of a trade mark was to identify the owner or the source of the product (namely the manufacturer). In modern society, important changes of the economic *status quo* have been introduced: for example, the increase of production and of product variety. These changes have had a certain influence on the functions of trade marks as commercial tools in the hands of producers. Firstly, it is even more important now for a producer to have a strong identifier of his products with which he avails the market. In order for him to “survive” within the abundance of consuming goods, he has to give his products an identity, so that consumers could easily find and select his goods, rather than someone else’s.

In the earlier years, trade marks were used specifically to denote the owner or the manufacturer of the product. When social communities were smaller, it was feasible

marks to identify the products, the consumers would have to remember more and waste time in describing the specific product they were looking for; in the same way that it would be much more time and effort consuming to identify people, if they did not have names.

⁵¹ See A. Kamperman Sanders and Sp. M. Maniatis, “A Consumer Trade Mark: Protection Based on Origin and Quality”, 11 EIPR 406, [1993], at 406.

⁵² Non-visual signs, such as smells and sounds, can also be registered as they are capable of graphic representation, provided they are distinctive. See Directive art. 2 par.1, UK Trade Marks Act 1994, s. 1(1) and Greek Law n. 2239/1994 On Trade Marks, art. 1 par. 2. This issue will be examined later on.

⁵³ It will be shown that in order for a mark to be eligible for registration it must necessarily be able of distinguishing the products. See, for example, article 3(1)(a) of the Directive which explicitly states that trade marks lacking a distinctive character will not be registered.

⁵⁴ Some commentators consider the origin and the distinguishing functions as two separate notions. See, for example, R. Francheschelli, “Trademarks as an Economic and Legal Institution”, 8 IIC 293, [1977]. In this article the author draws a line between *Identifying* and *Distinguishing*. However, it should be noted that these two aspects of the same function cannot be presented separately. Whenever a sign identifies a certain denominator, at the same time it distinguishes that from others.

for people to know the person that manufactured the goods. However, this is not the case any more. Usually the name of the owner is not known, even when the brand is of high reputation⁵⁵. The average consumer neither knows nor cares about the identity of the originator of the product. The buyer of *Marlboro* cigarettes, for example, does not necessarily know that these are manufactured by *Philip Morris Products Inc.*⁵⁶ Even if the company changed owners or management, or even if it assigned the trade mark to another manufacturer, the consumer would not care⁵⁷.

It should be noted that UK Courts accepted this change of the context of the origin function in the early passing off decisions⁵⁸. English judges stated that it did not matter whether the mark conveyed the identity of the proprietor. Rather, it should indicate that a common source existed for the marked goods or services. Some USA decisions could also be mentioned, which early enough assisted in making that issue clear. In *Shredded Wheat Biscuit*⁵⁹ for example, it was pointed out that: “the public has become accustomed to regard its familiar wheat biscuit, as emanating, if *not from it by name*⁶⁰, at least from a *single though anonymous*⁶¹ maker, and the second is as good for these purposes as the first”. Greek doctrine and case law were also supporting on the basis of the old (before the entry into force of the Directive) trade mark law that trade marks should be able to denote that all products they were registered for emanate from the same source but without also necessarily denoting the name and particulars of that source⁶². According to this doctrine the only

⁵⁵ See, for example, Fr. I. Schechter, “The Rational Basis of Trademark Protection”, *Op. Cit. Supra* n. 4 at 335. It would be interesting to cite an example mentioned by Schechter: a survey was effected, at the time when the article was published, on employees of a company, named *Cheney Bros*. The results of this survey revealed that (a) 66.6 % of the employees tested, identified certain products by well-known trademarks, and that (b) only 28.4% knew who made the products bearing the marks (footnote, n. 8, at 347).

⁵⁶ T. Martino and P. Groves, “Trade Marks-Deliver Us From Days of Old”, 10 EIPR 255, [1991] at 357.

⁵⁷ With one reservation: he would have a vested interest in the product not being diverse from the one he used to buy. This is the guarantee function of trade marks which will subsequently be examined.

⁵⁸ See, for example, *Powell v. Birmingham Vinegar Brewery*, AC 710, [1897].

⁵⁹ *Shredded Wheat Co. V. Humphrey Cornell Co.*, 250, Fed. 960, 963, [CA2 1918]; see also, *Saalfeld Pub. Co. V. Merriam Co.*, 238 Fed. 1, 8-9, [CA 6 1917]; *Bayer Co. V. United Drug Co.*, 272 Fed 505, 509 [SDNY 1921].

⁶⁰ *Emphasis added.*

⁶¹ *Ibid.*

⁶² See, for example, StE (Greek Conseil d’Etat) 1757/78, 1058/84, 4294/86, 4718/86 and Pamboukis, “Distinctive Signs”, at 88, Liakopoulos “Collective Marks. Problems arising from parallel use of a trade mark” [1974], at 72, Tzouganatos, EEMpD [1992], at 308.

protected trade mark function should be the origin function⁶³. Note, however, that under a different doctrine which was not the prevailing one, the origin function consisted of the ability of trade marks to certify that the products have a consistent quality, form and substance independent of whether they all come from the same source⁶⁴.

Statutory recognition of the origin function can be found in section 68(1) of the UK Trade Marks Act 1938⁶⁵. According to this a trade mark was defined as : “...a mark used or proposed to be used in relation to goods for the purpose of indicating ...a connection in the course of trade between the goods and some person having the right...to use the mark, whether with or without any indication of the identity of that person.”

Before the entry into force of the Directive, the law regulating trade marks in Greece was Law 1998/1939⁶⁶. Under this law the origin function was recognised and considered as a close bond between the mark and the producer’s business⁶⁷. According to art. 1 par. 1 of this law a trade mark was initially defined as “Any sign useful for the indication of the products emanating from a certain enterprise”⁶⁸. After the amendment of this article by Presidential Decree 317/1992 trade mark was defined as “Any sign that can be graphically represented and can distinguish the products or services of one enterprise than those of other enterprises”⁶⁸.

A direct implication of the source function is that the trade mark cannot be considered as an item of property on its own, and so it cannot be independently transferred or assigned. In many European countries, including Greece, national

⁶³ See, Aik. Delouka and Chr. Chrysanthis in N. Rokas (ed.) “Trade Mark Law”, Nomiki Vilviotiki, Athens, [1996], 30, Th. Liakopoulos “Industrial Property”, Sakkoulas, Athens, [2000], 316-317, V. Antonopoulos, “Industrial Property”, Sakkoulas, Athens [2005], 420. See also Kalampouka-Giannopoulou P., “The protection of trade marks in the Greek and European case law”, [2006] ETrAxD 858.

⁶⁴ See, N. Rokas, “Trade Mark Law”, [1978] 4-7.

⁶⁵ With regard to the Directive see further par. B.d. of the present chapter.

⁶⁶ This law was subsequently amended by Law 3205/1955 and Presidential Decree 317/1992 (Official Gazette A 160).

⁶⁷ Art. 1 par. 1 (definition), 17 par. 2 (trade mark use), 15 par. 1 (cancellation) of Law 1998/1939.

⁶⁸ This definition of a trade mark remains exactly the same after the implementation of the Directive.

legislation did not permit the independent assignment and transfer of trade marks⁶⁹. Such transfer was possible only in case of transfer of the trade mark owner's business as a whole. Furthermore, licensing was possible only if a connection between the trade mark owner and the licensee could be established. Lastly, non operation of the trade mark owner's business, for a certain period of time, constituted a ground for revocation of the trade mark⁷⁰.

Under the new Trade Mark Law 2239/1994 it could be argued that the origin function of trade marks is not the only one recognised⁷¹. To this view the following arguments are mentioned: trade marks are freely transferred and licensed, the trade mark owner is allowed to consent to the registration of a similar mark, the use by the licensee is considered as use by the trade mark owner (art. 18 par. 2c), famous marks are protected not only as an obstacle to registration but also as enjoying protection on a civil law basis (art. 4 par. 1c and 26 par. 1)⁷². However, other provisions of the same law denote the origin function (the definition of trade marks (art. 1 par. 1), the distinctive character of a trade mark is defined upon its ability to distinguish the products of a certain company thus eliminating risk of confusion (art. 3 par. 1 and 4 par. 1a and 1b), trade marks are open to cancellation if not used substantially for a period of five years or if the use is discontinued without due cause for a period of five years (art. 17 par. 1a and 1b), third parties are allowed to use a registered trade mark so long as they do not use it "as a trade mark" (Art. 20 par. 1). Whether only origin or other functions are protected under the currently in force trade mark law shall be clarified when examining trade mark protection as perceived and given by the Greek courts⁷³.

⁶⁹ Art. 20 par. 1 of Law 1998/1939.

⁷⁰ Liakopoulos, *Op. Cit. Supra* n. 63, at 316.

⁷¹ See M. Th. Marinos, "Risk of Confusion and scope of protection of distinctive signs according to trade mark law and Law 146/1914 on Unfair Competition", *EllDik* [1995], at 1219, N. Rokas, case comment on PolPrAth (Multi Member Athens Court of First Instance) 8393/1994 EEmpD [1995], at 497.

⁷² See, Liakopoulos, [2000], *Op. Cit. Supra* n. 63, at 318. However the author is of the view that even in the light of the new trade mark law the origin function is the only one that is protected. He also contends that an offence of the origin function would also harm the guarantee and the advertising function which are only indirectly protected. The author argues that the recognition of protection beyond the origin function independent of any criteria based on this function, would confer to the trade mark owner an absolute right with unlimited possibilities of use and enforcement. See also, A. Psarras case comment on Supreme Court 751/1995, DEE [1996], at 257.

⁷³ See *infra* Part III.B.d.

B. b. The Guarantee Function⁷⁴

Trade marks are protected because they symbolise qualities associated by consumers with certain goods and guarantee that the goods satisfy consumers' expectations⁷⁵. This function encapsulates the obligation of trade mark owners to maintain a consistent quality. When the consumer purchases products of the same brand, he believes that these will be of consistent quality.⁷⁶ It is of no importance whether the quality will be good or bad.⁷⁷ Yet, it is of the utmost importance for consumers that products bearing the same marks and emanating from the same producer are of consistent quality⁷⁸.

From the reverse side, this function can be seen as an incentive for firms to improve the quality of their products, and build on their reputation. If the mark was not linked with the stability of quality, the manufacturers would compete for a worse (rather than a better) quality, that would sell under the same price and therefore result in more profit. The standard quality of products would be lower and consumers would be affected by that⁷⁹.

However, this function cannot be legally enforceable⁸⁰. The consumers do not have any legal claims against a firm that shows inconsistency with regard to its product

⁷⁴ For an analysis of "marks of quality" which fall outside the scope of trade mark law see Liakopoulos, *Op. Cit. Supra* n. 63 at 317 and Aik. Delouka and Chr. Chrysanthis in N. Rokas (ed.) "Trade Mark Law", [1996], *Op. Cit. Supra* n. 63 at 54.

⁷⁵ W. R. Cornish and David Llewelyn, *Op. Cit. Supra* n. 45, at 620 and W. R. Cornish, and J. Phillips, "The Economic Function of Trade Marks: An Economic Analysis With Special Reference to Developing Countries", 1 IIC 41, [1982], at 43.

⁷⁶ See, for example, R. S. Brown, "Advertising and the public interest: Legal Protection of Trade Symbols", 57 YLJ 1165, [1948], at 1187, from which quoted: "Since the owner of a symbol probably guarantees by it nothing more than his hope that the buyer will come back for more, the term smacks strongly of the ad-man's desire to create the illusion of a guarantee without in fact making more than the minimum warranty of merchantable quality"; also, R. A. Posner and W. M. Landes, "The Economics of Trademark Law", *Op. Cit. Supra* n. 50, at 271, from which quoted: "The benefits of trademarks in reducing consumer costs require that the producer of a trademarked good maintain a consistent quality over time and across consumers".

⁷⁷ See A. Kamperman Sanders and S. M. Maniatis, *Op. Cit. Supra* n. 51, at 404.

⁷⁸ This has been quite vividly described by Landes and Posner, *Op. Cit. Supra* n. 50, at 271: "A trade mark conveys information that allows the consumer to say to himself, I need not investigate the attributes of the brand I am about to purchase because the trade mark is a short-hand way of telling me that the attributes are the same as that of the brand I enjoyed earlier."

⁷⁹ S. M. Maniatis remarks that "without trade marks the market economy based on choice would break down into a number of single product markets. For each type of product there would be only one –the lowest marketable-quality, at one- the lowest possible-price" in "Trade Mark Law and Domain Names: Back to Basics?" E.I.P.R., [2002], 397.

⁸⁰ See F.K. Beier, (as quoted in A. Kamperman Sanders and S. M. Maniatis, *Op. Cit. Supra* n. 51, at 407), who explains why no legal backing can be given to the mark as a warranty, F. K. Beier and U.

quality. The cost that a firm pays has the form of an economic loss, as a result of reduced customers. Market rules themselves will oblige the producers to keep a consistent quality in their products as this is the only way to retain consumer loyalty.

Courts and commentators in the UK have not been willing to acknowledge this function, in the case of registered marks⁸¹. The UK Trade Marks Act 1938⁸² made it explicitly clear that a mere change in the form of connection between the proprietor and his goods or services would not invalidate the mark. The Trade Marks Act 1994 does not expressly mention the guarantee function; UK case law has accorded it only limited recognition. It could be noted that in *Colgate-Palmolive v. Markwell Finance*,⁸³ Slade LJ said: "... there is nothing incongruous in holding that a registered trade mark is infringed in relation to goods which do not conform to an identifiable quality which purchasing members of the public in this country receive by reference to the mark."

However, the above mentioned link between the firm and its trade mark could also be held to protect the consumer and his expectations with regard to the quality of the branded product. If a firm owner changes, there should be some guarantee that the profile or the quality of the products will remain the same.⁸⁴

According to Greek doctrine the guarantee function is only indirectly, and not as such, protected by trade mark law to the extent that the origin function dictates a *de facto* preservation of a standard product quality⁸⁵. However, the fact that according

Krieger, "Wirtschaftliche Bedeutung, Funktionen, und Zweck der Marke", [1976], 3 GRUR Int. 125-128, at 127. "Were one to focus only on the quality function and the protection of the public against quality disappointment, the logical consequence would be that the mark owner would never be allowed to change the quality of the marked product, because then every competitor that produces products of the same nature and quality should be allowed to use the same mark. Therefore, the mark would lose its individuality and adopt the character of a common indicator of attribution or certification of quality that everybody should be allowed to use for the same good." (translation). Also, Liakopoulos, *Op. Cit. Supra* n. 63, at 321.

⁸¹ See, A. Firth, *Op. Cit. Supra* n. 45, at 10; also, T. Martino and W. Ullah, "The Quality Guarantee Function of Trade Marks: an Economic Viewpoint", 8 EIPR 267, [1989].

⁸² Section 62.

⁸³ *Colgate Palmolive Ltd v. Markwell Finance Ltd.*, [1988], RPC 283. Falkoner J in his judgement paid considerable attention to the quality function. See also, *Colgate II, Colgate Palmolive Ltd. v. Markwell Finance Ltd.*, [1989], RPC 497 (CA).

⁸⁴ See Liakopoulos, *Op. Cit. Supra* n. 63, [2000], at 316.

⁸⁵ See Liakopoulos, *Op. Cit. Supra* n. 63, [2000], at 325. According to Antonopoulos the new Greek trade mark law has not changed this. The author further contends that only famous marks (*sic*) have a guarantee function and this in an economic sense, to the extent that product quality is in the

to art. 3 par. 1 f and 17 par. 1 of Law 2239/1994, a trade mark is open to cancellation if it is considered to be misleading indicates that the guarantee function has been taken into consideration by the Greek legislator. It should be noted that the guarantee function of trade marks could also be protected under Greek unfair competition law provisions.

B. c. The Advertising Function.

Trade marks are units around which investment in the promotion of a product is built and that investment is a value which deserves protection as such, even where there is no infringement arising from misrepresentations either about origin or quality⁸⁶. According to Griffiths "... trade marks can gain a "psychological" hold on the minds of the consumers, which gives them a selling power above that of the underlying goodwill"⁸⁷.

Let us take an example denoting the importance of that function in modern life. It is often the case that fruit (apples, bananas) are individually labelled on super market shelves. Next to the labelled ones, consumers may also find the same products, without any individual labelling. The consumer would buy the individually labelled ones for several reasons: first, the label will catch his eye; second, he might recognise the name of the label by a previous purchase of his or of someone that he knows; third, buying a special apple will make it the fruit is carefully chosen and displayed. Lastly, it is possible that the consumer has seen or heard an advertisement about the specific brand of fruit that will urge him to buy. The basic element that needs to be noticed in the above example is the large variety of products (fruit) and the similarity of their quality to a great extent. However, in order for the different producers to be distinguished, a single label on the box containing the fruit would suffice. The reason why *each* one fruit is labelled individually is not related to the identifying or the guarantee function (which are, certainly, fortified) but rather, to the advertising function.

producers' interest. See V. Antonopoulos, "Industrial Property", [2002], *Op. Cit. Supra* n. 63, at 420, and MonPrPeir (Single Member Piraeus First Instance Court) 2400/1993 Arm. 48.47, cited therein.

⁸⁶ W. R. Cornish and David Llewelyn, *Op. Cit. Supra* n. 45 at 620.

⁸⁷ Griffiths I.P.Q., [2001], 326 at 329.

Frankfurter J indicated in 1923 that “the protection of trade marks is the law’s recognition of the *psychological* function of symbols. It is true that we *live* by symbols, it is no less true that *we purchase goods by them*”⁸⁸. Its recognition as a separate function introduces the acknowledgement of the mark’s own goodwill (different than that of the producer or the product)⁸⁹.

The advertising function has gradually evolved over the last years in parallel with the increase of the importance of advertising: trade marks are symbols and advertising “depends on the remote manipulation of symbols”⁹⁰. Therefore, trade marks are indispensable tools of advertising.

However, the recognition of such a function would entail the adoption of an analogous (extended) framework of legal protection. Not many national laws were ready to proceed with such a result.⁹¹ Extended protection of the mark would mean a limited freedom of competitors, and therefore, a further restriction of free trade. As already mentioned, the tension between industrial (and intellectual) property rights, on the one hand, (conferring legal monopolies and absolute rights to their proprietors) and effective competition on the other, is an issue that should be very carefully balanced.

It is indisputable that trade marks have an advertising power⁹². They can be *used* in advertising as identifiers of certain products, but they also have an inherent and

⁸⁸ *Mishawaka Rubber and Woolen Mfg Co. V. SS Kresge Co.* 316 US 203, [1942], at 205. *Emphasis Added.*

⁸⁹ It would be quite interesting to note that marks are, in certain cases, considered as one of the most valuable assets of a company. See, G. V. Smith, “Brand Valuation: Too Long Neglected”, 5 EIPR 159, [1990].

⁹⁰ See, R. S. Brown, *Op. Cit. Supra* n. 76 at 1166.

⁹¹ The adoption of Directive has altered this, as will be shown later. Suffice to say at present that the use of a similar mark on dissimilar goods, although not infringing the origin or the quality functions, is quite detrimental to the advertising power of the mark. Therefore, according to the Directive and under certain circumstances, such a use is prohibited. [Art. 5(2)].

⁹² Is it? Some argue that not all trade marks have an advertising power, but only those of a reputation. See, for example Advocate General Jacobs’ words in his opinion delivered on 21 March 2002 on Case C-292/2000, *Zino Davidoff & Cie SA, Zino Davidoff SA v. Gofkid Ltd.*, stating: “... *Such situations will concern above all marks which enjoy a reputation in themselves rather than those which function only as a guarantee of origin...*”. From these words it is clear that Advocate General Jacobs believes there are trade marks that have an advertising power and trade marks that do not. If this were the case then we would have to accept that the three functions of trade marks are not linked together but are separate and in each case one should determine *ad hoc* which functions are

independent advertising effect. If the brand has gained high reputation, and has established a powerful mark in the market place, the mere allusion to this trade mark is an advertisement⁹³. As T. Martino and W. Ullah have put it: “Trade marks are a species of advertising. Both share three fundamental characteristics: brevity, continuity of use and control. They also perform two similar functions: conveying information and persuasion”⁹⁴.

*i. information*⁹⁵

The basic function of advertising is information. This means that advertising contributes to the consumer’s knowledge of the existence and availability of goods. It also helps to form consumer expectations of the products’ utility⁹⁶ They lower consumer search costs. This means that they provide the information necessary for a consumer to make a choice that would satisfy his needs and expectations. Some of the information is evident and observable (such as the colour of the product, the material of which it is made, or its aesthetic appeal). Some other characteristics, though, are unobservable⁹⁷. Namely, the attributes of the product (such as the mechanical reliability, or the chemical composition), its quality and its effectiveness. The latter ones are made accessible by trade marks, in an indirect way. This means that when a consumer sees a trade mark, all relevant information comes to his mind; it forms part of his knowledge on the specific product, emanating either from his personal experience, from recommendation or from some advertisement. This is why the informational context of a trade mark differs from consumer to consumer.⁹⁸ It applies to his personal accumulation of knowledge coming from diverse sources. All the above, of course, are “filtered” through the distinguishing function of trade marks, in that they relate to the mark’s ability to individualise the product.

applicable in order to decide on the protection accorded. This finally would lead to a different level of protection of trade marks depending on their reputation, as shall be examined further below.

⁹³ W.R. Cornish mentions that many consumers are against the manipulative persuasion of so much advertising, see W. R. Cornish and David Llewelyn, *Op. Cit. Supra* n. 45 at 624.

⁹⁴ See T. Martino and W. Ullah, *Op. Cit. Supra* n. 81, at 267.

⁹⁵ This will not be examined from the perspective of competition, although full consumer information is a prerequisite for a competitive market economy. Suffice to say that the ability to inform potential purchasers of the superior qualities of a product encourages the entrance of that product in the market.

⁹⁶ According to T. Martino and W. Ullah, “*The mark is transmitting information in a summary-as opposed to an analytic-form*”, *Op. Cit. Supra* n. 81, at 269.

⁹⁷ *Ibid*, at 268.

⁹⁸ See, W. R. Cornish and J. Phillips, *Op. Cit. Supra* n. 75 at 48.

ii. persuasion

One of the basic purposes of advertising is persuasion. In parallel, one feature of the advertising function of trade marks is their ability to persuade consumers. The relationship between trade marks and advertising is a very close one. Trade marks provoke the initialisation of the advertising process. In effect, the medium and the message in this case are one and indivisible, incorporated in the brand's name.⁹⁹ Suffice to say that one of the *oldest* advertising techniques is the simple *reiteration* of the brand name.¹⁰⁰

However, those who object to the recognition of the advertising function of trade marks¹⁰¹ raise the following arguments:

- a) the unconditional endorsement of absolute rights is contrary to free competition. Neither national legislation nor the Directive give a definition of what famous or marks with a reputation are¹⁰². Whereas in the area of unfair competition, for example, abuse is considered on a *bona mores* basis.
- b) a trade mark cannot be seen as a literary work or a work of art so as to enjoy an unconditional protection in terms analogous to Copyright protection.
- c) the protection of advertising function would lead to the protection of the trade mark *per se* (not the trade mark owner, or the consumers or competition). This would not be a justifiable extension of protection and in any case the advertising

⁹⁹ See, A. K. Sanders and Sp. Maniatis, *Op. Cit. Supra* n. 51 at 409.

¹⁰⁰ See, R. S. Brown, *Op. Cit. Supra* n. 76 at 1185.

¹⁰¹ For an analysis of these views see Liakopoulos, *Op. Cit. Supra* n. 63, at 333-334.

¹⁰² In contrast, the US Federal Trademark Dilution Act of 1995, provided in s. 43 c that for a mark to be considered as a famous mark the following should be taken into account: a) the distinctiveness that the mark has or has acquired, b) the duration and extent of use of the mark in relation to the goods or services that it is registered for, c) the duration and extent of the advertising and publicity of the mark, d) the geographical extent as well as the distribution network of the commercial sector in which the mark is used, e) the degree of recognition of the mark in the respective commercial sector of the trade mark owner and of the infringer, f) the character and the extent of the use of the mark itself or similar marks by third parties. Under these conditions protection is given to the famous mark irrespective of any competition relation, risk of confusion or risk of misleading the public (see, among others Vassallo/Dickey IBL, [1999], at. 173). The 2006 Revision Act provides for the following, inter alia, criteria: (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties, (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark, (iii) The extent of actual recognition of the mark. Also see *infra* Chapter V.

expenses that the trade mark owner has engaged into and the unfairness promulgated by that could be resolved by the application of unfair competition or passing off provisions.

Undoubtedly one of the key issues in contemporary consumer society is the relationship between the three aforementioned functions. Does a consumer actually base his choice on the information conveyed by the trade mark regarding the product? Is he really interested in the origin of the product and is he actually attracted by the advertising power of a mark? Should the answer be affirmative as to the latter question, the role of trade marks *in* advertising and *as* advertising becomes even more critical. However, legal systems have taken up different positions in the scope of protection. A critical factor on that issue is the possibility of legal protection under other provisions beyond trade mark law. Unfair competition law in continental systems and passing off protection in common law systems provide this alternative legal framework of protection. As an overall observation it could be noted that common law jurisdictions in the EU have tended to be rather cautious in extending trade mark protection whereas civil law jurisdictions in some cases through the use of unfair competition rules have eradicated competitive behaviour which could be found to be detrimental to the advertising power of brands.

B. d. Trade Mark Functions and the Directive

According to its Preamble, the aim of the Directive is –as we have already stated- to approximate the trade mark laws of the Member States in so far as – but only in so far as – they may impede free trade, distort competition and directly affect the functioning of the internal market¹⁰³. Registered trade marks must therefore enjoy the same protection in all Member States although the latter may still grant, within the scope of the Directive, extensive protection to those trade marks which have a reputation.

¹⁰³ The role of trade marks in the community was established by the ECJ case law before the entry into force of the Directive, see *Hag II* Case 10/89, *SA CNL-Sucal NV v. Hag GF AG*, *Op. Cit. Supra n. 38*, at par. 13: “Trade mark rights are [...] an essential element in the system of undistorted competition which the Treaty seeks to establish and maintain”. For an analysis of trade mark functions in the European regime, see Hannes Roesler, “The Rationale for European Trade Mark Protection”, [2007] EIPR 100.

The ECJ case law dealt with trade mark issues before the entry into force of the Directive in cases on free movement of goods provisions¹⁰⁴. As already mentioned the ECJ in those cases stated that the essential function of trade marks is the origin function¹⁰⁵. However in defining as the “specific subject matter” of trade marks “in particular” the origin function the Court left a discretion for protection beyond this¹⁰⁶.

An allusion to the guarantee function is in fact made in *HAG II*¹⁰⁷. In this case the Court began by noting that trade mark rights are an essential element in the system of undistorted competition which the Treaty establishing the European Community seeks to establish (par. 13). It went on to recall the origin function of trade marks and the conditions for trade marks to be able to fulfil that role. The ECJ further noted that the scope of the exclusive right which is the specific subject matter of the trade mark must be determined having regard to its function (par. 14). It stressed that in that case the determinant factor was absence of consent of the proprietor of the trade mark in the importing state to the putting in circulation in the exporting state of products marketed by the proprietor of the right in the latter state (par. 15). It concluded that free movement of the goods would undermine the essential function of the trade mark: “consumers would no longer be able to identify for certain the origin of the marked goods and the proprietor of the trade mark could be held responsible for the poor quality of goods for which he was in no way responsible”¹⁰⁸.

¹⁰⁴ See, for example, case 16/74, *Centrafarm BV v. Winthrop BV*, [1974], E.C.R. 1183, case 102/77 *Hoffmann La Roche v. Centrafarm* [1978] ECR 1139 and *Hag II*. See also P. Craig and G. De Burca, “EU Law” [2003], at. 1092-1093.

¹⁰⁵ In case 102/77 *Hoffmann La Roche v. Centrafarm*, par. 7 the Court held “Regard must be had to the essential function of the trade mark, which is to guarantee the identity of the origin of the trade marked product to the consumer or ultimate user, by enabling him without any possibility of confusion to distinguish that product from products which have another origin”.

¹⁰⁶ In case 102/77 *Hoffmann La Roche v. Centrafarm*, par. 7 the Court held that the essential function of trade marks was “in particular to guarantee to the proprietor of the trade mark that he has the exclusive right to use that trade mark for the purpose of putting a product into circulation for the first time and therefore to protect him against competitors wishing to take advantage of the status and reputation of the trade mark by selling products illegally bearing that trade mark”.

¹⁰⁷ *Op. Cit. Supra* n. 103, par. 38.

¹⁰⁸ See also par. 13: “an undertaking must be in a position to keep its customers by virtue of the quality of its products and services, something which is possible only if there are distinctive marks which enable customers to identify those products and services. For the trade mark to be able to fulfil this role, it must offer a guarantee that all goods bearing it have been produced under the control of a single undertaking which is accountable for their quality”.

The tenth recital of the Directive states that the function of trade marks is *in particular*¹⁰⁹ to guarantee the trade mark as an indication of origin¹¹⁰. This wording evokes again the question whether the origin function is the only one to be ascribed to trade marks under community law, even though the presence of the words “in particular” could suggest a negative response¹¹¹. The ECJ seemed reluctant for some time after the entry into force of the Directive to recognise in its case law the advertising function of trade marks¹¹². The tenth recital was cited in a number of ECJ cases according to which the only function recognised and protected under community law is the origin function¹¹³. However, whilst repeatedly reiterating the principal origin function of trade marks, rulings of the ECJ confirm that the Community system also protects the guarantee function of trade marks¹¹⁴.

An allusion to the guarantee function of the trade mark in similar terms as in *HAG II* can be found in the *Ideal Standard* case¹¹⁵ and in the ECJ’s statement in *Bristol*

¹⁰⁹ *Emphasis added.*

¹¹⁰ Even though the Community Trade Mark is beyond the scope of the present thesis it should be noted that Recital 7 of the Council Regulation (EC) No. 40/94 Regulation on the Community Trade Mark [1994] OJL11/1, is substantially identical to Recital 10 of the Directive.

¹¹¹ See Annand and Norman, *Op. Cit. Supra* n. 46 at 10.

¹¹² See case C-317/91 *Deutsche Renault AG v. AUDI AG*, ECR [1993] I-06227.

¹¹³ See, for example, Case C-251/95 *Sabel BV v. Puma AG, Rudolf Dassler Sport*, ECR [1997], I-06191, par. 9, Case C-39/97 [1998] I-05507, *Canon Kabushiki Kaisha v Metro Goldwyn Mayer Inc.*, ECR [1998], I-05507, par. 15, *Philips Electronics v. Remington Consumer Products Ltd.*, Case C-299/99, [2002] ECR I-5475, par. 30, *Frits Loendersloot v George Ballantine & Son Ltd. And Others*, Case C-349/95, ECR [1997], 6227, par. 22 and 24.

¹¹⁴ See in particular Case C-228/03 *The Gillette Company, Gillette Group Finland Oy v. Laboratories Ltd. Oy*, Judgement of 17.3.2005, par. 26, *Philips Ibid* par. 30, Case C-206/01 *Arsenal Football Club*, [2002] ECR I-10273, par. 48, *Hoffman La Roche, Op. Cit. Supra* n. 104, par. 7. See also W. R. Cornish and David Llewelyn, *Op. Cit. Supra* n. 45 at 621. See also, for example, *Christian Dior SA v. Evora BV* case C-337/ 95, [1997], ECR 6013, although Advocate General Jacobs considered that the advertising function was a derivative of the origin function, stating in par. 42 of his Opinion: “*It is also argued that trade marks have other functions, which might be termed ‘communication’, investment, or advertising functions. Those functions are said to arise from the fact that the investment in the promotion of a product is built around the mark. It is accordingly reasoned that those functions are values which deserve protection as such, even when there is no abuse arising from misrepresentations about either origin or quality. However, those functions seem to me to be merely derivatives of the origin function: there would be little purpose in advertising a mark if it were not for the function of that mark as an indicator of origin, distinguishing the trade mark owner’s goods from those of his competitors. In my view, therefore, even if other facets of trade marks might require protection in certain circumstances, the Court’s emphasis on the origin function of trade marks was, and remains, an appropriate starting point for the interpretation of Community law relating to trade marks.*”

¹¹⁵ Case C-9/93, *IHT International Heitztechnik BmbH and Uwe Danzinger v. Ideal Standard GmbH and Wabco Standard GmbH*, ECR [1994] I-02789. However, it is interesting to note that in this case the ECJ states that the object of trade mark law is to protect owners against contrivances of third parties who might seek by creating a risk of confusion amongst consumers to take advantage of the reputation accruing to the trade mark.

*Meyers Squibb v. Paranova*¹¹⁶ that the trade mark owner can object to defective, poor quality and untidy repackaging.

As regards the advertising function this has been mentioned in the opinion of the Advocate General Jacobs in the case *Parfums Christian Dior SA v. Evora BV*¹¹⁷ to the effect that a trade mark owner should have the right to oppose the use of the mark by a reseller in advertising, where such advertising is liable to damage significantly the reputation of the mark and its owner. The opinion of the Advocate General was followed by the subsequent ECJ ruling¹¹⁸.

Advocate General Colomer clearly recognised the importance of the advertising function in its opinion delivered in *Arsenal* where he stated that a trade mark “acquires a life of its own, making a statement about quality, reputation and even, in certain cases, a way of seeing life. The messages it sends out are, moreover, autonomous. A distinctive sign can indicate at the same time the trade origin, the reputation of its proprietor and the quality of the goods it represents, but there is nothing to prevent a consumer, unaware of who manufactures the goods or provides the services which bare the trade mark, from acquiring them because he perceives the mark as an emblem of prestige or a guarantee of quality [...] I see no reason whatever not to protect those other functions of the trade mark and to safeguard only the function of indicating the trade origin of the goods and services”¹¹⁹.

¹¹⁶ Cases C-427/93 and others, ECR [1996], I – 3457.

¹¹⁷ Case C-337/ 95, *Parfums Christian Dior SA and Parfums Christian Dior BV v Evora BV*, ECR [1997], 6013.

¹¹⁸ The ECJ stated that “...the damage done to the reputation of a trade mark may, in principle, be [...] a legitimate reason within the meaning of Article 7 (2) of the Directive allowing the proprietor to oppose further commercialisation of goods which have been put on the market in the Community by him or with his consent [...]”. The ECJ concluded that the proprietor may not rely on Article 7(2) of the Directive to oppose the use of a trade mark by a reseller who habitually markets articles of the same kind but not necessarily of the same quality as the trade marked goods, in ways customary in the reseller’s sector of trade for the purpose of bringing to the public’s attention the further commercialisation of those goods, unless it is established that given the specific circumstances of the case the use of the trade mark for this purpose seriously damages the reputation of the trade mark. It is interesting to note that the EJC states the reseller is not obliged to market goods of the same quality, whereas in Case HAG II the Court states quite the opposite (*Op. Cit. Supra* n. 103, at 38).

¹¹⁹ Case C- 206/01, *Arsenal Football Club plc v. Matthew Reed*, IIC Vol. 34, [2003], 542 at par. 46-47.

In *Zino Davidoff & Cie and Zino Davidoff SA v. Gofkid Ltd*¹²⁰ the Court recognised that marks with a reputation must enjoy a stronger protection and in order to do that ECJ did not hesitate to employ an interpretative method that goes beyond the wording of the Directive and even its Preamble¹²¹. The ruling went beyond the literary interpretation of the Directive. As Jane Cornwell observes: “While there are numerous examples of purposive reasoning in ECJ case law on trade marks, the ECJ’s decision in *Gofkid* is striking for the fact that there is no Recital or textual basis in the Directive which can be relied on to support the ECJ’s interpretation of Arts. 4(4)(a) and 5(2).”

Even in its decision in *General Motors v. Yplon*¹²², in which the ECJ also referred expressly to the “general scheme of the Directive” it was possible for the ECJ to derive support for its conclusions from certain translations of the text of the Directive¹²³. It is interesting to note that the course of the ECJ in gradually recognising the advertising function of trade marks. ECJ had made a step in interpreting the Directive in the light of the actual purpose of trade mark protection and not the mere wording of the Directive Articles¹²⁴. Since then the Court has in many instances recognised the advertising function, albeit always “at the side” of the origin function. Abiding with the Preamble of the Directive mentioned above, the Court talked about the functions of the trade mark and “in particular” the origin function, thus obscurely and hesitantly alluding to the fact that something more than the ability of the mark to distinguish trade origin was worth protecting, i.e. the advertising function¹²⁵.

¹²⁰ Case C- 292/00, E.T.M.R. [2003] 42.

¹²¹ See Chr. Morcom Q.C. case comment “Extending Protection for Marks Having a Reputation- What is the Effect of the Decision of the European Court of Justice in *Davidoff v. Gofkid*?”, 6 E.I.P.R. [2003], 279. See also par. 24 of the ruling stating “The Court observes that Article 5(2) of the Directive must not be interpreted solely on the basis of its wording but also in the light of the overall scheme and objectives of the system of which it is a part”

¹²² Case C-375/97 [2000] R.P.C., 572 (par. 23) *General Motors Corporation v. Yplon S.A.*.

¹²³ Jane Cornwell “The *Davidoff v. Gofkid* Case Comment” 11 E.I.P.R. [2003].

¹²⁴ It should not be ignored that the ECJ in its ruling in *Gofkid* declined to adopt the interpretation proposed by Advocate General Jacobs in his opinion, which was contrary to the ruling finally upheld. However, in its subsequent ruling in Case C-408/01, E.C.R. [2003], *Adidas – Salomon AG and Adidas Benelux BV v. Fitnessworld Trading Ltd.* the Court ruled again in the lines of *Gofkid*. However, in *Ralf Sieckman v. German Patent and Trademark Office* case C-273/00, IIC 5, [2003] at par. 35, the Court reverts to the origin function rationale.

¹²⁵ The Court’s indecisiveness (leaving a “window” of interpretation open and avoiding giving a clear answer) is characteristic in a number of cases including C-206/01 *Arsenal Football Club plc v. Matthew Reed*, ECR [2003], Judgement of 12.11.2002, C-533/2006, *O2 Holdings Limited, O2 (UK)*

It was not until *L' Oreal v. Bellure*¹²⁶ that the Court expressly and beyond any reservation stated that on an equal basis the origin and the other two functions, namely the guarantee and the advertising, are part of the European trade mark regime: “These functions include not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services, but also its other functions, in particular that of guaranteeing the *quality* of the goods or services in question and those of *communication, investment or advertising*”¹²⁷.

In *Copad SA v. Christian Dior Couture SA*¹²⁸ the Court confirmed that not only the advertising function, but more concretely the “allure” and the “prestigious image” which bestows on the trade mark “an aura of luxury” can be damaged by a third party use. Using these non legal terms to describe the added value of a trade mark, points out the teleological approach followed by the Court, which uses elements from the everyday economic life (in which trade marks function) in order to interpret the law.

B. e. Trade Mark Functions and the Consumer

The primary and most widely accepted function of trade marks is the origin function. But why is it so important for the consumers to be aware of the source of the product?

The answer relates to the more general issue of the consumers’ right to information. In consumers’ society, individuals are able to choose products from a wide range of similar products. Their choice is based on certain criteria, according to their needs and preferences. The main factors that influence their decisions are the price of products and their quality. However, for a rational choice to be made, enough information on the product’s particularities must be made available to the consumer.

Limited v. Hutchison 3G UK Limited, C-48/05, *Adam Opel v. Autec* [2007] ETMR 33, which shall all be analytically examined in Part III of the present thesis.

¹²⁶ C-487/07 *L' Oreal SA, Lancome parfums et beauté & Cie SNC, Laboratoire Garnier & Cie v. Bellure NV, Malaika Investments Ltd., Starion Ltd*, Judgement of the Court of 18 June 2009.

¹²⁷ *Ibid*, par. 58. *Emphasis added*.

¹²⁸ Case C-59/08 *Copad SA v. Christian Dior Couture SA, Vincent Gladel, SIL*, [2009], par. 37.

As we have already stated previously, the information needed can be transmitted through trade marks.

To what extent is the above statement true? Do trade marks actually transmit information on the source and the quality of the product, thus contributing effectively to the choice of the consumer? According to W. R. Cornish, it is quite often the case that all a trade mark does is: "...enable the purchaser to link goods or services to a range of personal expectations about quality which derive from previous dealings, recommendations of others, attractive advertising and so on"¹²⁹. Therefore, no objective criteria, based on information released by trade marks with regard to the qualities of the product, can be said to influence consumers' decisions. It can be argued that what appears to be a decisive factor with regard to consumers' choice in a modern economic context is the image of the company and many other relevant factors. However, the "mirror" that depicts this image in a symbolic-abstract way is the trade mark.

B. f. Overall Observations

What becomes obvious after the above mentioned definitions and analysis of the trade mark functions is that, all three of them are inherently connected with each other. Namely, the origin function entails the (not legally enforceable) obligation of the trade mark owner to show consistency in the product quality; and the guarantee of quality increases the good image of the firm that owns the trade mark.

This does not mean that the three functions always appear in combination. Also it does not mean that all of them are mere facets of the origin function. However, a clear distinction between them is not possible. The problem that appears in that context is that, although these functions interact as the one being a pre-requisite for the other, they do not have the same recognition from the legislators or the courts. This legislative inconsistency has been one of the reasons that led to the adoption of the EC Regulation on the Community trade mark¹³⁰.

¹²⁹ See W. R. Cornish, *Op. Cit. Supra* n. 45 at 528.

¹³⁰ Council Regulation No. 40/94, December 20, 1993, OJ L 11/1.

It would be interesting to mention here the suggestion made by A. Kamperman Sanders and Sp. Maniatis with regard to the introduction of a “Consumer Trade Mark”¹³¹. The authors focus on the fact that the three functions of trade marks should be regarded as a whole under the prism of consumer protection¹³². Respectively, trade mark, consumer protection and unfair competition laws should be further integrated. This would lead to a more effective protection not only of trade marks, trade mark owners and their competitors, but also of consumers¹³³. However, this suggestion would not seem very useful. The relevant legal framework already exists and it would not make a difference if separate pieces of legislation were combined together, rather than exist individually.

Whether in applying the existing trade mark law courts should aim at consumer protection or trade mark owners` protection primarily is the most critical question. The legislator has already promulgated legal texts and it is up to the courts to support the interests of either the consumers or the trade mark owners. The ECJ has already provided some guidelines. It could be stated that all three functions are inexorably linked however law enforcement will very much depend on interests that one chooses to protect. Are the interests to be protected also linked together like the three functions or are they antagonistic and inconsistent with one another? This will be examined further in the respective chapter on trade mark infringement.

C. AN ANALYSIS FROM THE PERSPECTIVE OF SEMIOTICS

A semiotic analysis would help diminish the ambivalence of the attributed functions of trade marks. The exact content of these functions should be clear enough so as to enable a consistent and solid legislative framework on trade mark protection to be drawn.

¹³¹ See A.K. Sanders and Sp. Maniatis, *Op. Cit. Supra* n. 51. See also Hannes Roesler, *Op. Cit. Supra* n. 103, at 106 and in Greek legal doctrine Ch. Chrisanthis, “Issues of Trade Mark Theory”, DEE [2008], 944.

¹³² Quoting from their article (*Ibid*): “It is clear that trade marks already serve as an instrument of consumer protection. This is achieved despite the fact that most of the principles of trade marks and unfair competition laws are based on the interest of the competing business concerns” at 409.

¹³³ *Ibid*, at 412-413.

Every concept in order to be communicated to another person must have a denoting sign. Trade marks *are* signs.¹³⁴ As such they are at the same time *in* and *out* of language. They contribute to the process of communication; yet they are taken out of their natural context. This is particularly so in the case of trade marks that are not invented words. They have a natural meaning but also an “artificial” one. For example, the words *Dove* or *Always* in their trade mark form do not designate a bird or the infiniteness of time, but rather a soap and women products, respectively. This is one of the points that has raised objections on the part of linguists against the legal protection of trade mark rights. According to the most extreme position trade marks destroy language because they deprive it of its real meaning¹³⁵.

C. a. General framework

Firstly, the *nature* of trade marks as signs (σημεία) has to be established. According to F. De Saussure (1857-1913), a well known semiologist¹³⁶, people use signs in the communicative process, according to the following model (the procedure that takes place is a *twofold* one): on the one hand, there is the signifier of the message (namely the sign/mark) and on the other hand, there is the signified (the information transmitted). In other words the signifier expresses the signified. Applying this model to trade marks, the mark itself has the role of the signifier and the product bearing the mark has the role of the signified¹³⁷. Yet, this would be a very simplistic application.

This model has actually been applied by Advocate General Cosmas in its opinion of 5.5.1998 delivered on *Windsurfing Chiemsee*¹³⁸, where he stated that: “[...] *In all the above cases, the geographical term does not designate the geographical origin of goods, either because of its nature or because of the circumstances, and therefore legitimately may be used as a trade mark. That is so because the connection between the “designator” (the name itself) and the “designee” (the thing to which the name*

¹³⁴ See, also, M. Ephart, “Word Marks: Economic, Legal and Linguistic Entities”, 19 *International Journal for the semiotics of Law* 257, [1996], from which quoted: “A marks or sign is a semiotic entity. Its conditions must then be stated in semiotic terms” at 261.

¹³⁵ See, among others, G. Hughes, “Words in Time”, Basil Blackwell, [1988].

¹³⁶ See, F. De Saussure, “Course in General Linguistics”, New York, trans., [1959].

¹³⁷ Such a deduction would be derived from the origin function, meant to *identify* and *distinguish* the products.

¹³⁸ Joined cases C-108/97 and C-109/97 *Windsurfing Chiemsee*, [1999] ECR I-2779 ETMR, [1999], 585.

refers) is arbitrary¹³⁹, that is to say, so original and unexpected that it does identify the goods and distinguish them from equivalent goods made by other undertakings”.

A subsequent evolution of the semiotic theory¹⁴⁰ introduced a *triple* relationship, which was said to be inherent in every sign. This triad includes the *sign*, the *signifier* and the *signified*¹⁴¹. The difficulty lies in distinguishing the *sign* from the *signifier*. The sign is the “correlation that unites the signified with the signifier”¹⁴². One should consider this analysis as a multiplicity of relations rather than the totality of forms. The signifier, used within a certain context and expressing a certain signified, is no longer a “neutral” form. It becomes a *sign*, a symbol, an entity that conveys a certain message to the recipient. As another important semiologist, R. Barthes (1915-1980), explains: “the signifier is *empty*, the sign is *full*, it is a *meaning*”¹⁴³. Therefore, the sign becomes such when it attracts a *meaning*. Trade marks are undoubtedly conveyors of messages and, therefore, can be characterised as signs. What is the meaning then, that they carry? Using simple terms, and taking as an example the *linguistic* sign (: words), one could define the signifier as being the written or acoustic image (which is mental); the signified as being the denoted message, the concept, the meaning of the word and the sign as being the word (written or spoken).

However, in the modern era the importance of other signs has undoubtedly increased. Various cultural signs (such as clothes, colours, even attitudes) are used as symbols that convey a certain message. Trade marks are attributed with a multiplicity of identities. They are, first of all, linguistic (to the extent that one refers

¹³⁹ See par. 36 of the Opinion. Cosmas invoked at this point (see fn. 9 of his opinion) De Saussure’s *Cours de linguistique generale*, ed. T. de Mauro, Payot Paris, [1987], p.100 and pointed that this was in the sense that there is no causal link between the “designator” and the “designee”, ECR [1999] I-2779.

¹⁴⁰ Namely, introduced by R. Barthes, in “*Mythologies*”, Palladin, [1973], (Trans. by A. Lovers) and especially the essay titled “*Myth Today*.”

¹⁴¹ The tripartite relationship was crystallised by R. Barthes: “Let me restate that any semiology postulates a relation between two terms, a signifier and a signified...We must here be on our guard, for despite common parlance which simply says that the signifier *expresses* the signified, we are dealing, in any semiological system, not with two but with three different terms. For what we grasp is not at all one term after the other but the correlation which unites them: there are, therefore, the signifier, the signified, and the sign, which is the associative total of the first two terms.” Cited from : “*Myth Today*” in “*Mythologies*” *ibid.*

¹⁴² *Ibid.* at 113.

¹⁴³ *Ibid.*

to word-marks)¹⁴⁴ or non linguistic signs (to the extent one refers to shapes as trade marks) but also economic and cultural ones. Jacob J stated in Philips in relation to a shape mark: “*What is a “sign”? [...] I think a “sign” is anything which can convey information. I appreciate that this is extremely wide, but I can see no reason to limit the meaning of the word [...]. Here, on my findings of fact the picture [of a Philishave triple headed shaver] does convey a message –as indeed even Remington contended. So, it is a “sign”*”¹⁴⁵. Trade marks are economic signs because they form part of an enterprise’s valuable assets. They are legal signs embodying property on an intangible right, and are therefore the subject of commercial transactions, exchanged for something else. Lastly, they are cultural signs because they release information about the economic, aesthetic or ideological status of the consumer who purchases them¹⁴⁶.

C. b. Application

The theoretical basis adopted by R. Barthes will be examined. A submission of trade mark function theory to this semiological system will be attempted. .

The analysis is based on his essay “*The Rhetoric of the Image*”¹⁴⁷ which is a study on the advertising image. As already seen, a trade mark has an inherent, advertising power. It can therefore, be analysed in terms of advertising and be regarded as an “advertising image.” However, a trade mark is not only an “image” seen on product packages, but also an “advertisement” printed on big sign-boards by the road or even in football fields. Actually, what needs to be distinguished is a) trade marks in the form of labels, found on packaging of products; and b) trade marks as words used in written or spoken language in order to denote the product. In the second category trade marks as *images* are also included. The difference between the two cases lies in the form that the sign takes¹⁴⁸. In the second case, the function of the mark embodies all the signification found in the first case - but has also the function of

¹⁴⁴ As opposed to shapes, smells, sounds or other registrable trade marks.

¹⁴⁵ *Philips v. Remington* [1998], ETMR 124, at 139.

¹⁴⁶ See, for example, R. Higgins and P.H. Rubin, “Counterfeit Goods”, 29 *The Journal of Law and Economics*, 211, [1986], from which quoted: “Many persons purchase branded goods for the purpose of demonstrating to others that they are consumers of the particular good. Names such as *Calvin Klein* and the logos such as the *Izdo* crocodile are displayed on the outside of clothes, and many consumers seem to value this display.”

¹⁴⁷ From “Image-Music-Text”, trans. By St. Heath, Fontana, [1977].

¹⁴⁸ From the perspective of the advertising function the result is ultimately the same: convincing the consumer of buying the specific product.

denoting the product itself. In the first case the product is present, visible and tangible. In the second case the product is absent. Although the result is ultimately the same, trade marks are viewed as symbols namely in the second case. However, it should be stressed that the advertising power is promulgated in both cases equally, albeit under a different use.

R. Barthes examines an advertisement that has the form of a photograph. It regards the pasta products bearing the trade mark “*Panzani*.” The photograph depicts some basic ingredients, some packets of pasta and some tins of sauce of the same brand. Firstly, the author stresses on the fact that the mark appears very vividly when looking at the image. This implies the strong advertising effect of the label. Then he goes on unravelling the messages emerging from the photograph: there is the linguistic message (all the words in the advertisement); the coded iconic message (the connotations derived from the larger sign system of society) and the non-coded iconic message (the denotations of the photograph). With this analysis in mind, some conclusions can be drawn about the semiotic facet of trade marks.

C. c. Conclusions

When looking at (or hearing)¹⁴⁹ a trade mark, the recipient of the information (who under this perspective is always the consumer) receives and interprets a number of different messages. These could be:

- a. the denoted message: the product.
- b. the connoted message: the qualities of the product.
- c. other connotations, emerging:
 - i. from his previous experience
 - ii. from his personal expectations and standards.
 - iii. from his personality

As a first remark, one could put forward the (already mentioned) fact that the name of the proprietor of the sign does not come up in the process. This is because in the modern era, consumers cannot and would not care about the person that actually owns the mark. The most important messages related to trade marks are the ones mentioned under (c). Their importance lies in their particularity. They could be

¹⁴⁹ Depending on whether the communicative process is written (e.g. the label of the product lying on the super market shelf) or oral (e.g. an advertisement on the radio).

effected in any other communicative process, but they have a different meaning in the context examined at present.

The previous experience of the consumer is based on his personal previous use of the product; or on someone else's (such as a friend's) use of the product. This consumer can rely on his past experience only if the product qualities (and not "quality") has a stability throughout time. If the profile of the product changes frequently, the consumer cannot be based on his previous experience to make a choice. Therefore, the connotation mechanism described above does not even start to operate in his mind.

The personal expectations and standards of the consumer establish the subjectivity of the criteria encouraging the choice he finally makes. It is actually not relevant whether the product is of high quality or not. The consumer might judge based solely on the aesthetic effect that the mark has on him, or on his personal low-standard criteria. The final element that could affect the connotation created in the mind of the consumer, when encountering a trade mark, is his own personality. What is, in effect, included in - for example - his need to show off, or his instability with regard to the influences of current waves of the "ins" and "outs", namely of fashion.

The above mentioned mechanism could help in forming a better understanding of trade mark functions, as well as trade mark infringement. The semiotic framework has been set and allusions to it will be made throughout the course of this thesis.

PART. II. REGISTRABILITY

In this part the notion of “trade mark” shall be examined. In particular, the definition given by the Directive, as interpreted by the ECJ, in relation to the definitions found in the UK and Greek legislations and case law shall be examined. Furthermore, the basic principles of registrability as formulated by ECJ case law in juxtaposition with the UK and Greek legislation and case law shall be analysed. Terms such as “descriptiveness” as opposed to “distinctiveness” as registrability factors shall be clarified in view of the respective European and national legal frameworks. Finally certain conclusions shall be drawn as to the evolution of trade mark registrability regime at a European level and its effect on the national legal frameworks.

A. WHAT IS A TRADE MARK?

The definition of trade mark under the Directive and the UK and Greek law implementing the Directive shall be examined, as interpreted by the respective case law. The previous national regimes shall be examined in order to assess the impact of the Directive on national trade mark law and practice.

A. a. Definition according to the Directive.

According to Article 2 of the Directive¹⁵⁰ “a trade mark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of products or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings”¹⁵¹. The inclusion of the capacity to distinguish in the definition of trade mark lies on the origin function namely on the law’s aim to protect trade marks as indicators of origin¹⁵².

The ECJ has confirmed that according to the Directive a trade mark may consist of a sign, provided that it is, first, represented graphically and, second, capable of distinguishing the goods or services of one undertaking from those of other

¹⁵⁰ The definition is also followed by the Council Regulation on the Community Trade Mark.

¹⁵¹ Art. 2 of the Directive.

¹⁵² See W. R. Cornish and David Llewelyn, [2003] *Op. Cit. Supra* n. 45 at 652. Antonopoulos, Industrial Property, [2005], *Op. Cit. Supra* n. 63, at 406.

undertakings¹⁵³. Recently the ECJ rephrased this and confirmed that to be capable of constituting a trade mark, the “subject matter” of any application must satisfy three criteria, namely a) to be a sign, b) to be capable to be represented graphically and c) to be capable of distinguishing the goods or services applied for¹⁵⁴.

It was in *Libertel*¹⁵⁵ that the Court made for the first time the existence of a “sign” an autonomous condition for capacity to constitute a trade mark under art. 2 of the Directive. But what is a “sign”? The Directive mentions signs that can be represented by means of letters or written characters or by a picture, are two-dimensional or three-dimensional, all of which can be perceived visually¹⁵⁶. However, as confirmed by the ECJ¹⁵⁷, the above list is not exhaustive and article 2 of the Directive must be interpreted as meaning that a trade mark may also consist of a sign which is not in itself capable of being perceived visually, provided it can be represented graphically¹⁵⁸.

The UK Trade Marks Act 1994¹⁵⁹ follows the text of the Directive closely and gives an analogous definition in Section 1 which provides that trade mark is “any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings”. It includes “words, designs, letters, numerals or the shape of goods or their packaging”. This list is only indicative. The same is true for the Greek Trade Mark Legislation.

¹⁵³ C-321/03 ruling of 25.1.2007, *Dyson Ltd. V. Registrar of Trade Marks*, par. 27, Case C-273/00 *Sieckmann* [2002] ECR I-11737, par. 39, C-299/99 *Philips Electronics BV v. Remington Ltd.*, *Op. Cit. Supra* n. 113, par. 32.

¹⁵⁴ *Dyson, Ibid*, par. 28.

¹⁵⁵ C-104/2001 *Libertel Groep BV v. Benelux Merkenbureau* IIC 35 56, par. 22 and 23 examined further below.

¹⁵⁶ See Alison Firth, Ellen Gradley and Spyros Maniatis, “Shapes as Trade Marks: Public Policy, Functional Considerations and Consumer Perception”, *EIPR* [2001], 86. The authors correctly observe that “[...] competition can be distorted when registration is sought for an apparently two dimensional mark which will be used to control the shape depicted” and mention as an example case *Philips v. Remington (Op. Cit. Supra* n. 113 at 129), where the parties considered the registration of a two-dimensional picture as covering also the respective three dimensional sign. Jacob J approved this approach on the basis that “it would be quite artificial to regard a straight picture of a thing, and the thing itself as significantly different under a law of trade marks which permits shapes to be registered”. The above concerns were actually expressed in the ECJ ruling C-321/03 of 25.1.2007, *Dyson Ltd. V. Registrar of Trade Marks*, examined below. It should be noted that in the Community Trademark legislation it is necessary to indicate that a trade mark application is for a three dimensional sign otherwise it is considered as a figurative one.

¹⁵⁷ See C – 281/01, *Shield Mark BV v. Joost Kist h.o.d.n. (Memex)* E.C.R. [2003], par. 35.

¹⁵⁸ *Ibid*, par. 34, 35.

¹⁵⁹ From now on: the U K TM Act 1994.

However, the two national Acts do not follow the same enumeration of what could be regarded as a sign capable of being registered as trade mark. Namely Art. 1 of the 2239/ 1994 Trade Marks Act¹⁶⁰ mentions “in particular words, natural or legal entities’ names, pseudonyms, logos, designs, letters, numbers, sounds, shape of goods or their packaging”¹⁶¹. The Greek text is broader, to the extent that it refers explicitly to sounds¹⁶², as well as newspapers and journal titles¹⁶³. This does not mean, of course, that the Greek notion of trade marks is also broader. The indication of specific signs is used as an example and is not considered as exhaustive in either of the two Acts, as their wording indicates. In the UK Trade Mark Act it is also stipulated that a trade mark “may, in particular” consist of the above signs. In both jurisdictions the Directive has broadened the notion of trade mark compared to previous national legislation. For a sign to be eligible for registration, it must be perceptible to human senses. Before the Directive, this was interpreted in a narrow way so as to include only visual signs in Greece and the UK. The philosophy of the Directive is that human reactions can be stimulated by other senses apart from sight as well¹⁶⁴.

A. b. Historical Definition under U. K. and Greek Law

The 1938 UK Trade Marks Act definitions of “mark” and “use” ensured that only visual signs¹⁶⁵ could be registered and that only visual use infringed. Section 68(2) required a mark to be capable of printed or visual representation. Soon after the introduction of the UK Trade Mark Act, trade mark applications reached the number of 5000 a month in the UK. This was a 50 per cent increase on what it was under the old Act¹⁶⁶.

¹⁶⁰ From now on: Greek Trade Marks Act 1994.

¹⁶¹ Art. 1(2) Greek Trade Mark Act.

¹⁶² Art. 1(1) par. 2, Greek Trade Mark Act.

¹⁶³ *Ibid.*

¹⁶⁴ See, H. Burton, “The U.K. Trade Marks Act: An Invitation to an Olfactory Occasion?”, 8 EIPR 378, [1995], at 378.

¹⁶⁵ “Mark” was defined by section 68(1) of the 1938 Act as including: “... a device, brand, heading, label, ticket, name, signature, word, letter, numeral or any combination thereof”. The examples mentioned were not exclusive. However, the section was interpreted by courts *eiusdem generis* as to require something that could be applied to or attached to goods. See, R. Annand and H. Norman, *Op. Cit. Supra* n. 45 at 56; also, A. Firth *Op. Cit. Supra* n. 45, at 15. As an example of a court’s decision, See *Re James’s Trade Mark* (1886) 33 Ch D 392, per Lindley LJ at p. 395.

¹⁶⁶ See, P. Groves, “UK Trade Mark Law: Recent Developments”, BLR 167, [August/September 1996], at 167. These included applications for three dimensional marks, colours, sounds, as well as the smell of *Chanel No. 5* and the gesture of tapping one’s nose twice.

Under the pre-existing legal framework in Greece, namely the 1998/39 Act, trade marks were defined as signs capable of identifying the economic (industrial, agricultural, or commercial) source or origin of the products.¹⁶⁷ One would expect that since the only prerequisite set by the Act was the ability to distinguish the goods of the trade mark owner, *any* sign could be eligible for registration. However, signs were necessarily *only visual*. According to Professor Liakopoulos the reasons leading to this were not only normative but also, to a great extent, practical; namely, the difficulty of registering and graphically representing non visual signs, such as sounds or smells¹⁶⁸. It should also be mentioned that service marks are now legally protected for the first time. Before the implementation of the Directive, marks could not be registered for services; only for goods¹⁶⁹.

A. c. Examining individual cases¹⁷⁰

A restricted survey of the relevant case law in both UK and Greece regarding specific trade mark “sign concepts” will be presented briefly¹⁷¹.

A. c. i. *Colours*

It has generally been accepted by Greek courts and legal doctrine under the previous and under the new law that the colours of a graphic representation of a trade mark are registrable. However a colour itself cannot be registered, as the number of colours is limited and acquiring an absolute right on them would lead to extreme monopolisation

¹⁶⁷ Article 1 of the 1998/39 Act. It is evident that the Greek Act accepted and recognised explicitly the origin function which was the only legally protected one.

¹⁶⁸ See Liakopoulos, *Op. Cit. Supra* n. 63, at 314, Antonopoulos *Op. Cit. Supra* n. 63, 407. This practical difficulty is also an issue under the Directive regime, however, the ECJ has provided the guidelines for registration of music as trade mark, as will be examined below.

¹⁶⁹ Art.1 Act 1998/39. For an analysis on the Greek legal framework on service marks previously and at present See Aik. Delouka, “The New Trade Marks Act 2239/94”, *EEmpD*, 23, [1995], at 25; also Liakopoulos, *Op. Cit. Supra* n. 63, at 314.

¹⁷⁰ For an analysis from the point of view of the CTM Regulation, see A. Bender and Ph. von Kapff, “Born to Be Free – The Community Trade Mark in Practice”, *IIC* [2001], 625.

¹⁷¹ It should be noted that under Greek law, legal protection to all the signs mentioned below could, nonetheless, be offered under the relevant provisions of unfair competition law, by virtue of Art. 13 and 14 of the 146/1914 Act on Unfair Competition. See also, MonPrTh (Thebes Court of First Instance) 30/1994, *Epitheorisis Emporikou Dikaiou* (from now on: *EEmpD*) 119 [1995]; *Areios Pagos* (Supreme Court) 1009/1991 *EEmpD* 334 [1992]; *Areios Pagos* 1409/1980 *EEmpD* 451 [1981]; PrA (Athens Court of First Instance) 4731/1980 *EEmpD* 509 [1980]; PrA 2269/1979 *EEmpD*, 316, [1979]. As a comment, it would be interesting to note that there is extended case law on get-up infringement, decided under unfair competition law provisions, as well.

resulting to restriction on competition¹⁷². It is true that the new law does not include colours in the list of registrable signs, however the list is not exhaustive. Therefore even if a single colour would very rarely have the distinctive character required by law¹⁷³, a combination of colours that is original is likely to fulfill this prerequisite. For example, the Gucci trade mark consisting of three horizontal lines, namely one green, one red and one green¹⁷⁴ has been registered in Greece.

UK courts even before the entry into force of the Directive accepted that colours can be registered as trade marks. In *Smith, Kline and French Laboratories (SKF) Ltd.'s Trade Mark Applications*¹⁷⁵ the House of Lords held that it was possible for the company to register the colour combination of their capsules as trade marks. However, the registrability of colour marks was always under the presupposition that these functioned as trade marks; meaning, that they were perceived by the public as distinguishing the applicant's goods or services to those of others¹⁷⁶. Under the new law also these applications are treated with caution as it is believed that relatively few registrations would cover all the variety of colours and thereby restrict their competitors from using colours in trade¹⁷⁷. In view of the above and by applying the "distinctiveness" test, striping for toothpaste was refused registration as it was found that it was devoid of distinctive character¹⁷⁸.

¹⁷² Areios Pagos 399/1989, EEmpD 41, 145, MonPrAth (Single Member First Instance Court of Athens) 8567/1988, EEmpD 39, 696, MonPrAth 12684/88 EEmpD39, 698, EfAth (Athens Court of Appeal) 13623/87 EEmpD 39, 699. It is interesting to note that this was exactly the view followed in the recent ECJ ruling in case *Libertel Groep BV v Benelux Merkenbrau*, *Op. Cit. Supra* n. 155. However, see also DPrAth (Administrative First Instance Court of Athens) 3964/98 EEmpD [1999], 817, where it is submitted that colours are not registrable because of lack of distinctive character.

¹⁷³ See also L. Kotsiris, "Colour as distinctive element", *Opinion*, *Nomiko Vima* 37, 718.

¹⁷⁴ Trademark Administrative Committee (DES) ruling 855/87. Nik. Rokas, *Opinion* EEmpD, [1990], 147.

¹⁷⁵ [1984], RPC 329.

¹⁷⁶ See R. Annand and H. Norman, *Op. Cit. Supra* n.45, at 58-59.

¹⁷⁷ See W. R. Cornish and David Llewelyn, *Op. Cit. Supra* n. 45 at 699. On this issue see also Maniatis, [2002], IPQ 121 at 149.

¹⁷⁸ *Colgate-Palmolive Co's TM Appns* RPC [2002], 519.

A. c. ii. *Sounds*¹⁷⁹ and *Smells (auditory and olfactory marks)*¹⁸⁰.

In Greece sounds and smells could not be registered under the old law because they could not be easily represented graphically. Even though sounds can be registered as trade marks under the new Trade Mark Act¹⁸¹, olfactory signs cannot (according to the Trade Mark Office's practice)¹⁸². However, in order for a sound to be registered as trade mark, apart from the problems of graphic representation, it should be established not only that the sound sign is original but also that it has the capacity of distinguishing the products of the trade mark owner.

In the UK sounds and smells were not capable of registration under the 1938 Act. Under the new law, however, they can be registered if they can be graphically represented and have a distinguishing character. Therefore, it should in any case be established that smells or sounds have the function and the significance of trade marks¹⁸³. This means that sounds inherent to the nature of a place (*e.g.* the noise of people in a central place) cannot be registered. According to British legal doctrine their lack of distinguishing ability of a certain product, together with the problem of graphically representing such marks impedes their registration.¹⁸⁴ In *John Lewis of Hungerford's Appln*¹⁸⁵ an application comprising of the words "the smell, aroma, or essence of cinnamon" was found to lack precision because it was perceived in a subjective manner¹⁸⁶. The Registry also rejected the use of an electronic sensory

¹⁷⁹ It would be worth noticing that in the United States, a definition wide enough to encompass scent marks has existed since 1946. However, it was not until 1990 that a registration for a fragrance was successful. See, *Re Clarke*, 17 USPQ 2d 1238 (TTAB 1990) (fragrance of plumeria blossoms for embroidery yarn).

¹⁸⁰ There is no reason why taste should not (potentially) be included in this category. The OHIM Board of Appeal delivered its decision concerning an application by Eli Lilly & Company for the registration of a gustatory mark (Taste of Artificial Strawberry Flavour) as a CTM for pharmaceuticals (Case R 120/2001-August 4, 2003). The Board of Examiners argued that the description of the mark did not satisfy the criterion of graphic representation and that it could not serve as an indicator of origin. See, S. Midlemiss and C. Badger, "Nipping Taste Marks in the Bud", [2004], EIPR, 152.

¹⁸¹ Theoretically, of course, because even though they are specifically mentioned in the Act the procedure for registering sound signs should be the object of decisions adopted by the Minister of Commerce, that have not yet been issued.

¹⁸² This is mainly due to practical reasons as olfactory signs cannot be recorded on the Trade Mark Registry books; see Liakopoulos, *Op. Cit. Supra* n. 63, at 340 and Antonopoulos, *Industrial Property, Op. Cit. Supra* n. 63, at 407.

¹⁸³ See R. Annand and H. Norman, *Op. Cit. Supra* n. 45 at 59; also, H. Burton, *Op. Cit. Supra* n. 164, at 381.

¹⁸⁴ See A. Firth, *Op. Cit. Supra* n. 45, at 16.

¹⁸⁵ ETMR, [2001], 1193.

¹⁸⁶ See W. R. Cornish and David Llewelyn, *Op. Cit. Supra* n. 45, at 691.

analysis on the basis that people who were inspecting the Register could not understand it¹⁸⁷.

A. c. iii. Shape of Goods or their Packaging.

Under the old Greek Trade Mark Law three dimensional signs were not allowed to be registered as trade marks. The shape of goods or their packaging was allowed to be registered as trade mark by virtue of Act 1998/39, however this provision did not stay in force for a long time and was changed by virtue of Act 3205/1955¹⁸⁸. Under the law 2239/1994, shapes of goods or their packaging are allowed registration with the limitation stated in the provision regarding refusal of registration on absolute legal grounds. In a case regarding registration of the shape of a bottle, the court established that the shape of the bottle in question was original therefore registrable and also went on to establish that the mark was not descriptive of the products in question (beverages in class 32 of the classification of the Nice Agreement) for which registration was sought¹⁸⁹.

The most discussed cases of a registration regarding the shapes of objects or a distinctive container before the entry into force of the Directive in the UK were *James*¹⁹⁰ and *Coca-Cola*¹⁹¹. Both these applications for registration were refused under the respective statutes. However, both decisions have been overtaken by s.1 of 1994 UK TM Act. The *Coca-Cola* bottle is now registered and so is the shape of the *Jif* lemon¹⁹². What impeded registration originally was lack of distinctiveness and the potential perpetual monopoly accorded to trade mark owners. Lord Templeman cited with approval Lindley LJ in *James* and held in *Coca-Cola*: "...the word "mark" both in its normal meaning and in its statutory definition is apt to describe something

¹⁸⁷ However, examples of sound marks are musical "*Jingles*" and *MGM's Lion's Roar* for films, See A. Firth, *Op. Cit. Supra* n. 45, at 16 and R. Annand and H. Norman *Op. Cit. Supra* n. 45, at 59.

¹⁸⁸ Liakopoulos, *Op. Cit. Supra* n. 63, at 340 and Antonopoulos, Industrial Property, *Op. Cit. Supra* n. 63, at 406.

¹⁸⁹ TrDPrAth (Three Member First Instance Administrative Court of Athens) 3694/1998 EEmpD 50, 817.

¹⁹⁰ [1886], 33 Ch D 392 ("*dome blacklead*").

¹⁹¹ [1986], 1 WLR 695.

¹⁹² See W. R. Cornish and David Llewelyn, *Op. Cit. Supra* n. 45 at 688.

which distinguishes goods rather than goods themselves. *A bottle is a container not a mark.*¹⁹³,

A. c. iv. Slogans.

It is generally accepted by Greek legal doctrine and case law that slogans are registrable as trade marks¹⁹⁴, so long as they have a distinctive character and are perceived by the consumers as indications of origin and not as merely phrases or invitations to consume the product¹⁹⁵. However the inclusion in the slogan of at least one word that could individually be registered as trade mark is generally required¹⁹⁶.

Under the 1938 UK TM Act, slogans were eligible for registration¹⁹⁷; this is also the case under the 1994 Act. This is, of course, if they are capable of distinguishing the goods and therefore perform a trade mark function. The following two cases elucidate the position under the 1938 regime. In *Have A Break TM*¹⁹⁸, registration was refused on the grounds that the words were being used to advertise a well-known *Kit-Kat* mark and not to differentiate the company's products. In other words, they lacked a distinctive character¹⁹⁹. By way of contrast, the slogan *I Can't Believe It's Yoghurt*²⁰⁰

¹⁹³ *Op. Cit. Supra* n. 191, at 698. *Emphasis Added.*

¹⁹⁴ The slogan "ekastos sto eidos toy kai o Loumidis stous kafedes" (meaning that everyone is good at one's own trade and Loumidis –the name of the brand owner- in coffees) was registered as trade mark for coffees. See also MonPrAth EEmpD [1983], 144, by which it was ruled that the slogan "freskos kafes ekastos sto eidos toy" (meaning fresh coffee everyone at one's own trade) which was used by a third party on coffee, infringed the first mark because the last part of the slogan was partly identical to the first trade mark.

¹⁹⁵ See Aik. Delouka, Chr. Chrysanthis, in Nik. Rokas ed. "Trade Mark Law", [1996], *Op. Cit. Supra* n. 63, at 47.

¹⁹⁶ See Aik. Delouka, Chr. Chrysanthis, *ibid.* It is interesting to see this position in relation to the UK case *Société des Produits Nestlé SA v. Mars UK Ltd.* EWHC [2002] 2533, where the UK High Court found that the phrase "Have a Break" would "[...] *would be readily understood as an origin neutral invitation to consume a snack*" and therefore could not be registered as trade mark. Central to the case was whether "Have a Break" had acquired distinctiveness through its extensive use on the phrase "Have a break, Have a Kit-Kat". An ECJ ruling was issued on a referral made by the Court of Appeal regarding the question whether distinctiveness may be acquired "following or in consequence of the use of that mark as part of or in conjunction with another mark" and answered in the affirmative (Case C -353/2004, *Societe Produits v. Mars UK Ltd.*, Judgement of 7.7.2005).

¹⁹⁷ Consisting of words, they could be represented graphically.

¹⁹⁸ [1993], RPC 217.

¹⁹⁹ The advertising function of the word combination was not on its own enough to set the basis for a trade mark protection. It is an example to show that the advertising function cannot be regarded separately than the origin function.

²⁰⁰ [1992], RPC 533.

was allowed to be registered as a trade mark. It was to be used on the products on its own and the public would recognise it as the brand's name²⁰¹.

As a general comment it should be noted that the eligibility of shapes or three dimensional designs does not mean that signs which are the primary characteristics of the product or which describe the product they seek to be registered for can actually be registered²⁰². This will be examined below in the context of absolute grounds of refusal for registration.

As we have seen according to the national legislation under examination in order for a sign to enter the Register, it must be capable of graphic representation²⁰³. Words, numerals, letters, devices, designs already have their graphical representation, so they do not pose any problems. Smells or tastes could either be described in words or by their chemical formula, or even by reference to elements in the products that cause them. Sounds could be represented either by notes if they are music or by a sound recording. Finally, shapes or packaging of products could be represented by photographs or drawings²⁰⁴.

B. REGISTRABILITY

Apart from constituting a "trade mark", a sign must fulfil other criteria as well in order to qualify for registration. These shall be examined within the European and the two example national legal frameworks, in order to assess the impact of the Directive in the new trade mark law regime.

²⁰¹ One could object, however, to the registrability of a group of words that are used extensively in everyday life. Slogans including, for example, the brand name would be more acceptable to be registered as trade marks. Given that the relevant legal framework offers protection to an economic entity for the protection of economic growth and development, one could not help but wonder, how it could be possible (at a normative even level) for widely used phrases (: language) to be granted a perpetual legal monopoly. See G. Hughes, *Op. Cit. Supra* n. 135, in which the author rejects the monopoly granted over everyday words. Also, R. J. Coombe, "Objects of Property and Subjects of Politics", 69 *Texas Law Review*, 1831, [1991]. The author's argument is along the same lines: he suggests that an exchange of signs should be encouraged instead of impeded, as is the case with granting trade mark protection. An exchange of signs is the necessary underpinning of a democratic dialogue. However, see also the ECJ position in this as stated in the *Baby Dry* ruling that the purpose of the prohibition of registration of purely distinctive signs or indications as trade marks is not to preclude the possibility of granting a monopoly of language to certain traders.

²⁰² See, *inter alia*, Liakopoulos *Op. Cit. Supra* n. 63, at 344.

²⁰³ UK TM Act 1994 s. 1 and s. 3(1)(a); Greek Act 2239/94, Art. 1.

²⁰⁴ See R. Annand and H. Norman, *Op. Cit. Supra* n. 45 at 63; also, A. Firth, *Op. Cit. Supra* n. 45, at 21.

B.a. Basic Registrability Principles under ECJ case law

The ECJ in its ruling in *Sieckmann*²⁰⁵ ruled that a trade mark may indeed consist of a sign which is not in itself capable of being perceived visually, provided that it can be represented graphically²⁰⁶, particularly by means of images, lines or characters so that it can be precisely defined and visually represented²⁰⁷. The Court stressed that it is important on the one hand for the competent authorities to know with clarity and precision what the mark consists of, so that they are able to perform their duties of prior examination of registration applications and preservation of a precise trade mark Registrar²⁰⁸. On the other hand precision is necessary, in order for economic operators to know what their competitors' trade marks consist of, so that they know equally the limits of protection and the rights of third parties²⁰⁹. As the Court clarified the condition of graphic representation serves the purpose of avoiding any ambiguities and securing objectivity, in the process of identifying and protecting the sign²¹⁰. In view of the above, the Court held that the representation must be clear, precise, self contained, easily accessible, intelligible, durable and objective²¹¹.

However, when the Court was asked to determine how one could achieve the above in the case of an olfactory sign, the Court replied by stating how one does not achieve that and held: “the requirements of graphic representation are not satisfied by a chemical formula, by a description in written words, by the deposit of an odour sample or by a combination of these elements”²¹². In view of the above one wonders what other ways exist in order for the registrability criteria to be fulfilled. In view of the above ruling, since the description by written words has been precluded, signs such as “freshly cut grass” would no longer qualify for registration²¹³.

²⁰⁵ Case C-273/00, *Ralf Sieckmann v. German Patent and Trademark Office* IIC 5, [2003], 548.

²⁰⁶ *Ibid*, par. 45.

²⁰⁷ *Ibid*, par. 46. A sign could qualify even if it can not be perceived visually, however, it should, in one way or another, be represented in a visual way. The task of trade mark applicants seems analogous to the task of mathematicians to depict the world in numbers.

²⁰⁸ *Ibid* par. 50.

²⁰⁹ *Ibid*, par. 51.

²¹⁰ *Ibid*, par. 54.

²¹¹ It is interesting to note that the Court based its ruling once more on the origin function rationale and stated that “in order to fulfil its role as a registered trade mark a sign must always be perceived unambiguously and in the same way so that the mark is guaranteed as an indication of origin”, See par. 53 of the ruling.

²¹² In *Sieckmann*, *Op. Cit. Supra* n. 205, par. 72.

²¹³ *Senta Aromatic Appln*, ETMR [1999]. The mark was registered as a Community Trade Mark for tennis balls.

In *Shield Mark*²¹⁴, the case brought before the ECJ regarded the registrability, of, *inter alia*, a) a musical stave with the first nine notes of the musical composition “Fuer Elise”, by Ludwig van Beethoven, b) the first nine notes of the above musical composition, i.e. the melody described as such c) a sequence of musical notes E, D#, E, D#, E, B, D, C, A, d) the denomination Kukelekuuu (an onomatopoeia suggesting in Dutch a cockcrow) and e) the indication that it is the cry of a cockcrow, as sound marks²¹⁵. The ECJ ruled that sounds can be registered as trade marks²¹⁶ even though they are not included in the list of Art. 2 of the Directive which is not exhaustive²¹⁷. This however under the condition that they can be represented graphically²¹⁸. Also the Court repeated that in order for the requirement of graphic representation to be fulfilled this should be “clear, precise, self contained, easily accessible, intelligible, durable and objective” in line with its ruling in *Sieckmann*²¹⁹.

Out of the aforementioned types of representation the only one found to be in terms of the requirements was the displaying of musical notes on a stave divided into measures and, indicating, in particular, a clef, musical notes and rests, whose form indicates the relative value and, where necessary, accidentals²²⁰. The other types, namely description using written language, indication that it is the cry of an animal, simple onomatopoeia without anything more and simple sequence of musical notes were found to lack precision and clarity²²¹. However, the Court did not answer the question raised by the referral court whether sound recordings do qualify as being registered therefore leaving the most obvious means of sound representation with the uncertainty of whether they indeed constitute a clear and precise means of representation.

²¹⁴ 27.11.2003 in case C – 281/01, *Shield Mark BV v. Joost Kist h.o.d.n. (Memex)* E.C.R. [2003].

²¹⁵ *Ibid*, at par. 14-19.

²¹⁶ *Ibid* at par. 37.

²¹⁷ *Ibid* at par. 35. The Court noted, in par. 34, that Article 2 of the Directive and the seventh recital of the Preamble thereto, citing a list of signs of which a trade mark may consist, did not mention signs which are not in themselves capable of being perceived visually; However, it did not expressly exclude them either. The above are in line with the ECJ ruling in *Sieckmann*, *Op. Cit. supra* n. 205.

²¹⁸ *Ibid*, par. 55.

²¹⁹ *Ibid* par. 64.

²²⁰ *Ibid*, par. 64. Correctly so, the Court found that only a precise musical depiction, that when read or played, reproduces exactly the sound that the mark consists of, fulfils the representability criterion. After all, music has long been represented graphically and turned into sound when played by musicians. However, this for the moment, restricts sound marks to music marks. Other sounds, such as noises, natural sounds (e.g. the waves, the wind) remain unregistrable.

²²¹ *Ibid*.

With regard to colours the ECJ has confirmed in *Libertel Groep BV v. Benelux - Merkenbureau*²²² that, even though a colour per se does not have an inherently distinctive character and consumers are not used to identifying goods on the basis of colours, such distinctiveness could be acquired through use on the basis of art. 3(3) of the Directive; distinctiveness without prior use would however normally be inconceivable save in exceptional circumstances and particular where the number of goods is very restricted and the market very specific²²³. It reaffirmed the *Sieckmann* test of clarity, precision, easy access, intelligibility, objectivity and long duration and went on to state once again that, in case of colour marks, the obvious representation means, namely reproduction on paper, cannot be considered as satisfactory²²⁴.

Most importantly the Court stressed the public interest reasons for which refusal of registration may be necessary and stated that “In assessing the potential distinctiveness of a given colour as a trade mark, regard must be had to the general interest in not unduly restricting the availability of colours for the other traders who offer for sale goods or services of the same type as those in respect of which registration is sought”²²⁵.

In *Heidelberg Bauchemie*²²⁶, the Court stated that colours or combinations of colours which are the subject of an application for registration as a trade mark, claimed in the abstract, without contours, and in shades which are named in words by reference to a colour sample and specified according to an internationally recognised colour classification system may constitute a trade mark for the purposes of Article 2 of the Directive where:

– it has been established that, in the context in which they are used, those colours or combinations of colours in fact represent a sign, and

²²² Case C-104/01, ECR [2003], I –3793 regarding the trade mark application of the orange colour.

²²³ *Ibid*, par. 65, 66, 68.

²²⁴ The Court stated that on paper the color deteriorates and proposed as an alternative the use of internationally recognized identification codes. *Ibid*, par. 68. This would not appear to be very practical in case of colour combinations on a certain pattern (which would be more likely to be distinctive rather than a mere colour) such as the three stripe Gucci trade mark registered as aforementioned in Greece.

²²⁵ *Op. Cit. Supra* n. 222, par. 55.

²²⁶ C-49/2002 *Heidelberger Bauchemie*, [2004], ECR I 6129.

– the application for registration includes a systematic arrangement associating the colours concerned in a predetermined and uniform way²²⁷.

B.b. Absolute Grounds for Refusal of Registration

According to Article 3 (1)²²⁸ of the Directive the following cannot be registered or if registered are liable to be declared invalid: a) signs which cannot constitute a trade mark, b) trade marks which are devoid of any distinctive character, c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service or other characteristics of the goods or service, d) trade marks which consist exclusively of signs or indications which have become customary in the current language or the bona fide and established practices of trade, e) signs which consist exclusively of the shape which results from the nature of the goods themselves, or the shape of goods which is necessary to obtain a technical result or the shape which gives substantial value to the goods, f) trade marks which are contrary to public policy or to accepted principles of morality, g) trade marks which are of such nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service h) trade marks which have not been authorised by the competent authorities and are to be refused or invalidated pursuant of Art. 6 of the Paris Convention”.

This Article has been implemented by s. 3 of the UK TM Act. According to this the following cannot be registered: a) signs which are not trade marks, b) trade marks which are devoid of distinctive character, c) trade marks which consist exclusively of signs or indications that are characteristic of the product, d) trade marks which consist exclusively of signs or indications which have become customary in usage, e) signs which consist exclusively of certain shapes, f) signs which are contrary to public policy or morality, g) trade marks which are likely to deceive, e) trade marks the use of which is contrary to law. This Article has been implemented by Art. 3 of Law

²²⁷ *Ibid*, par. 42.

²²⁸ Some of the Articles of the Directive are very broadly drafted, therefore being open to interpretation. As an example, Article 3(1)(b) requires that marks devoid of a distinctive character will not be registered. In the UK three letter marks are not considered to be devoid of a distinctive character, whereas in Denmark such an objection is not raised. See, B. E Cookson, “The Progress of European Harmonisation”, 8 EIPR 462, [1997], at 463.

2239/1994 in Greece, using the exact wording of the Directive, with the addition of applications made on bad faith.

The use of the terms “capacity to distinguish” in Art. 2 of the Directive and “distinctive character” in Art. 3 (1) (b) of the Directive required some clarification. From the fact that both terms are used means that even though they emanate from the same conceptual basis, their meaning is not exactly the same. The difference between the two notions derives from the different language used (“capable of distinguishing” and “distinctive character”) denoting potentiality and actuality respectively and must be seen in relation to Art. 3(3) of the Directive which states that the grounds of refusal provided in Art.2 do not apply if, before the date of application for registration and following the use which has been made of it, the mark has acquired a distinctive character. The difference therefore lies on that the “capacity to distinguish” may be acquired by use in the case that a mark is not inherently distinctive whereas the “distinctive character” either exists in a trade mark *per se* or it does not²²⁹.

However, the Court did not make such a distinction. According to ECJ the distinctive character of a trade mark means that the mark in question makes it possible to identify the product in respect of which registration is applied for as originating from a particular undertaking and thus to distinguish that product from those of other undertakings²³⁰.

In *Philips*²³¹ the ECJ concluded that art 3 (1) (a) of the Directive is intended essentially to exclude from registration signs which are not capable of being a trade mark, i.e. of being represented graphically and/or not capable of distinguishing the goods or services of one undertaking from those of other undertakings²³². Therefore,

²²⁹ Therefore Art 3(3) which shall be examined below should more correctly refer to the “ability to distinguish” instead of “distinctive character”.

²³⁰ Case C-238/06, *Develey Holding GmbH & Co. Beteiligungs KG v. OHIM*, Judgement of 25.10.2007, par. 79, Case C-24/05 Judgement of 22.6.2006 *August Storck KG v. OHIM*, [2006] ECR I-5677, par. 23, Joined Cases C-473/01 and C-474/01 *Procter and Gamble v OHIM* [2004] ECR I-5173, par. 32 and 33.

²³¹ Case C-299/99 *Philips Electronics BV v. Remington Ltd.*, *Op. Cit. Supra* n. 113, par. 38. This was confirmed in C-321/03 ruling of 25.1.2007, *Dyson Ltd. V. Registrar of Trade Marks*, *Op. Cit. Supra* n. 153, where it was stated that art. 3(1)(a) precludes the registration of signs which do not meet the conditions imposed by art. 2, the purpose of which is to define the types of sign of which a trade mark may consist (par. 25).

²³² *Ibid*, at par. 37, 38.

as per this ECJ ruling, art. 3(1)(a) is merely a repetition of art. 2 of the Directive (which states that the signs of which a mark may consist are signs which may be represented graphically and may distinguish the goods or services of one undertaking of those of other undertakings). In Philips the ECJ found that there is no category of marks which is not excluded from registration under art. 3(1)(b), (c) and (d) which is none the less excluded from registration by art. 3(1)(a)²³³. Namely, if a mark is registrable under art. 3(1)(b), (c) and (d), it follows that it is registrable under 3(1)(a) as well. This poses the obvious question whether this applies vice versa.

As suggested above there is a difference between signs which do not fulfil the conditions laid down in art. 2 of the Directive (repeated in art. 3(1)(a)) in that they are not capable of distinguishing the products of one undertaking from those of another and marks which do not meet the criteria mentioned in art. 3(1)(b),(c) and (d) of the Directive: the former can never be registered and the latter may be registered under art. 3(3) of the Directive, provided they have acquired a distinctive character through use²³⁴. Therefore, there may be a case where a mark is not excluded from registration under art. 3(1)(b), (c) or (d) in conjunction with art. 3(3), but it is excluded from registration under art. 3(1)(a). This interpretation would also seem systematically correct, as the mere existence of art. 3(1)(a) would otherwise be deprived of any meaning.

Following Philips, which stated practically that art. 3(1)(a) of the Directive does not have any autonomous meaning, the Court in *Dyson*²³⁵ stated that art. 2 of the Directive has to be examined (i.e. distinctive character to be established) before considering whether a mark should be refused registration under art. 3 (considering obviously par. 3(1)(a)-3(1)(h))²³⁶. The ECJ held that the application in question, i.e. all conceivable shapes of a transparent vacuum cleaner bin, was not a “sign” within the meaning of that provision and therefore was not capable of constituting a trade mark²³⁷. This was held in light of the requirement set by art. 2 of the Directive to

²³³ *Ibid*, at par. 40.

²³⁴ This argument was put forward by Remington in the proceedings, *Op. Cit. Supra* n. 113, par. 25.

²³⁵ *Op. Cit. Supra* n. 153.

²³⁶ *Ibid*, par. 25.

²³⁷ *Ibid*, par. 40. As the Commission contemplated, the application in question was not a sign because it related to a concept, irrespective of a shape, *Ibid* par. 29. See also M. Walmsley “Too Transparent? ECJ rules Dyson Cannot Register Transparent Collection Chamber as a Trade Mark”, EIPR [2007],

prevent the abuse of trade mark law by those who seek to obtain an unfair competitive advantage²³⁸. The problem with the application was not therefore, as per the ECJ, that the shape of a transparent vacuum cleaner bin does not constitute a sign and consequently a trade mark, but that the application in question was not specific enough. Since there is no requirement by the Directive that a trade mark application be specific and precise, however a general and abstract application would create problems in the area of registration as well as protection of the mark (there would basically be no firm ground to perform the similarity test²³⁹) the Court stipulated that a) the actual subject matter of the application was “all conceivable shapes of a transparent bin forming part of the external surface of a vacuum cleaner”²⁴⁰ and b) that a) cannot be perceived visually and therefore is not a sign²⁴¹.

The Court had already stated that even if a sign is found to be registrable under art. 2 of the Directive, it is still necessary to decide whether the sign satisfies the other requirements laid down in particular in Art. 3 of the Directive²⁴². In its ruling in *Linde*²⁴³, the ECJ ruled that each of the various grounds of refusal of art. 3(1) (except obviously art. 3(1)(a) which as aforementioned the Court does not consider it as autonomous ground of refusal) of the Directive is independent of the others and calls

298, E. Smith, “Dyson and the Public Interest: An analysis of the Dyson Trade Mark case”, EIPR [2007], 469.

²³⁸ *Ibid*, par. 34, see also *Heidelberg Bauschemie, Op. Cit. Supra* n. 226, par. 24.

²³⁹ The need for “clarity” and “precision” of trade mark applications was confirmed by the ECJ in *Sieckmann, Op. Cit. Supra* n. 205, par. 50, 51.

²⁴⁰ *Ibid*, par. 20, even though this was not stated in the application itself.

²⁴¹ *Ibid*, par. 36. ECJ’s concern, in line with its concerns in *Windsurfing Chiemsee*, was that if the mark was registered, the owner would be able to prevent its competitors from marketing vacuum cleaners having any kind of transparent collecting bin, regardless of its shape, *ibid* par. 38. The Court held that “What consumers can identify visually is not so much the subject matter of the application as two of Dyson’s graphic representations as contained in the application. Those representations cannot be assimilated in the subject matter of the application, because, as pointed out by Dyson on a number of occasions, they are merely examples of it”. What the Court said is interesting, because the mark was actually the following: “the mark consists of a transparent bin of collection chamber forming part of the external surface of a vacuum cleaner as shown in the representation”. The application clearly defined the mark as being what was depicted on the representation attached to the application. The fact that the subject matter was actually something else, as per the ECJ, namely all possible representations of such a bin, was a result of the proceedings and was not described as such on the application. The Court could have merely followed the rationale of *Sieckmann*, i.e. that the representation of the mark has to be “clear, precise, self-contained, easily accessible, intelligible, durable and objective” (*Op. Cit. Supra* n. 205, par. 55) without reverting to the “subject matter”, a tool used in earlier ECJ case law (see case C-16/74 *Centrafarm v. Winthrop*, E.C.R. 1183) to “interpret” the community intellectual and industrial property law. The main principle would be the same. Marks that give a competitive advantage to the trade mark owner by granting a monopoly (and a perpetual one, as opposed to, for example, the one granted to designs) on an ambiguous sign should not be registered as such.

²⁴² *Heidelberg Bauschemie, Op. Cit. Supra* n. 226, par. 40.

²⁴³ Joined cases C-53/01 to C-55/01 *Linde and Others*, [2003], ECR I – 3161.

for separate examination²⁴⁴. In the same ruling it was held that for a mark to possess distinctive character within the meaning of art. 3(1)(b) of the Directive it must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking and thus to distinguish that product from products of other undertakings²⁴⁵. The Court continued by stating that a simple departure from the norm or customs of the sector is not sufficient to render inapplicable the ground for refusal given in the above article. In contrast, a trade mark which significantly departs from the norm or customs of the sector and thereby fulfils its essential origin function²⁴⁶. This was confirmed by the Court in subsequent cases²⁴⁷.

B.c. Registrability under UK law

UK courts have ruled by looking at this from the reverse, namely what is “lack of distinctive character” and “lack of ability to distinguish” and have found that this distinction means that there are two sub-categories a) those signs which have never been capable of distinguishing the goods of one undertaking from those of other undertakings, and b) those which once had the capacity to distinguish but have, through use, ceased to be capable of doing so²⁴⁸. According to Cornish and Llewellyn²⁴⁹ the three levels of distinctiveness, i.e.: a) “for there to be a trade mark at all”, b) “under the undefined “devoid of distinctiveness” objection” and c) “in relation to the more specific “descriptiveness” and “customary usage” objections” many times overlap and it might be difficult to rely on the correct objection. As a general remark it should be noted that signs should be held to lack a “capacity to distinguish” only in the simplest and most obvious cases²⁵⁰. Lack of capacity to distinguish as an element of the definition of trade marks should depict distinctiveness problems much more fundamental and thus more rarely occurring than “devoid of a distinctive character”

²⁴⁴ *Ibid*, par. 67.

²⁴⁵ *Ibid*, at par. 48.

²⁴⁶ *Ibid*, at par. 49.

²⁴⁷ See in particular, *Develey Op. Cit. Supra* n. 230, par. 81, case C-25/05 P, *Storck KG v. OHIM*, *Op. Cit. Supra* n. 230, par. 28, C-456/01 and 457/01 P *Henkel v OHIM*, [2004] ECR I-5089, par. 38, C-136/02 *Mag Instrument v. OHIM* [2004] ECR I-9165 par. 31, C-173/04 *Deutsche SiSi-Werke v. OHIM*, [2006] ECR I-551, par.31. See also J. Pagenberg “Trade Dress and the Three-Dimensional Mark-The Neglected Children of Trade Mark Law?” [2004] IIC 831.

²⁴⁸ This was of course in a case of a mark that was originally capable of distinguishing the products but had later become generic, see *Bach Flower Remedies*, RPC, [2000], 513, CA.

²⁴⁹ *Op. Cit. Supra* n. 45 at 657.

²⁵⁰ See also Case C-299/99 *Philips Electronics BV v. Remington Ltd.*, *Op. Cit. Supra* 113, par. 37.

established as an absolute ground for refusal of registration of a sign which has already been found to constitute a trade mark²⁵¹.

It is difficult in most cases to differentiate between marks that are non distinctive and marks that are descriptive or of customary usage²⁵². It has also been argued that as long as, for example a mark is descriptive, it is also devoid of distinctive character²⁵³. However, since the result (unregistrability) is the same when either of these notions is used the practical implications are not important if one basis is used instead of the other.

In the UK the principle of a need for a mark to be “freely used by all” is pertinent to the registrability test. Lord Parker stated that the right to register should “largely depend on whether other traders are likely, in the ordinary course of their business and without any improper motive, to desire to use the same mark or some mark nearly resembling it, upon it or in connection with their own goods”²⁵⁴. In those lines it was also stated that “the power of a trade mark monopoly should not be granted where it would require honest men to look for a defense to an infringement action”²⁵⁵. On the basis of these guidelines, the courts followed a strict approach as to what was considered as registrable.

UK courts found that there are marks that could never be registered as trade marks even though they might acquire distinctiveness through use. This was, for example, the case of the trade mark “York”²⁵⁶, which was refused registration for containers on the ground that *inter alia* a geographical name is *prima facie* incapable of registration. The “York” case was invoked in Advocate General Cosmas’ ruling in Joined Cases C-

²⁵¹ See W. R. Cornish and David Llewelyn, *Op. Cit. Supra* n. 45, at 689, also Alison Firth, Ellen Gradley and Spyros Maniatis, “Shapes as Trade Marks: Public Policy, Functional Considerations and Consumer Perception”, *Op. Cit. Supra* n. 156, at 86. However, it has been argued that there is only one test for distinctiveness in UK s. 3 (1) (a), (b), (c), and (d) and s. 3(3), see Kerly, in Kerly’s Law on Trade Marks, par. 2-08

²⁵² In Greek case law there does not seem to be a differentiation between “non distinctive” and “descriptive” marks. It has therefore been found that a shoe design for shoes is unregistrable on the ground of non distinctiveness (StE 1003/84 EEmpD [1984], 499), even though it could be argued that the mark in question was descriptive. See also Liakopoulos, *Op. Cit. Supra*, n. 63 at. 344.

²⁵³ *Ibid.* See also the above mentioned ECJ ruling in Philips *Op. Cit. Supra* n. 113 and the analysis thereof.

²⁵⁴ *Registrar v. W & G Du Cros*, [1913], 30 RPC 660 at 672.

²⁵⁵ “Colorcoat” trade mark, [1990], RPC 511 at 517; AD2000 [1997] RPC, 168 at 176.

²⁵⁶ [1984], RPC 231m HL.

108/97 and 109/97 *Windsurfing Chiemsee*²⁵⁷, as an example of the “rigid tendency” which was followed before the entry into force of the Directive in the UK, the Scandinavian countries and Germany (under the name of *Freihaltebedürfnis*), as opposed to the “flexible” tendency that was followed mainly in France, Italy and the Benelux countries²⁵⁸. Even though the above mentioned cases relate to geographical indications they apply also to descriptive indications in general.

Some examples of word marks that have been refused registration in the UK are the following: “Bonus Gold”²⁵⁹ for financial investment services, “Automatic Network Exchange” for certain business information, “Coffeemix” for coffee and “Cycling Is ...” for clothes, footgear and headgear²⁶⁰. However, the mark “E.S.B.” was found to be only indirectly descriptive and therefore registrable (in that the initials stand for “Extra Strong Beer”) on the basis that some form of mental activity is required in order for someone to realize the descriptive reference²⁶¹.

B.d. Registrability under Greek law

It has been suggested in Greek legal doctrine²⁶² that the signs applied for registration are divided into five categories on the basis of their degree of distinctiveness: a) imaginary words (e.g. Polaroid, Xerox, Adidas) which enjoy a high level of distinctiveness and are always registrable, b) common words used in an unusual context (Black and White for alcoholic beverages, Red Bull for refreshments, Camel for cigarettes) which have a distinctive character when indeed the goods or services applied for are different to the connotation invoked by the mark and are also always

²⁵⁷ Joined Cases C-108/97 and 109/97 *Windsurfing Chiemsee Productions –und Vetriebs GmbH v. Boots – und Segelzuehhor Walter Huber and Franz Attenberger*, *Op. Cit. Supra* n. 138, 2779.

²⁵⁸ See also Tim Pfeiffer, “Descriptive trade marks” *EIPR* [2002] 373, Ch. Apostolopoulos, *DEE*, [2003], 933 at 935. The “flexible” theory is also pertinent in Greece. See Antonopoulos, *Industrial Property Op. Cit. Supra*, n. 63, at 83, Aik. Delouka/Ch. Chrysanthis, *Op. Cit. Supra* n. 63, at 31, Liakopoulos, *Op. Cit. Supra* n. 63, at 343.

²⁵⁹ “Bonus Gold” TM Appln [1998], RPC 717.

²⁶⁰ Opposition n. 47027 by Halfords Ltd. to Application n. 2115347 by the Consortium of Bicycle Retailers Ltd. Decision 28.11.2001. This is an interesting case in that the sign was refused registration on the ground of lack of “distinctiveness” despite the Appointed Person’s opinion that although this expression could not be described as a syntactically unusual juxtaposition the description was unfinished.

²⁶¹ *West (t/a Eastenders) v Fuller Smith and Turner* [2002] FSR 822. This decision applied the ECJ *Baby Dry* test for which see below.

²⁶² Ch. Chrysanthis, “Lack of Distinctiveness”, *EEmpD* [2008], 475. For the tendencies in Greek law relating to descriptiveness see also Tzouganas D., legal opinion for DES 781/2007 *EEmpD* [2007], 698.

registrable, c) laudatory signs (Polycopy for photocopier machines, New Look for cigarettes, Seventeen for teenage magazines), which provide indirect information on the goods or services applied for, based on a mental process of connotations, symbolisms, metaphors²⁶³ and which also have a distinctive character for that reason and are also therefore registrable, d) descriptive marks which directly describe the goods or services applied for, or their characteristics, attributes, functions and therefore are not registrable, in view of the need for such words to stay free for use by all competitors and e) generic terms, which denote a category (kind) of goods or services, directly provide information on the goods applied for, have no distinctive character and are therefore non registrable²⁶⁴.

Certain rules have been developed by Greek case law on the issue of registrability, in view also of the respective ECJ case law. However Greek courts (including the Trademark Administrative Committee which is not a court *stricto sensu* as it does not consist of judges, however is also producing case law) are not always following them.

These basic rules are as follows:

a) The issue of whether a mark is distinctive or descriptive is not estimated *in abstracto* but in relation to the goods or services applied for²⁶⁵.

b) Words belonging to the common language are considered registrable if they are used on products that are not denoted by the word (e.g. “Papagalos” meaning “parrot” for coffee; “Bravo” also for coffee, “Fantasia” for olive oil²⁶⁶, “Thalassa”, “Spa” for spa services²⁶⁷).

c) The distinctive capacity of foreign language words is estimated on the basis of the average Greek consumer²⁶⁸. The following have been registered as trade marks: “Ligne Integrale d’Orlane” for perfumes²⁶⁹, “Bubble Gum” for gums²⁷⁰, “Rosso

²⁶³ *Ibid*, at 476. This was the case with Doublemint as well, where the goods were not directly described by the mark, but through a mental process the consumer could perceive the characteristics of the products applied for.

²⁶⁴ *Ibid*, at 478.

²⁶⁵ *Ibid*, at. 479, with case law cited. DioikPrAth 13939/1998, DEE [1998], 871.

²⁶⁶ TrDPrAth 1686/1998 EEmpD 49, 860.

²⁶⁷ MonPrRhodos 1066/2003 DEE [2004], 47.

²⁶⁸ See Chr. Chrysanthis, EEmpD [2001], 381.

²⁶⁹ StE 190/84.

Antico” for alcoholic beverages²⁷¹. The following were rejected on the basis that they described the products in question: “Servis” for machines²⁷², “Prisma”²⁷³ for glasses and “Frappuccino”²⁷⁴ for coffee.

d) Combination of foreign words that are unknown to the Greek consumer if as an overall impression are not descriptive are registrable as trade marks, for example “Aquafresh” for toothpaste²⁷⁵.

Another issue is that of laudatory marks and whether they should be allowed to be registered as trade marks, if it is decided that they should be “freely used by all”. Examples of laudatory trade marks that have been registered in Greece are: “Velvet De Luxe”²⁷⁶ and “Master Sound”²⁷⁷.

In *Merz & Krell*²⁷⁸ the ECJ adjudicating on a laudatory trade mark case, namely the word Bravo for writing implements, clarified that a trade mark which consists only of signs or indications that are also used as advertising slogans, indications of quality or incitements to purchase the goods or services covered by that mark is not excluded protection as such by virtue of such use²⁷⁹. However, to allow monopolisation of laudatory words such as Bravo, because they are not descriptive of the goods for which the mark is registered, would contradict the public interest principle, mentioned above. As the referring Court (Bundespatentgericht) had observed, it should have been sufficient for the word Bravo to be refused registration as a word mark that has become customary in the current language or in the *bona fide* and established practices of the trade, and that it should not need to specifically describe the goods in question²⁸⁰.

²⁷⁰ StE 191/84.

²⁷¹ StE 648/84.

²⁷² StE 3093.

²⁷³ EfAth 6270/2000, EEmpD 2001, 598.

²⁷⁴ Trademark Administrative Committee (DES) n. 9344/2001. In Greece the word “Frappe” is very widely used to denote an intensively consumed ice coffee.

²⁷⁵ StE 3348/82.

²⁷⁶ DPrAth 5404/93. However, “Cotton de Luxe” was rejected (DPrAth 16722/96).

²⁷⁷ DPrAth 8196/96.

²⁷⁸ Case C-517/199, *Merz & Krell GmbH & Co v. OHIM*, EEmpD [2002], 442.

²⁷⁹ *Ibid*, par. 40.

²⁸⁰ *Ibid*, par. 13.

The Greek case law has been contradictory. While Conseil d'Etat, invoking Merz and Krell has found²⁸¹ that the word "Reflex" should have been examined on whether it has become customary in the Greek language in relation to the goods applied for (not in general) by the trade mark, the same court in another ruling found the word "Police" to have become customary in the Greek language through its use on police cars, and was therefore found generic of the mark which covered goods applied for in class 3²⁸².

B.e. Overall Observations

According to the traditional (rigid) theory²⁸³ developed by the European courts, which functions on the basis of avoiding the creation of a monopoly, an analytical approach is undertaken and each word in a trade mark word combination is regarded and examined separately. If any of the words is descriptive then the whole trade mark is considered to be descriptive²⁸⁴. According to the modern (flexible) theory also developed in the European courts, which functions on the basis of whether a mark is capable of indicating the origin of the goods, a synthetic approach is undertaken and the trade mark is regarded as a whole. It is not important if the partial elements of the trade mark are descriptive²⁸⁵.

C. DESCRIPTIVENESS V. DISTINCTIVENESS

These two notions are not always easy to distinguish, as shall be examined further below. Yet they are fundamentally different and have a totally different impact on the registrability of the mark. The European and national legal frameworks shall be examined below as to how they have dealt with the matter.

²⁸¹ StE 3617/2006, published in Nomos data base.

²⁸² StE 3082/2006, published in Nomos data base

²⁸³ Which was applied by the Court of First Instance in the cases of trade marks "Baby-Dry" (Case T-163/98), "Companyline" (Case T-19/99) and "Investorworld (Case T-360/99) and by the ECJ in "Doublemint" (C-191/01) and "Companyline" upon appeal of the Court of First Instance Ruling in case T-19/99 (*DKV Deutsche Krankenversicherung v. OHIM*, [2003], ETMR 241). For the issues related to the "appraising" trade mark such as EXTRA, PREMIER, MASTER, DELUXE, see Chrysanthis Ch. "The "appraising" trade mark", [2002], EEmpD, 379.

²⁸⁴ See, John Verbruggen, "Baby-Dry: The origin function revisited", GRUR Int. [2002], 213 at 215. Antonopoulos *Op. Cit. Supra*, n. 63 at 481; Aik. Delouka/Ch. Chrysanthis, *Op. Cit. Supra* n. 63, at. 31.

²⁸⁵ *Ibid* at 216.

C.a. ECJ Rules for descriptiveness

In-between these existing tendencies in Europe, the Directive provisions (but also the respective Regulation provisions) should be interpreted in a coherent manner so that harmonisation can be achieved. The task of the national trade mark offices and courts in the EU as well as OHIM is not easy. This is why inconsistencies have been noted with regard to the degree of flexibility shown towards trade mark registrability.

The first characteristic example that could be mentioned is the CTM *Baby Dry*²⁸⁶ case, where the initial finding of the European Court of First Instance²⁸⁷ (and of OHIM) was overturned by the respective ECJ ruling. The *Baby Dry* mark was refused registration for babies' diapers by the OHIM Examiner²⁸⁸ and the Board of Appeal of OHIM dismissed the appeal filed against the Examiner's decision²⁸⁹. On appeal the CFI found that the mark was purely descriptive since the words "Baby Dry" conveyed to consumers the intended purpose of the goods in question (babies' diapers) and that it exhibited no additional feature to render the sign distinctive. On appeal the ECJ held that, while each of the two words in the combination may form part of expressions that are used in everyday speech to designate the function of babies' diapers, their "syntactically unusual juxtaposition" was not a familiar expression in the English language, either for designating babies' diapers or for describing their essential characteristics²⁹⁰. In line with this ruling the CFI in *Vitalite*²⁹¹ upheld an appeal that was filed against refusal of the mark for baby foods and for mineral and aerated waters, on the ground that even though "Vitalite" could be read in French as *Vitalité*, it could not be regarded as being able to designate the intended purpose of the goods. In the *Companyline*²⁹² case however, the ECJ dismissed the applicant's appeal against

²⁸⁶ Case C-383/99 *Procter & Gamble v. OHIM* ECR 2001, 6251. See also comments by M. Perraki, EEmpD [2005], 134.

²⁸⁷ Henceforth: CFI.

²⁸⁸ *Ibid.*, par. 5.

²⁸⁹ *Ibid.*, par. 5. See, I. Kilbey, "Baby –Dry: A Victory for the Ephemera of Advertising", [2002], EIPR, 493, in which it is stated that if the applicant had applied for the mark "Pampers Baby Dry", which was the name under which Procter & Gamble marketed the product around Europe, instead of "Baby Dry" it is possible that none of this controversy would have been raised.

²⁹⁰ *Ibid.* The ECJ went so far as stating that these two words are a "lexical invention" (par. 44 of the ruling).

²⁹¹ *Sunrider v. OHIM*, [2001], ETMR 605. Also the CFI in case T-140/00 *Zapf Creation AG v. OHIM*, judgement annulled a decision of OHIM not to register the mark "New Born Baby" for dolls resembling new born babies and accessories for the said dolls.

²⁹² *DKV Deutsche Krankenversicherung v. OHIM*, *Op. Cit. Supra* n. 283.

the CFI's finding that coupling together without graphic or semantic modification two words that are customary in English – speaking countries did not confer on the sign a distinctive character. In the *UltraPlus* case²⁹³ regarding registration in respect of plastic ovenware for use in microwave and conventional ovens, the CFI annulled the decision of the OHIM Examiner and the Board of Appeal who stated that the mark was not to be registered because consumers would perceive the word as making a claim relating to quality of the products rather than the commercial origin of the goods. The CFI stated that the mark *UltraPlus* when taken as a whole, was not such that the relevant public would immediately and without further reflection make a definite and direct association between the goods in question and the mark, namely that the public would not perceive *UltraPlus* as descriptive in relation to ovenware²⁹⁴.

In *Baby Dry* the ECJ held that only those signs which might serve in normal usage to designate either directly or by reference to one of their essential characteristics, goods or services such as those in respect of which registration is sought, should be regarded as descriptive²⁹⁵. With regard to word marks consisting of word combinations, this should not be determined only in relation to each word taken separately but also in relation to the whole which they form²⁹⁶. The ECJ held also that any perceptible difference between the combination of words and the terms used in the common parlance to designate the goods or services or their essential characteristics is apt to confer distinctive character on the word combination²⁹⁷. With regard to Community trade marks effective throughout the EU as “common parlance” mentioned above should be considered the language spoken by consumers of the country in the language of which the word mark is written²⁹⁸.

²⁹³ Case T-360/00 *Dart Industries Inc. v. OHIM* judgement of the Court of First Instance 9.10.2002. See, Ilanah Simon, “What’s cooking at the CFI? More Guidance on Descriptive and Non-Descriptive Trade Marks”, EIPR [2003], 323.

²⁹⁴ The court stated that what the mark was actually doing was “evocation” of the qualities of the products in question and not “designation”, thereby it fell outside the scope of Art. 7 (1) (c) of the Regulation (which is respective to Art. 3 (1) (c) of the Directive). The decision is interesting also because it refers not only to the origin function which has been stated in most cases on “descriptiveness” test but also indirectly to the guarantee function. See, Ilanah Simon, *Ibid* at. 324.

²⁹⁵ *Op. Cit. Supra n.* 286, par. 39.

²⁹⁶ *Ibid* par. 40.

²⁹⁷ *Ibid*.

²⁹⁸ *Ibid* par. 42. The ECJ held that it was necessary to “put oneself in the shoes of an English – speaking consumer”.

In *Biomild*²⁹⁹ the Court clarified that it is not sufficient that each of the word mark's components may be found to be descriptive, the word itself must be found to be so³⁰⁰. As a general rule, the Court stated, the mere combination of descriptive elements, remains itself descriptive, even if a neologism is created, unless unusual variations are introduced, in particular with regard to meaning or syntax³⁰¹. The combination may not be descriptive if it creates an impression which is sufficiently far removed from that produced by the words of which it consists, with the result that the word is more than the sum of its parts, e.g. when the combination is of an "unusual" nature³⁰². The second example that could be mentioned is the *Doublemint*³⁰³ case regarding again a Community Trade Mark. In this case again the initial finding of the Court of First Instance (but not of OHIM³⁰⁴) was overturned by ECJ. However, this time the ECJ followed the strict approach whereas the CFI followed the more flexible approach. CFI allowed the mark *Doublemint* to be registered for chewing gum because it had two distinct meanings for the potential consumer: "twice the usual amount of mint" and "flavoured with two varieties of mint" and because for an average English speaking consumer would have a fanciful and vague meaning³⁰⁵. Therefore the CFI concluded at par. 30 of its judgement that the mark had an ambiguous and suggestive meaning and was open to various interpretations and did not enable the public concerned immediately and without further reflection to detect the description of a characteristic of the goods in question. However the ECJ affirmed that a sign must be refused registration if it at least one of its possible meanings designates a characteristic of the goods or services concerned.

Furthermore, registration is not precluded under art. 3(1)(b) and (c) of the Directive if the national trade mark consists of terms borrowed from the language of another Member State in which it is devoid of distinctive character or descriptive of the goods

²⁹⁹ Case C-265/00 *Campina Melkunie BN v. Benelux Merkenbrau* judgement of 12.2.2004, [2004] ECR I-1699. See also Case C-273/05 *OHIM v. Celltech R&D Ltd.*, Judgement of 19.4.2007, par. 76.

³⁰⁰ *Ibid.*, par. 37.

³⁰¹ *Ibid.*

³⁰² *Ibid.*, par. 38, 39.

³⁰³ Judgement of 23.10.2003, Case C-191/01, *Office for Harmonisation in the Internal Market (Trade Marks and Designs) v. WM Wrigley Jr Company*, ECR, [2003].

³⁰⁴ *Ibid.*, par. 2.

³⁰⁵ *Ibid.*, par. 3.

or services in respect of which registration is sought, unless the relevant parties in the Member State in which registration is sought are capable of identifying the meaning of the term³⁰⁶.

This view was supported consistently by case law in Greece, stating that foreign terms are not considered to be descriptive unless consumers in Greece are able to identify their meaning, i.e. unless they have been incorporated in the Greek social life and language³⁰⁷.

C.b. ECJ Rules for distinctiveness

ECJ rules on distinctiveness derive from cases regarding Art. 2 and Art. 3(1)(b) of the Directive. As we have seen the Court has not made any distinction to the definition of the term as used in either of those provisions. In *Windsurfing Chiemsee*³⁰⁸ the Court stated that the distinctive character meant that the mark must serve to identify the products in respect of which registration is applied for, as originating from a particular undertaking and to distinguish them from those of other undertakings³⁰⁹. Therefore the first rule is that the absolute grounds of refusal should only apply with reference to the goods in respect of which registration is sought. Also in the above case it was stated that there should be a degree of foreseeability in the application of the exclusion³¹⁰.

In its ruling in *Lloyd* the ECJ established another important rule, namely that the question of distinctiveness must be asked through the eyes of the average consumer

³⁰⁶ See Case C-421/04, *Matratzen Concord AG v. Hukla Germany SA* [2006] ECR I-2303, par. 32.

³⁰⁷ Antonopoulos, *Op. Cit. Supra* n. 63, at 418, Liakopoulos, *Op. Cit. Supra* n. 63, at 343, StE 190/1984, StE 648/1984, EEmpD [1984], 497. So, for example, *Dolce* for sweets was found by the Greek Trademark Administrative Committee to be distinctive in 1991 and the mark *Dolce* & logo was registered (national mark n. 113619). But in 2008 when an analogous application for *Dolce Panini* & logo for croissants was applied for in the Greek Trademark Registry, the Trademark Administrative Committee rejected it (ruling n. 4323/2008, unreported) on absolute grounds, namely lack of distinctiveness of the word *Dolce* which was found to be customary in Greece. The Italian word *Dolce*, through globalisation, became known to the average Greek consumer, thereby losing its distinctiveness.

³⁰⁸ Joined Cases C-108/97 and 109/97 *Windsurfing Chiemsee Productions –und Vetriebs GmbH v. Boots – und Segelzuehhor Walter Huber and Franz Attenberger*, *Op. Cit. Supra* n. 138, at 585.

³⁰⁹ *Ibid* par. 46. This rule was repeated in the ECJ judgement of 4.10.2001 in the *Bravo* case (Case C-517/199, *Merz & Krell GmbH & Co v. OHIM*, *Op. Cit. Supra* n. 278.

³¹⁰ *Ibid*, par. 37.

that is reasonably well informed and reasonably observant and circumspect³¹¹. The second rule therefore is that the descriptiveness test must be made in relation to the average consumer who is reasonably well informed and reasonably observant and circumspect³¹², taking into account the category of the goods or services in question and the circumstances in which they are marketed, as the average consumer's level of attention is likely to vary according to the category of goods or services in question³¹³.

Therefore, distinctive character must be assessed first by reference to the products applied for and second by reference to the perception of the relevant public³¹⁴. The criteria for assessing distinctiveness are: the market share held by the mark, how intensive, geographically spread and long-standing the use of the mark has been, the amount invested by the undertaking in promoting the mark, the proportion of the relevant class of persons, who, because of the mark, identify goods as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations³¹⁵.

The above rules on the average consumer and on the assessment of descriptiveness have been applied by Greek courts, citing also the respective ECJ rulings³¹⁶. Earlier case law takes into account the non experienced consumer³¹⁷.

In order to assess whether a or not a trade mark has any distinctive character the overall impression given by it must be considered³¹⁸. This does not mean that one may

³¹¹ ECJ judgement of 22.6.1999, Case C-324/1997, *Lloyd Schuhfabrik Meyer v. Klijnsen Handel*, [2000], 31 IIC, 420, par. 26. This was repeated in the ECJ judgement in the *Baby Dry* case, par. 39. See also C-136/02 *Mag Instrument v. OHIM Op. Cit. Supra* n. 247 par. 30.

³¹² *Ibid*, par. 26. See also Case C-210/96 *Gut Springenheide and Tusky* [1998], ECR I-4657, paragraph 31, *Matratzen Concord Op. Cit. Supra* n. 306, at par. 24, Case C-24/05 Judgement of 22.6.2006 *August Storck KG v. OHIM, Op. Cit. Supra* n. 230, par. 23, *Philips, Op. Cit. Supra* 113, at par. 63, *Linde and Others Op. Cit. Supra* n. 243, at par. 41.

³¹³ *Ibid*, par. 26, 27.

³¹⁴ See also Case C-238/06, *Develey Holding GmbH & Co. Beteiligungs KG v. OHIM, Op. Cit. Supra* n. 230, par. 79, Joined Cases C-473/01P and C-474/01 *Procter and Gamble v OHIM* [2004] ECR I-5173, par. 32 and 33.

³¹⁵ *Windsurfing Chiemsee, Op. Cit. Supra* n. 138, par. 49-51. See also ECJ on *Nestle Op. Cit. Supra* n. 196, par. 31.

³¹⁶ See StE (Greek Conseil d'Etat) 2457/2007 published in Nomos database. The ruling also mentioned that the assessment of the descriptive character of a mark is autonomous and is not done in relation to other prior marks (mentioning also StE 4501/1984).

³¹⁷ *Areios Pagos* 1410/1990 EllDni [1992], 572, AP 241/1991 EllDni [1993], 561.

³¹⁸ C-329/02, *Sat.1 SatellitenFernsehen v. OHIM* [2005], E.T.M.R. 20.

not first examine each of the individual features of the mark³¹⁹. Furthermore, it is possible that because of linguistic, cultural, social and economic differences, a trade mark which is devoid of distinctive character in one Member State, is not so in another Member State³²⁰.

The Court has also confirmed that there is no class of marks having a distinctive character by their nature or by use which is not capable of distinguishing goods or services within the meaning of art. 2 of the Directive³²¹.

The criteria for assessing the distinctive character of three-dimensional marks consisting of the appearance of the product itself are no different than those applicable to other categories of trade mark³²². None the less, for the purpose of applying those criteria the average consumer's perception is not necessarily the same in the case of a three dimensional mark consisting of the appearance of the product itself as it is in the case of a word figurative mark consisting of a sign which is independent of the appearance of the product it denotes. Average consumers are not in the habit of making assumptions as to the origin of the products on the basis of their shape or the shape of their packaging in the absence of any graphic or word element, and it may therefore prove more difficult to establish distinctiveness in relation to such three – dimensional marks than in relation to a word or figurative mark³²³; however such marks must enable the average consumer to distinguish the product concerned from those of other undertakings without conducting an analytical or comparative examination and without paying particular attention³²⁴. The rather reserved attitude of the Court vis-à-vis three-dimensional marks contributes to the distinction between trade mark law and Community design protection³²⁵.

³¹⁹ See *Develey Op. Cit. Supra* n. 230 par. 82 and the case law cited.

³²⁰ Case C-421/04 *Matratzen Concord AG v. Hukla Germany SA, Op. Cit. Supra* n. 306, par. 25, Case C-238/06 *Develey, Op. Cit. Supra* n. 230, par. 58.

³²¹ *Philips, Op. Cit. Supra* n. 113, par. 39.

³²² See C-25/05 P, Judgement of 22.6.2006 *August Storck KG v. OHIM, Op. Cit. Supra* n. 230, par. 26, C-457/01 P *Henkel v OHIM*, [2004] ECR I-5089, par. 38, *Deutsche SiSi-Werke v. OHIM, Op. Cit. Supra* n. 247, par. 27. See also Jenny Berquist and Duncan Curley, "Shape Trade Marks and Fast – Moving Consumer Goods", *EIPR* [2008], 17.

³²³ See *Develey Op. Cit. Supra* n. 230 par. 80, *Storck ibid*, par. 24 and 25.

³²⁴ See *Mag Instrument v. OHIM Op. Cit. Supra* n. 247, par. 32. C- 218/01, Judgement of 12.2.2004, *Henkel KGaA v. Deutsches Patent-und Markenamt, Op. Cit. Supra* n. 247, par. 53.

³²⁵ See Schramm "Der europaweite Schutz des Produktdesigns – Das Gemeinschaftsgeschmacksmuster und sein Verhaeltnis zur Gemeinschaftsmarke", Baden-Baden [2005], Goia "Alicante and the Harmonisation of Intellectual Property Law in Europe: Trade Mark and Beyond", 41 *CMLR* [2004],

Lastly, it should be mentioned that the Court in “*Das Prinzip der Bequemlichkeit*”³²⁶ (The Prince of Comfort”) ruled that while the general criteria for assessing distinctiveness are the same for the various categories of trade marks, differences in assessment might follow from different reception among the average consumers concerning different categories of marks³²⁷. However, the Court did not clarify under which circumstances the average consumer would tend to identify the goods with a certain origin from specific slogans³²⁸, but merely stated that it might be more difficult to establish distinctiveness for trade marks which are perceived by the relevant public as advertising slogans, since consumers are not in the habit of making origin assumptions on the basis of slogans³²⁹. However, it is not appropriate to apply stricter rules on slogans than those applicable on other types of signs³³⁰. The Court suggested that slogans do not have a distinctive character if they are commonly used in business communications and, in particular, in advertising³³¹. The Court concluded that merely a lack of imagination or of an element of originality is not sufficient to bring up an unregistrability objection³³².

C.c. The Underlying Rationale of the Directive provisions

A different rationale lies behind each absolute ground provided in the Directive³³³. Some absolute grounds of protection aim at protecting the consumers’ or competitors’ interests which are seen in general as public interests. These are in particular, those provided in Art. 3 (c), (d), (e), (f), (g), (h) of the Directive. Some others relate to the origin function of trade marks, namely Art. 3 (a) and (b). The interpretation of the above provisions is closely linked to the approach one takes with regard to the “rigid” tendency and the “flexible” tendency mentioned earlier.

975, mentioned in Leistner “Harmonisation of Intellectual Property Law in Europe: The European Court of Justice’s Trade Mark Case Law: 2004-2007”, CMLR [2008], 69.

³²⁶ Case C-64/02 *OHIM v. Erpo Moebelwerk GmbH.*, [2004] ECR I-10031.

³²⁷ *Ibid.*, par. 34.

³²⁸ See Matthias Leistner, *Op. Cit. Supra* n. 325, at 73.

³²⁹ *Ibid.*, par. 35.

³³⁰ *Ibid.*, par. 36.

³³¹ *Ibid.*, par. 37.

³³² A position that has been criticised by legal doctrine, as having set the threshold of distinctiveness too low, by accepting that the expression “*Das Prinzip der Bequemlichkeit*” (“The Comfort Principle”) for household and other furniture is inherently distinctive, see Cornish and Llewelyn, *Op. Cit. Supra* n. 45 at 697, fn 84. Sat.2. for satellite broadcasting was also found sufficiently distinctive, [2005] E.T.M.R. 20, ECJ.

³³³ See also Hannes Roesler, “The Rationale for European Trade Mark Protection”, *Op. Cit. Supra* n. 103, at 100.

In its ruling in *Windsurfing Chiemsee* the ECJ stated that Art. 3 (1) (c) of the Directive “pursues an aim which is in the public interest, namely that descriptive signs or indications relating to the categories of goods or services in respect of which registration is applied for may be freely used by all”³³⁴. However in its *Baby Dry* ruling the ECJ, following Advocate General Jacobs’ opinion³³⁵, stated that the purpose of the prohibition of registration of purely distinctive signs or indications as trade marks was not to preclude the possibility of granting a monopoly of language to certain traders, but to prevent registration of purely descriptive signs or indications as trade marks, which because they were no different from the usual way of designating the relevant goods or services or their characteristics could not fulfil the function of identifying the undertaking that markets them and were thus devoid of the distinctive character needed for that function³³⁶. The ECJ’ s rationale in this case was very much orientated towards the origin function (flexible approach) by setting aside the public interest concerns³³⁷.

³³⁴ Joined Cases C-108/97 and 109/97 *Windsurfing Chiemsee Productions –und Vetriebs GmbH v. Boots – und Segelzuehhor Walter Huber and Franz Attenberger*, *Op. Cit. Supra* n. 138, par. 25-27. See, A. Fox, “Does the Trademark Harmonisation Directive Recognise a Public Interest in Keeping Non-Distinctive Signs Free of Use?”, *EIPR*, [2002], 1. According to Advocate General Colomer, Art. 3 (1) (e), does not have as its purpose the protection of the distinctive character of a trade mark. It reflects the legitimate concern to prevent individuals from resorting to trade mark protection in order to extend exclusive rights over technical developments further than the time protection that would be conferred under patent or design legislation, See Opinion of Advocate General Colomer, in Case *Philips Electronics BV v. Remington Ltd.*, Case C-299/99, *Op. Cit. Supra* n. 113 , par. 31, 32, as well as the ECJ ruling on the same case, par. 77.

³³⁵ Advocate General Jacobs held that the *Windsurfing Chiemsee* ruling concerned geographical terms and its rationale should only apply to cases involving geographical signs and not other type of descriptive signs. He found that the Court of First Instance “went too far in paragraph 23 of the judgement under appeal when it held that it was the intention of the legislature that signs of the kind described in Article 7(1)(c) should, by their very nature, be regarded as incapable of distinguishing the goods of one undertaking from those of another” (see par. 73 of the Opinion). He continued by stating that “ ... it may be better to think of Article 7(1)(c) of the Trade Mark Regulation as intended not to prevent any monopolising of ordinary descriptive terms but rather to avoid the registration of descriptive brand names for which no protection could be available” (see par. 78). However his statement is not adequately justified when based on the argument that geographic signs “as a trade mark would occupy the ground much more completely than would that of a mark comprising descriptive elements”. Indeed it is not sufficiently explained why signs designating geographic origin should be treated differently than all the other descriptive signs, such as those designating the quality or quantity or value, as all these fall within the concept of “characteristics of goods or services” according to the reading of Art. 3 (1) (c) of the Directive. It is interesting to note that when the Opinion of the Advocate General was delivered the CFI had just issued its ruling on *Doublemint*.

³³⁶ *Op. Cit. Supra* n. 286 at par. 37.

³³⁷ It has been argued that the competitors’ interests are safeguarded by the fair use defences of Art. 6 of the Directive (which the ECJ considered in the *Baby Dry* case). See Tim Pfeiffer, “Descriptive trade marks” *Op. Cit. Supra* n. 258, at. 377.

In *Doublemint*³³⁸ however the ECJ approached the “unwanted monopoly” issue by confirming that it would be unacceptable to register *Doublemint* as a trade mark where its competitors would expect to use similar or identical wording in order to describe their goods and / or services. The ruling clearly sets aside the Court’s original judgment in the *Baby Dry* case and narrows its scope by redefining the extent to which a descriptive sign may be registered. In his opinion in *Doublemint* Advocate General Jacobs confirmed that a descriptive term did not cease to be descriptive on the basis that it has more than one meaning in the industry. He continued by stating that the difference between *Doublemint* and *Baby Dry* was that *Baby Dry* had a structural and syntactical inversion of words whereas *Doublemint* conveyed a series of potentially descriptive meanings³³⁹. The ECJ held that a sign must be refused registration if at least one of its possible meanings designates a characteristic of the goods or services concerned and in that, it was following the reasoning of the public interest rationale, stating that the descriptiveness provisions pursue an aim “which is in the public interest, namely that descriptive signs or indications relating to the characteristics of goods or services in respect of which registration is sought may be freely used by all”³⁴⁰. Community case law has since *Windsurfing Chiemsee* repeatedly drawn attention to the need to apply the principle of availability, which is inherent in the general interest³⁴¹, and has linked it to the above mentioned aim of ensuring that a mark or indication may continue to be freely used when it is decided whether it is eligible for registration³⁴² expanding also that view to art. 3(1)(b) and (e)³⁴³.

³³⁸ ECJ ruling of 12.10.2003, Case C-191/01, *Office for Harmonisation in the Internal Market (Trade Marks and Designs) v. WM Wrigley Jr Company*, ECR, [2003].

³³⁹ Of course Advocate General had to make a point on the difference of these cases in order to justify his totally reversed approach in each of these cases.

³⁴⁰ See par. 31 of the Judgement. In the rulings *Koninklijke KPN v. Benelux Merkenbureau* concerning the *Postkantoor* trade mark (Post Office in Dutch) for telecom and the *Campina Malkunies BV v. Benelux Merkenbureau* concerning the *Biomild* trade mark for food products the ECJ seems to follow the line of diversions from *Baby Dry*.

³⁴¹ See Edward Smith, *Op. Cit. Supra* n. 237, at 471; see also the Opinion of Advocate General Ruiz Jarabo Colomer delivered on 16.1.2008 on case C-102/07 *Adidas AG and Adidas Benelux BV v. Marca Mode et al*, par. 44, including an extensive analysis of the German *Freihaltebedürfnis* principle, which as aforementioned was introduced in the European trade mark law by the ECJ only partially, i.e. without the requirement that there is a current, verifiable and serious need (to keep free), see par. 33-40 of the opinion.

³⁴² See in addition to *Windsurfing Chiemsee*, *Linde*, *Op. Cit. Supra* n. 243, *Libertel Op. Cit. Supra* n. 155, par. 52, *Henkel Op. Cit. Supra* n. 247, par. 40 and 41.

³⁴³ Regarding art. 3(1)(b) see *Henkel, Ibid, SATI, Op. Cit. Supra* n. 318, par. 26 and 27. Regarding art. 3(1)(e) see *Libertel, Ibid, Philips, Op. Cit. Supra*, n. 113, par. 80.

So far ECJ rulings have chosen between the two approaches and each time have followed one of them, as if the two approaches were contradictory and the adoption of one would preclude the other³⁴⁴.

However, it would be interesting to try to reconcile two approaches, namely the origin (flexible) and the public interest (strict) one. The two approaches could be used in a complementary to each other way: to find that a word mark is “unusual” and therefore non descriptive even though comprising common elements, does not mean that the public interest test is not applied. Indeed even if a trade mark consisting of, for example, two descriptive words in an unusual combination is registered, the owner of the mark shall not have a monopoly on each of the two words separately, but on the combination thereof. The trade mark owner shall not be able to stop any other trader from using the descriptive words forming part of his trade mark on the trader’s goods³⁴⁵.

C.d. Special conditions with regard to Shapes

The fact that some absolute grounds of refusal are based on public interest protection which so often is opposed to the trade mark owner’s interests might give rise to objections to the extent, for example, that a trade mark linked in the mind of consumers to a certain enterprise thereby is *de facto* distinctive and registrable but nonetheless not allowed registration for reasons of public interest³⁴⁶. In cases of conflict between the public interest and the trade mark owners’ interests the public interest should prevail.

However, the public interest does not in this sense mean the interest of consumers, but the interest of competitors. The interest of consumers would be satisfied only in an indirect way, i.e. through enhancement of competition. The interest of consumers

³⁴⁴ With regard to the public interest *Freihaltebeduerfnis* approach, it is clear that this applies in the context only of application procedure and no in cases of infringement, see Charles Gielen and Anne Marie Verschuur “Adidas v Marca II: Undue Limitations of Trade Mark Owner’s Rights by the European Court of Justice?” [2008] E.I.P.R., 254, at 256.

³⁴⁵ The CFI has combined the two approaches in its judgement in *UltraPlus*, *Op. Cit. Supra* n. 293.

³⁴⁶ In its explanatory memorandum to the proposal for the Directive the Commission states: “the shape of goods will not be refused registration unless the fact of registration would make it possible for an undertaking to monopolise that shape to the detriment of its competitors and of consumers”. The ECJ stated the same rationale in Case C-299/99 *Philips Electronics BV v. Remington Ltd.*, *Op. Cit. Supra* n. 113.

would at a first level seem to be satisfied in this case with the origin (flexible) approach (like the interests of the trade mark owner), through their ability to identify the goods.

It has been argued that, despite the structure of the Directive, in adjudicating cases on trade mark registrability, national courts could apply first the special provisions, e.g. when the case under examination involves a shape mark the court should apply first the test provided in national law implementing Art. 3 (1) (e) of the Directive and then if this allows registration the test of Article 3 (1) (b) of the Directive³⁴⁷. Even though this might seem unorthodox in the sense that one has to begin by establishing that the sign in question is indeed a trade mark, before applying the absolute legal grounds or refusal of registration on this trade mark, this method could help minimise the possibility of conflict of interest between trade mark owners and their competitors.

The Directive does not forbid the coexistence of parallel protection of trade marks and copyright, patent and industrial designs, if the provisions of each specific legislation are met. In its Preamble the Directive specifically states that the provisions of the Directive do not exclude the application to trade marks of other provisions of law.

However, it could be to the detriment of the public interest, signs normally falling in the definition of designs or patents and thus enjoying a restrictive time period of protection to be registered as trade marks and thus becoming a “perpetual monopoly”. Trade mark protection under the Directive extends to areas that used to fall within the scope of unfair competition or passing off and not to areas that fall within the scope of patents or designs. One should always keep in mind that the rights granted to a trade mark are substantially different to the rights conferred by a patent or an industrial design. As per the existing trade mark law in Europe, trade mark would not give its

³⁴⁷ See Alison Firth, Ellen Gradley and Spyros Maniatis, “Shapes as Trade Marks: Public Policy, Functional Considerations and Consumer Perception”, *Op. Cit. Supra* n. 156, at. 95. This however has not been followed by English courts. In *Dualit Ltd.’s Trade Mark Application* [1999], RPC 304 (Trademark Registry), [1999] RPC 890 283 regarding the registration of a retro-toaster shape, the Court applied first the registrability test under s. 1(1) relating to the definition of trade mark and 3(1) relating to the distinctive character, before even considering s. 3(2) relating to grounds of refusal especially for shapes. A similar approach was taken by the Court of Appeal in *Philips v. Remington* [1999] ETMR 816 (CA) where the distinctive character of the mark was considered first before examining s. 3(2). For an analysis of the ECJ case law on shapes see also Bergquist Jenny and Curley Duncan, “Shape Trade Marks and Fast-Moving Consumer Goods”, [2008] EIPR 17.

owner the right to prevent a third party from any unauthorised use, such as a technical application. Therefore, the “perpetual monopoly” of a trade mark should not be regarded as having the effect of a “perpetual monopoly” of a patent or design.

Attempts to circumvent legislation on patents and designs are therefore prohibited by virtue of Art. 3 (1) (e) of the Directive, namely s. 3 (2) of the UK TM Act and Art. 3 of the Greek Trade Mark Act. It is submitted that these provisions contain a test that is similar to the rules of functionality developed by the US courts, namely a doctrine designed to prevent trade mark monopolies from being used to avoid the requirements of federal patent or copyright law and to ensure the rights of existing and potential competitors³⁴⁸. Under this doctrine the fact that consumers might recognise a certain sign as emanating from a certain enterprise would not be of any relevance so long as the shape to be registered as trade mark was functional³⁴⁹.

C.e. Exceptions related to the absolute legal grounds for refusal

Article 3(3) of the Directive adds a significant qualification to the rule laid down by Article 3(1)(b), (c) and (d) in that it provides that a sign may, through use, acquire a distinctive character, which it initially lacked and thus be registered as a trade mark³⁵⁰.

It is therefore through the use made of it that a sign may acquire the distinctive character, which is a prerequisite for its registration, as the ECJ affirmed in its judgement in the *Windsurfing Chiemsee*³⁵¹. In this case the trade mark owner is “rewarded” for having succeeded in “transforming a bagatelle into an intangible property right” as AG Colomer put it³⁵². The Court stated that the distinctive character acquired through use means that the mark must serve to identify the products in respect of which registration is applied for, as originating from a particular

³⁴⁸ See Alison Firth, Ellen Gradley and Spyros Maniatis, “Shapes as Trade Marks: Public Policy, Functional Considerations and Consumer Perception”, *Op. Cit. Supra* n. 156, at. 95.

³⁴⁹ *Ibid*, See also Mc Carthy on Trademarks, 4th ed. Par. 7:66 and 81, cited therein.

³⁵⁰ “A Trade Mark shall not be refused registration [...] if, before the date of application for registration and following the use which has been made on it, has acquired a distinctive character.”

³⁵¹ Joined Cases C-108/97 and 109/97 *Windsurfing Chiemsee Productions –und Vetriebs GmbH v. Boots – und Segelzuehhor Walter Huber and Franz Attenberger*, *Op. Cit. Supra* n. 138, par. 52. Of course the opposite might also occur: marks lose distinctiveness because of diminution of consumer demand, diminution of use, use of similar marks on similar or dissimilar products, see M. Th. Marinos, *Trade Mark Law*, Sakkoulas, Athens [2007], at 94.

³⁵² See Opinion of AG Colomer delivered on 16.1.2008 on case C-102/07, *Op. Cit. Supra*, n. 341, par. 56.

undertaking and to distinguish them from those of other undertakings³⁵³. The distinctive character of a mark, including that acquired through use must be assessed with reference to the goods in respect of which registration is sought³⁵⁴.

Acquisition of distinctive character through use means that the relevant class of persons identifies the good or service as originating from a given undertaking, because of such use, i.e. use as a trade mark (not any use)³⁵⁵. The use of the mark for the purposes of identification by the relevant class of persons of the product or service originating from a certain undertaking is the test for application of art. 3(3) on acquired distinctiveness, i.e. the same as the test applied on inherent distinctiveness³⁵⁶. Such use, however, does not presuppose that the trade mark in question has been introduced to the public as a separate sign-it suffices that it is used as part of a registered trade mark or in combination with another mark³⁵⁷. In *Dyson*³⁵⁸, the referring court (High Court of England and Wales) asked the ECJ whether a visual feature mark can acquire distinctiveness through use during the period of a de facto monopoly. However, the Court did not answer this question but delivered its ruling on the basis of art. 2 of the Directive (and not art. 3 which was invoked by the referring court).

The ECJ also laid down the criteria to be used in assessing (similarly to the distinctive character of the mark for the purposes of Art. 3 (1) (b)(c) or (d)) the acquired distinctiveness within the context of art. 3(3) of the Directive³⁵⁹. These criteria are: the market share held by the mark, how intensive, geographically spread and long-standing use of the mark has been, the amount invested by the undertaking in promoting the mark, the proportion of the relevant class of persons, who, because of the mark, identify goods as originating from a particular undertaking; and

³⁵³ *Ibid* par. 46. This rule was repeated in the ECJ judgement of 4.10.2001 in the *Bravo* case (Case C-517/199, *Merz & Krell GmbH & Co v. OHIM*, *Op. Cit. Supra* n. 278, at 442.

³⁵⁴ See *Philips*, *Op. Cit. Supra* n. 113, par. 59.

³⁵⁵ *Ibid*, par. 26. See also case C-24/05 *August Storck KG v. OHIM*, *Op. Cit. Supra* n. 312 par. 61-62.

³⁵⁶ See *Nestle Op. Cit. Supra*, 196, par. 25.

³⁵⁷ *Nestle, Ibid*, par. 30.

³⁵⁸ Case C-321/03, Judgment of 26.1.2007, *Dyson Ltd. v. Registrar of Trade Marks* par. 17 and 26.

³⁵⁹ *Ibid*, at par. 51. It should be noted that these elements are to an extent similar to those used in order to assess the reputation of a mark, namely the (significant) degree of distinctiveness.

statements from chambers of commerce and industry or other trade and professional associations³⁶⁰.

D. CONCLUDING REMARKS

Along these cases the ECJ has underlined that the crucial role and objective of trade marks, i.e. the essential function thereof, is to guarantee the identity of origin. The central concept of the average member of the relevant public, has not been adequately defined though³⁶¹.

The absence of distinctiveness impedes a sign from being registered as a trade mark. This has been the case even before the harmonising effect of the Directive in both national legal frameworks under examination. Distinctiveness is closely linked to the origin function, which in the past was undoubtedly the only trade mark function enjoying absolute legal recognition. Similarly, under the new regime, non-distinctive signs are refused registration. Art. 3(1)(b) of the Greek Act 2239/94 and s. 3(1)(b) of the UK TM Act 1994 state that explicitly. In addition, all the relative grounds for refusal of registration are dictated by the same logic. When a sign does not inherently or subsequently have a strongly distinctive character it may not be allowed to register.

A final remark to be made on the past Greek trade mark legislation regards the system of registration. The so-called “formal” system required that the only way for legal rights to be conferred to trade marks, was by following the registration procedure and, therefore, abiding to the requested formalities³⁶². This has now changed with the Directive³⁶³, as implemented in the Greek Law by Art. 3(3) of Act 2239/94. A sign can acquire the necessary trade mark function, i.e the necessary distinctiveness, by way of its use. In the UK, the rule that a sign can become distinctive through its use, that is by acquiring a secondary meaning (that of a trade mark), already existed as we have seen, before the entry into force of the Directive.

³⁶⁰ *Ibid*, par, 49-51. See also *Nestle Op. Cit. Supra* n. 196, par. 31.

³⁶¹ See also *Leistner Op. Cit. Supra* n. 325, at 74.

³⁶² Article 2 of the 1998/39 Act, setting the formalities for the registration.

³⁶³ Art. 3(3).

As already mentioned above, the Directive introduced a broad definition of trade marks. National legislation has implemented the Directive with the results just examined. However, as it has been shown there are some inherent doctrinal and practical obstacles to the broadening of the notion of trade marks.

Trade marks grant a legal monopoly to their owners by attributing them an absolute right to use the mark. How wide should the scope of signs that can be monopolised be? The ECJ has provided some guidelines however the rules are not always clear and cohesive. In the group of registrability Directive provisions of trade marks the prevailing function is the origin function. In assessing the above, the ECJ has affirmed that both the customary use of trade marks as indicators of origin in the sector of industry concerned and the point of view of the average consumer must be taken into consideration³⁶⁴. However, it is submitted that apart from the function of a trade mark as indicator of origin the public interest should also be protected in the sense that these provisions (which are *ex officio* applied) are used as a filter for preventing the registration of signs that must remain available for everyone to use in trade. Also, within the notion of the public interest lies also the consumer protection against misleading, immoral or illegal marks. This three fold framework which is highly subjective demands a very careful application based on clear and solid guidelines. The significance of a cohesive interpretation of these provisions of the Directive by the ECJ, the Court of First Instance as well as all the Community Trade Mark regulative authorities is fundamental to the creation of a truly harmonised trade mark law in Europe. It is evidently very important for reasons of legal certainty to have all European bodies in line with one another and with the national courts. It should be born in mind that the infringer of a CTM may bring a counterclaim for revocation of a CTM in infringement proceedings that take place before a national court and that this court may actually cancel the CTM with an effect on the whole Community (Art. 96(5), 51, 7 of the Regulation). Therefore, it is important that all courts involved in this procedure, for example, follow the same guidelines.

³⁶⁴ See Case C-324/1997, *Lloyd Schuhfabrik Meyer v. Klijsen Handel*, *Op. Cit. Supra* n. 311.

PART. III. TRADE MARK USE

After examining what is a trade mark and what are the criteria for its registration, it is important to see what is trade mark use and in particular what are the rights conferred to the trade mark owner or in the reverse what kind of unauthorised “use” by a third party constitutes infringement of a trade mark. The functions of trade marks affect trade mark registrability as well as trade mark use and, of course, the scope of protection³⁶⁵. Trade mark use will be examined also to the extent that it serves as a restriction to the trade mark owner’s rights, thereby securing the boundaries of the public interest rationale examined in the previous chapter. It is submitted that even marks that have been found to fulfil the origin function according to the “flexible” test described above may also fulfil the public interest rationale of the “stricter” test and be freely used by all as long as their use by third parties is not trade mark use.

A. WHAT IS TRADE MARK USE?

A.a. Trade Mark Use According to the Directive.

As we shall examine below, unlike the Greek Trade Mark Law 2239/1994, neither the Directive nor the UK TM Act which implements the Directive in the UK refer to the need of trade mark use in infringement proceedings. So the question is raised whether in the light of the Directive the only use prohibited is indeed trade mark use³⁶⁶. It is of course clear that use in the course of trade is an entirely different notion than trade mark use. Signs may be used by market factors in the course of their commercial activity for many purposes, e.g. descriptive, but not as trade marks.

Article 5 (1) of the Directive provides: “The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade: (a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered, and (b) any sign where because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of

³⁶⁵ It should be noted that the definition of trade mark use is also important in the context of revocation provisions, namely the ground of revocation for non use.

³⁶⁶ See “Trade Mark Use”, J. Philips & Ilanah Simon eds. Oxford University Press, [2005].

confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark”. Furthermore Article 5(3)(a) of the Directive provides that the following may be prohibited (a) affixing the sign to the goods or to the packaging thereof and (b) offering the goods, or putting them on the market or stocking them for these purposes.

Art. 5(1) (a) of the Directive must be interpreted in the light of the trade mark functions protected in the framework of the European trade mark law. The ECJ has examined the issue whether art. 5(1) (a) of the Directive allows a trade mark owner to prohibit the use by a third party in the course of trade of a sign which is identical or similar to the registered trade mark for identical or similar goods or whether the right of the trade mark owner requires the existence of a specific legitimate interest of the trade mark owner in such a way that use could affect or does actually affect one or all of the trade mark functions³⁶⁷.

Furthermore according to Art. 6 (1) of the Directive: “The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, (a) his own name or address, (b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services, (c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or other parts, provided he uses them in accordance with honest practices in industrial or commercial matters”.

A.b. Trade Mark Use Under UK Law

UK Trade Mark Act s. 11(1) and (2) permits the use, provided it is in accordance with honest practices in industrial and commercial matters, of the following: a person’s own name, indications of kind, quality, quantity, intended purpose, value, geographical origin, time of production or rendering, or other characteristics of the goods or services, the mark itself, where this is necessary to indicate the intended purpose of a product or service – in particular as accessories or spare parts.

³⁶⁷ C-206/01, *Arsenal Football Club plc v. Matthew Reed*, ECR [2003], Judgement of 12.11.2002.

Under UK law it is required that infringement takes place in the “course of trade ” by a “sign” and it is no longer an explicit requirement that this use be “as a trade mark”³⁶⁸. However, courts even under the 1994 TM Act tend to confine infringement to trade mark uses of the mark because this is considered to be inherent to the notion of using a sign in the course of trade³⁶⁹. In *Reed Executive v. Reed Business Information*³⁷⁰, Pumfrey J held that there had to be use of the sign for business purposes, so as to indicate the trade origin of the goods or services. In the “*Philishave*” shape mark case the defendant, Remington, argued *inter alia* that their use in incorporating a similar shaving head in Remington products was not trade mark use but merely functional³⁷¹. However, Aldous LJ in the same case in the Court of Appeal expressed the view that trade mark use was not essential on the basis that s. 9 and 10 of the TM Act do not require an infringing use to be trade mark use and that s. 11 c) contains a list of exceptions in which any use that is not “trade mark use” falls³⁷². In another case the Football Association tried to prevent a third party from putting cards of football players that bore T-shirts with the Football Association’s logo, on the sweets the third party manufactured, but the court held that the cards were not used to indicate the sweets’ manufacturer and were not used “in relation to goods”³⁷³.

In the cases mentioned above the courts have shown a reluctance to prevent a third party from using a word or other sign which corresponds to another’s registered trade mark where potential damage does not appear very concrete. These rulings show that in UK case law it has been accepted that marks are to be protected for their value as

³⁶⁸ There is no explicit exclusion either, see Paul Garland and Victoria Wilson, “Trade Marks: What Constitutes Infringing Use?”, EIPR, [2003], 373 at 374. The ambiguous reference to “use” in both the Directive and the 1994 TM Act has led to much academic and judicial debate as to which interpretation –the narrow “trade mark use” (use that indicates trade origin) or the wider “any use” construction–is correct, see Kerly’s Law on Trade Marks and Trade Names [2001], par. 13 –13 and 13 –14.

³⁶⁹ See W. R. Cornish and David Llewelyn, *Op. Cit. Supra* n. 45, at 742.

³⁷⁰ RPC [2003], 207, at par. 129. See also the Court of Appeal judgment in the *Arsenal* case ([E.W.C.A. Civ. 696, [2003] where it was held that “use of the trade mark on goods such as scarves and hats, whether by Arsenal or others does not denote origin” par. 69.

³⁷¹ *Philips Electronics v. Remington* RPC [1998], 283 at 312. We do not have a court ruling on this since the point did not need to be decided– as we have seen the mark was held to be invalid therefore there was no need to examine trade mark use. *Cf* the judge’s earlier view that there was no requirement of use as a trade mark, *British Sugar v. Robertson* RPC [1996] 281 at 292-293.

³⁷² *Philips Electronics v. Remington* RPC [1999], 809, CA. It should be noted that certain uses may not be clearly infringing uses neither falling though in the statutory defenses.

³⁷³ *Trebor Basset v. Football Association* FSR [1997] 211.

indications of origin. However, it has been submitted that when marks have a reputation, use could encompass a non-trade mark use³⁷⁴.

In the first Arsenal High Court Decision³⁷⁵ Laddie J held that the Arsenal signs used by the defendant were perceived as badges of support, loyalty or affiliation, therefore not used as trade marks³⁷⁶; he required clarification from the ECJ whether trade mark use is indeed a prerequisite for infringement under the Directive. In the second High Court decision, on return from the ECJ (the ruling of which shall be examined further below), Laddie J emphasised statements of the ECJ that certain uses of a trade mark, such as descriptive uses, are excluded from the scope of infringement provisions and concluded that since use made by the defendant was not trade mark use, there was no infringement³⁷⁷. Upon appeal, Aldous J found that the issue of trade mark use is irrelevant, and that what matters is whether the origin function of the mark is affected: “Unchecked use of the mark by a third party, which is not descriptive use, is likely to damage the function of the trade mark right because the registered trade mark can no longer guarantee origin, that being an essential function of a trade mark”³⁷⁸. A subsequent Court of Appeal ruling repeated however that the alleged infringer has to be using the sign in a trade mark sense mentioning that “It stands to reason that a Trade Marks Act would only be concerned to restrict the use of a mark in a trade mark sense and should be construed accordingly”³⁷⁹.

It follows that a part of the English judiciary interpreted the ECJ ruling in Arsenal as broadening the scope of trade mark protection to non-trade mark uses, while another

³⁷⁴ W. R. Cornish and David Llewelyn, [2007] *Op. Cit. Supra* n. 45 at 745, even though the authors are confined to the example of use in a dictionary, which of course has to be considered in a special manner in view of the impact it would have on the characterisation of a mark as generic.

³⁷⁵ *Arsenal Football Club plc v. Matthew Reed* [2001] ETMR 77.

³⁷⁶ It has been argued though that affiliation, support and loyalty is the aim of every brand (obviously related to the advertising function thereof), therefore inherent to the notion of “trade mark use”, see Rob Sumroy and Carina Badger, “Infringing “Use in the course of trade”: trade mark use and the essential function of a trade mark”, in *Trade Mark Use*, J. Philips & Illanah Simon ed., Oxford University Press [2005], 180.

³⁷⁷ *Arsenal Football Club, plc v. Matthew Reed* [2002], EWHC 2695 (Ch).

³⁷⁸ *Arsenal Football Club plc v. Matthew Reed* [2003], EWCA Civ 696, par. 45. See also Rob Sumroy and Carina Badger, *Op. Cit. Supra* n. 376, who remark that “With the notable exception of the Court of Appeal in Arsenal the English judiciary seems to be operating in the jurisprudence of the 1938 Act”, at 174.

³⁷⁹ *R v. Johnston* [2004] ETMR 2, citing *Mothercare (UK) Limited v Penguin Books Ltd* [1988] RPC 113.

part interpreted it as reaffirming the stipulation of trade mark use by its emphasis on the essential function of a trade mark as guarantee of origin³⁸⁰.

A.c. Trade Mark Use Under Greek Law.

The Greek Trade Mark Act 2339/94 in Art. 20 par. 1 explicitly states that the use of a mark is allowed to third parties if effected in accordance with honest practices in industrial or commercial matters *and* if it does not constitute *trade mark use*³⁸¹. The last prerequisite of non trade mark use (which as aforementioned does not exist in the Directive) is a remainder from the old Greek trade mark Law 1998/39 (Art. 18). The choice of the Greek legislator to leave it also in the wording of the new law was severely criticised by legal doctrine³⁸². As per Greek legal doctrine despite their absolute character, trade mark rights are restricted by law from the point of view of their scope of protection³⁸³. The trade mark owner's powers are defined by Greek trade mark law a) in an affirmative manner (which is also not included in the Directive) i.e. as an enumeration of what the trade mark owner can do, as per art. 18 par. 1 of the Greek trade mark law, for example affixing the mark on his products, place it on the wrappings and the packaging of the products, on correspondence papers, price lists, announcements, advertisement etc., and b) in a negative manner i.e. as an enumeration of what he can forbid third parties from doing. In this last enumeration it is specifically stated that third parties are prohibited not from generally using his mark but from using it "as a trade mark". It follows that use of a trade mark by an unauthorised third party which is not "trade mark use" is according to Greek trade mark law, even prior to the Directive, allowed.

Use of a sign "as a trade mark" is considered by legal doctrine to be use in a way that would allow the average consumer to distinguish the goods of one undertaking from those of another³⁸⁴. Greek case law has ruled *ad hoc* whether there is "trade mark

³⁸⁰ See also Rob Sumroy and Carina Badger, *Op. Cit. Supra* n. 376 and Po Jen Yap, "Making Sense of Trade Mark Use", EIPR [2007], 420.

³⁸¹ *Emphasis added.*

³⁸² See Nik. K. Rokas, "Functional Amendments of Trade Mark Rights", [1997], EEmpD, 457. However, the ECJ case law has shown that the notion of trade mark use has indeed a place within European trade mark law.

³⁸³ See L. Kotsiris, "Unfair Competition Law", Sakkoulas [2000], 300, A. Psarras, "The Limitations of Trade Mark Rights", *Dikaio Epixeiriseon kai Etairion* (henceforth: DEE), [1996], 227, Liakopoulos, *Op. Cit. Supra* n. 63, at 336-337.

³⁸⁴ See, M. Th. Marinou, in Nik. Rokas ed. *Trade Mark Law*, *Op. Cit. Supra* n. 63.

use”, mainly on the basis of whether the average consumer is confused as to the origin of the products³⁸⁵. In MonPrAth 5632/2004³⁸⁶ the court found that the use of the words “Coffee Time” which are a registered trade mark for coffee shops, in an advertising for coffee products sold under the trade mark “Papagalos Loumidi”, was not trade mark use, as a) the words were written in Greek letters so as to stress the fact that the advertised product was Greek style coffee, b) there were other words that also stressed the fact that the coffee advertised was Greek style coffee and c) the words “coffee time” is a widely used foreign phrase which was used in the specific advertising in a way that precluded any association with the plaintiff’s trade mark. It is obvious from the above that the court mixed the descriptive use and confusion criteria and gave no valid explanation why the use of a similar trade mark in the advertisement of a competitor is not creating confusion.

However it has also been submitted by case law (even though it has not yet been affirmed to a full extent³⁸⁷) that use by a third party of a trade mark for advertising purposes, namely without there existing a risk of confusion as to origin, does constitute “trade mark use” because it affects a trade mark function, namely the advertising function³⁸⁸.

Use of a mark in encyclopaedias, scientific works, in art or in the press does not constitute trade mark use and it is not relevant whether such use is made in order to make profit, by chance or on purpose³⁸⁹. It has been accepted that use of a trade mark as part of a company name constitutes trade mark use because, even though it identifies the company directly, it does also identify the goods indirectly³⁹⁰. However in a more recent case, the Court did not recognise trade mark use in the inclusion of the trade mark in the company name³⁹¹. In another case brought before the Greek courts concerning use of the community trade mark PAGO in the company name of a

³⁸⁵ See, *inter alia*, PolPrAth (Multi Member First Instance Court of Athens) 14119/81, EEmpD 140, PolPrAth 460/96 EEmpD [1996], 404, Areios Pagos (Supreme Court) 335/1994 DEE, [1995], 49, MonPrAth 12346/1996, DEE [1997], 367, EfAth 4543/97 DEE, [1998], 149 Areios Pagos 330/2007, EEmpD [2007], 426, M. Th. Marinos, Trade Mark Law, *Op. Cit. Supra* n. 351, at 162.

³⁸⁶ EEmpD [2004], 626.

³⁸⁷ See the case law mentioned in Marinos, Trade Mark Law, in Nik. Rokas ed., *Op. Cit. Supra* n. 63, 5 art. 20, par. 13.

³⁸⁸ See, Nik. Rokas, *Op. Cit. Supra* n. 63, at 264, MonPrAth 5632/2004, EEmpD [2004], 627.

³⁸⁹ See Marinos *Op. Cit. Supra* n. 351, at 229.

³⁹⁰ *Ibid*, 230, see also Areios Pagos 1131/1995 EEmpD [1996], 197.

³⁹¹ EfAth 866/2004, EllDni 46, 592.

third party (and where on the products a wholly different mark was affixed) the court found that no facts were presented to indicate that such use constituted use of the mark for the distinction of “products or services”³⁹². Mentioning the ECJ ruling of Celine³⁹³ the Greek court stated that the mere inclusion of the trade mark in the company name is made for purposes of distinguishing the business owner, the business itself, or a branch or outlet thereof and is therefore not use for the distinction of “goods or services”³⁹⁴.

Whether there is trade mark use or not is estimated on an *ad hoc* basis³⁹⁵. There is trade mark use when the sign appears on the goods in a manner that catches the consumer’s eye, e.g. in big letters³⁹⁶, but not if explanatory elements are added which make it clear that the goods do not originate from the senior mark owner³⁹⁷, if used in parody or as a decorative element³⁹⁸. In a recent decision concerning infringement of a three dimensional trade mark of a long cylindrical cigar shape for a certain type of chocolate candy, the Court found that use of exactly the same cylindrical shape (even though the word mark for distinguishing the goods was totally different) was use as a trade mark, and was not made for decorative purposes, since the consumer perceived it as an indication of origin³⁹⁹. It is irrelevant whether the user of the sign is aware of the prior registered trade mark, whether such use is made on purpose or by accident, made with a view to profit or not⁴⁰⁰.

B. INTERPRETATION OF THE DIRECTIVE PROVISIONS

As we have seen in Part I of the present thesis in the system of free movement of goods and services and effective competition within the EU, undertakings must be capable of attracting consumers through the quality of their goods or services, which

³⁹² MonPrAth 2528/2009, DEE [2010], 170, with comments by H. Apostolopoulos.

³⁹³ See below under B.b.

³⁹⁴ *Op. Cit. Supra* n. 392, at 171.

³⁹⁵ EfAth 4068/1991 EEmpD [1992], 665.

³⁹⁶ 5632/2004 MPrAth EEmpD [2004], 626, Areios Pagos 335/1994 DEE [1995], 50, Areios Pagos 702/1973 EEmpd [1974], 277.

³⁹⁷ EfAth 4068/1991 *Op. Cit. Supra* n. 353, Rokas 154/155 in Marinis *Op. Cit. Supra* n. 351, at 163.

³⁹⁸ Marinis *Op. Cit. Supra* n. 351, at 163.

³⁹⁹ PolPrAth 585/2010, EEmpD [2010], 180 at 190.

⁴⁰⁰ Marinis *Op. Cit. Supra* n. 351, at 163, 164. See also M. Perraki, EEmpD [2003], 436, on the issue of whether trade mark use is a limit per se on the right of the trade mark owner, or must always be examined within art. 20 par. 1 of the Greek trade mark law.

is achieved by distinctive signs allowing them to be identified⁴⁰¹. The ECJ has repeatedly upheld the view that the main trade mark function is the origin function in that trade marks are a guarantee of origin of the marked goods or services by enabling the consumer to distinguish the goods or services of one undertaking from those of another⁴⁰². This is why the protection conferred on a trade mark is absolute in the case of identity between the mark and the goods. In view of the above it is asked whether the trade mark owner's right should be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark or whether unauthorised use in general should be prohibited. Furthermore, if the first approach is upheld, is it enough that any of the functions of the trade mark be affected, or should in particular its essential, according to the ECJ, function of guaranteeing to consumers the origin of the goods be affected? The above questions have been answered by the ECJ case law examined below.

B.a. ECJ case law on use and trade mark functions

It seems from the wording of the Directive that the only requirement is that use is made in the course of trade⁴⁰³; however, it appears from the ECJ case law that it is only use that affects or might affect the functions of the registered mark that will be enjoined.

In *BMW*⁴⁰⁴ the Court stated clearly that the scope of application of Article 5(1) of the Directive depends on whether the trade mark is used for the purpose of distinguishing the goods or services as originating from a particular undertaking "that is to say as a trade mark as such". As per the ECJ⁴⁰⁵, articles 5-7 of the Directive do not entitle the proprietor of a mark to prohibit a third party from using the mark for the purpose of informing the public that he carries out the repair and maintenance of goods covered by that trade mark and put on the market under the proprietor or with his consent, or

⁴⁰¹ See, *inter alia*, Case C-10/89 *HAG GF* [1990] ECR I-3711 par. 13 and Case C-517/99 *Merz & Krell Op. Cit. Supra* n. 278, par. 21.

⁴⁰² *Ibid* at par. 48, also *inter alia* Case C-201/77 *Hoffman La Roche* [1978] ECR 1139 par. 7 and Case C-299/99 *Philips Electronics BV v. Remington Ltd.*, Case C-299/99, *Op. Cit. Supra* 113, par. 30

⁴⁰³ National trade mark laws explicitly mentioning the trade mark use prerequisite, such as the Greek one, would then invoke questions as to their compatibility with the Directive.

⁴⁰⁴ Case C-63/96 *Bayerische Motorenwerke AG (BMW) and BMW Nederland BV v. Roland Karel Deenik* [1999], ECR I -905, par. 38. Greek case law is also in line with this, see for example EfPatr 1058/1998, [1998], DEE, 860.

⁴⁰⁵ *Ibid*.

that he has specialised or is a specialist in the sale or the repair and maintenance of such goods, unless the mark is used in a way that *may create to the public the impression that there is a commercial connection between the other undertaking and the trade mark proprietor* and in particular the reseller's business is affiliated to the trade mark proprietor's distribution network or that there is a special relationship between the two undertakings⁴⁰⁶. As per the ECJ the use by a third party in the course of trade of a trade mark to distinguish the goods of the trade mark owner, could be found infringing if by that use the impression of the existence of a commercial connection between the trade mark owner and the third party was created.

Along the same lines, the Court stated in *Toshiba*⁴⁰⁷ that where product numbers of an equipment manufacturer are, as such, distinguishing marks, their use in the catalogues of a competing supplier enables him to take unfair advantage of the reputation attached to those marks, only if the effect of the reference to them is to *create, in the mind of the persons at whom the advertising is directed, an association between the manufacturer and the competing supplier*, in that those persons associate the reputation of the manufacturer's products with the products of the supplier (taking into account the overall presentation of the advertising and the type of persons to whom it is addressed).

The ECJ considered in *Hoeltherhoff*⁴⁰⁸ the use of the registered marks "Spirit sun" and "Context Cut" by an alleged infringer in the course of oral sales negotiations to refer to a particular cut of gemstone. The Court on a reference from a German Court found that such use did not fall within the concept of use required for a finding of infringement under Art. 5 (1) of the Directive⁴⁰⁹. The Court is clear, whereby it states that the interests of the trade mark owner are not affected by a situation where the reference to the trade mark in the course of commercial negotiations for purely descriptive purposes, so that there can be no question that the trade mark is being used as a sign indicative of the undertaking of the origin, cannot be interpreted by the potential customer as indicating the origin of the product⁴¹⁰; therefore use for merely

⁴⁰⁶ *Ibid*, at par. 64. *Emphasis added*.

⁴⁰⁷ C-112/99, *Toshiba Europe GmbH v Katun Germany GmbH*, judgement of 25.10.2001, at par. 60.

⁴⁰⁸ Case C-2/00, *Michael Hoeltherhoff v. Ulrich Freiesleben*, [2002] ECR I - 4187 at par. 16.

⁴⁰⁹ *Ibid*.

⁴¹⁰ *Ibid*, at par. 16 and 17.

descriptive purposes does not constitute infringement. As per the ECJ art. 5(1) of the Directive is not even engaged if “the reference to the trade mark cannot be interpreted by the potential customer as indicating the origin of the product”⁴¹¹.

In its ruling in *Arsenal*⁴¹², the ECJ repeated the requirement that infringing use should affect the origin function, but did not clearly state that trade mark use is a requirement for infringement, despite the fact that this was exactly the question asked by the referring court (High Court of England and Wales)⁴¹³. The ECJ ruled on the basis of risk of confusion of Art. 5(1) (a) of the Directive and found that the use in question would create the impression of a material link between the goods and the trade mark proprietor⁴¹⁴. Moreover as to the indication that the goods sold were not official Arsenal goods the Court stated that even on the assumption that such an indication could be relied on as defence against infringement, there would be a clear possibility that post sale consumers would see the Arsenal signs as indicating trade origin. The ECJ, within the limits of the questions asked by the referring court⁴¹⁵, had either to affirm that use in question was not trade mark use, but that trade mark use is not required under the Directive in order to establish infringement or that the use in question was indeed trade mark use and one that would create post sale confusion thereby infringing the mark. Instead the ECJ stated that the use is not infringing “if

⁴¹¹ *Ibid.*

⁴¹² *Op. Cit. Supra* n. 367.

⁴¹³ The case concerned the unauthorised marketing of products bearing signs identical to the Arsenal registered trade marks (on the products but not on the merchandising tags – this in the opinion of Laddie J did not constitute “use as a trade mark” on the part of Mr Reed). In Mr Reed's shop there was a large sign stating clearly that the signs on the products offered for sale did not imply or indicate any affiliation or relationship with the manufacturer or distributors of any other products and that only goods with official Arsenal merchandising tags were official Arsenal merchandise. Laddie J in the High Court found that the Arsenal signs on Mr Reed's products were “badges of support, loyalty or affiliation” and that there was no risk of confusion to consumers and referred the following questions to the ECJ: “1. Where a trade mark is validly registered and (a) a third party uses in the course of trade a sign identical with that trade mark in relation to goods which are identical with those for which the trade mark is registered; and (b) the third party has no defence to infringement by virtue of art. 6 (1) of the Directive: Does the third party have a defence to infringement on the ground that the use complained of does not indicate trade origin (i.e. a connection in the course of trade between the goods and the trade mark proprietor)? 2. If so, is the fact that the use in question would be perceived as a badge of support, loyalty or affiliation to the trade mark proprietor a sufficient connection?” *Ibid.*

⁴¹⁴ Since Laddie J had already established there was no risk of confusion he considered that the ECJ had exceeded its jurisdiction under Art. 249 of the EU Treaty and did not follow its ruling (*Arsenal Football Club Plc v. Matthew Reed* [2003] 1 All ER 137). See Peter Dyberf and Mikael Skylyv, “Does Trade Mark Infringement Require that the Infringing Use be Trade Mark Use and if so, what is “Trade Mark Use”?”, [2003], EIPR. The ECJ's finding about post sale confusion is interesting and shall be examined further below.

⁴¹⁵ The aim of the questions was exactly this: is trade mark use, even though this is not stated explicitly in the Directive, a requirement to establish infringement?

that use cannot affect [the proprietor's] own interests ... having regard to [the trade marks] functions”⁴¹⁶. According to the ECJ the exercise of the proprietor's exclusive right must therefore be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark, “in particular its essential function of guaranteeing to consumers the origin of the goods”⁴¹⁷.

The ECJ also found that unauthorised use of a mark by a third party (which is not descriptive use) is likely to damage the function of a trade mark because the registration will no longer be able to guarantee origin. The use of the “Arsenal” marks on the goods at issue was such as to create the impression that “there is a material link in the course of trade between the goods concerned and the trade mark proprietor”⁴¹⁸. Lastly the Court held that the fact that a sign is perceived as a badge of affiliation, support or loyalty was immaterial.

This essentially means that according to the ECJ, a third party using the mark would have no other defences than the ones mentioned in the relevant articles of the Directive, but could also put forward that the use made does not affect the origin function (which practically means that it is not trade mark use). If the ECJ wanted to extend the scope of protection to cases where no trade mark use is made, it would have explicitly stated that use affecting any trade mark function would be considered as infringement (not “in particular” the origin function ⁴¹⁹) or that trade mark use is not a prerequisite for infringement.

Because the ECJ did not give a clear answer as to whether trade mark use is a requirement for infringement, the judgment was read in different ways. Laddie J in the UK thought that the ruling had to be interpreted as meaning that trade mark use (use indicating origin) is necessary in order to infringe a trade mark. In that context he found, as we have mentioned, that the use by Mr Reed as an embellishment was not trade mark use and gave judgment for Mr Reed. Further he found that the ECJ's

⁴¹⁶ *Op. Cit. Supra*, n. 367, par. 54.

⁴¹⁷ *Op. Cit. Supra*, n. 367, par. 51, C-245/02 *Anheuser Busch v. Budejovicky Budvar* [2005] ETMR 27 at par. 59.

⁴¹⁸ *Op. Cit. Supra* n. 367, par. 56.

⁴¹⁹ B. Trimmer, in “An Increasingly Uneasy Relationship: The English Courts and the European Court of Justice in Trade Mark Disputes”, EIPR [2007], 87 sees however in the constant use of the word “functions” in plural by the Court the opposite, i.e. that all functions are protected.

conclusions that Mr Reed's use of marks was liable to jeopardize the guarantee of origin of the goods, was a finding of fact (beyond ECJ competence in the context of preliminary rulings) - contrary to his own previous finding and refused to abide with it⁴²⁰. Upon appeal Aldous J gave a different interpretation: it explained that the ECJ had concluded that the relevant consideration was not whether the use complained of was trade mark use or not, but whether it was likely to damage the trade mark; or as per the ECJ to affect the guarantee of origin which constitutes the essential function of the mark.

Essentially the UK Court of Appeal was suggesting that any use could be infringing irrespective of whether it is trade mark use or not⁴²¹. However, if one accepts that the damage to the mark occurs only when the origin function is affected, the result is the same as accepting that trade mark use (indicating origin) is a prerequisite for infringement.

Advocate General Colomer's Opinion in *Arsenal* is interesting. He stressed that trade marks not only function as indicators of origin but also of "quality, reputation and even, in certain cases, a way of seeing life" and that trade marks may thus be used for advertising purposes "in order to inform or persuade the consumer"⁴²². Therefore any use that would have or has an effect on any of those purposes is indeed a "trade mark use"⁴²³. According to Advocate General Colomer when the Directive states that protection is "absolute" in the case of identity (as in the case considered) it means that, in the light of the aim of trade mark law, protection is afforded to the proprietor irrespective of whether there is a likelihood of confusion, because in such situations

⁴²⁰ *Op. Cit. Supra* n. 414.

⁴²¹ The confusion over whether trade mark use is a prerequisite still remains, see for example *R v. Johnstone* [2003], All ER 865 issued subsequent to the Court of Appeal in *Arsenal*, finding again that trade mark use is necessary Jennifer Bryant "Arsenal v Reed, The End", 15.7.2003, www.twobirds.com, James Tumbridge "Trade Marks: The Confusion of Use", EIPR [2004] 431, Ian Kilbey "The Ironies of Arsenal v. Reed", EIPR [2004], 479, Illanah Simon "Embellishment: Trade Mark Use Triumph or Decorative Disaster?", [2006] EIPR 321, Po YenYap *Op. Cit. Supra* n. 380, at 420.

⁴²² Opinion of Advocate General par. 43. It should be noted however that this view is not upheld by the trade mark legal doctrine. See M. Perraki, EEmpD [2003], 436 comments on *Arsenal*.

⁴²³ *Ibid.* It should be noted that the Advocate General refers to a risk of confusion with regard to the quality and advertising function of the mark (referred to as "misleading indication as to origin, provenance, quality or reputation" and "confusion over quality and reputation" see par. 49, 50 and 54); however confusion as to quality and advertising *per se* is not upheld by trade mark theory and case law that has affirmed the existence of a risk of confusion only when there is confusion with regard to origin (which of course encapsulates the confusion as to quality).

there is a presumption that there is such likelihood⁴²⁴; and not on the contrary that protection is accorded to the trade mark owner *erga omnes* and in all circumstances⁴²⁵. In this light the Advocate General believes that trade marks having a reputation must be accorded “absolute” protection, i.e. even where there is no likelihood of confusion⁴²⁶. He affirms that the decisive factor “is not the feelings which the consumer who buys the goods which the trade mark represents, or even the third party using it, harbour towards the registered proprietor but the fact that they are acquired because, by bearing the sign the goods identify the product with the trade mark-irrespective of what the consumer thinks about of the mark – or even, as the case may be of the proprietor”⁴²⁷.

The Court did not follow Advocate General’s view on this. It stated that the proprietor could not prohibit the use of a sign identical to the trade mark for goods identical to those for which the mark is registered, if that could not affect his own interests as proprietor, having regard to its functions. The Court did not explicitly include in these functions any other function than the origin one⁴²⁸.

⁴²⁴ See also Advocate General Jacobs’ Opinion in *LTJ Diffusion*.

⁴²⁵ Par. 51. However, the Advocate General does not accept an absolute right that would be equal to that of a patent or copyright, by which exclusive use rights *erga omnes* and in any case, but which grants rights only against third parties who wish to profit from the mark’s status and reputation (par. 45).

⁴²⁶ Par. 33. Even though this will be examined below it would be worth noting that at the time the Advocate General delivered his opinion the ECJ had not yet issued its ruling in case C-292/00 *Davidoff & Cie SA, Zino Davidoff SA v. Gofkid Ltd* which states exactly this. Advocate General Jacobs in his opinion in *Davidoff v. Gofkid* stated that trade marks with a repute enjoy the same protection as other trade marks. Of course Advocate General Jacobs admits that there might be cases where a mark of repute is not protected in the case of use on similar products without a risk of confusion, but that these cases are very rare in practice and that the ECJ case law makes them even more rare by extending the scope of the risk of confusion (see par. 51 of his Opinion). In the *Arsenal* case Advocate General Colomer criticised this position saying that the more distinctive the mark the less the risk of confusion. He mentioned as an example that the use of the mark Coco-Colo for refreshments would not create a risk of confusion with the Coca-Cola mark and that in such a case the trade mark owner would not be protected at all (par. 20).

⁴²⁷ Par. 57. This approach, which does not take regard of the consumer, resembles the rationale followed in certain US rulings on these issues, which we shall see below. However, this position was characterized as “dangerous” especially in view of the “strict” approach described above that focuses on the public interest, i.e. the consumer. See. Simon Miles, “The EFU and Arsenal Cases: The Use of Sporting Trade Marks in Merchandising”, [2002] EIPR 543, at 548.

⁴²⁸ Par. 54. The Court stated that taking unfair advantage of the status and reputation of the mark constitutes an infringement of the origin function! (see par. 50). However, the ECJ judgement irrespective of the rationale it followed reached a conclusion that resolved the very important issue of merchandising by correctly attributing adequate protection to trade mark owners.

The ECJ held in *Adidas*⁴²⁹ that the fact that a sign is viewed as an embellishment by the relevant public is not, in itself, an obstacle to the protection of the mark where the degree of similarity is such that the relevant section of the public establishes a link between the sign and the mark. Even though no mention was made thereof, this finding was interpreted as being related to trade mark use. Some authors perceived it as meaning that the ECJ did not require trade mark use to be found for infringement to be established under art. 5(1)⁴³⁰. Some others argued that this finding meant that the ECJ's concern remained whether the third party had been using the infringing sign to indicate where his goods emanated from, i.e. whether the use was trade mark use⁴³¹. It is interesting that in the Opinion of Advocate General Jacobs in *Adidas Salomon v. Fitnessworld* of 10.7.2003, the issue was seen from the point of view of trade mark use and it was found, that “ [...] if the relevant section of the public perceives a given sign as doing no more than embellishing goods, and in no way as identifying their origin, that sign cannot be regarded as used for the purposes of distinguishing those goods”⁴³².

B.b. Further ECJ guidelines

In its subsequent ruling in *Anheuser Busch*⁴³³, the ECJ was given another chance to clarify its standpoint on the issue of trade mark use. It stated that infringing use is such where “[...] consumers targeted, including those who are confronted with the goods after they have left the third party's point of sale, are likely to interpret the sign, as it is used by the third party, as designating or tending to designate the undertaking from which the third party's goods originate”⁴³⁴. It follows that this time the ECJ opted for the consumers' approach and held that where the use is interpreted by them as being for purposes other than to distinguish the goods concerned, such use is not infringing. As we have seen, the Court in *BMW* had stated this from the point of view of the third party and his intention when using the mark ([...] the mark is used for the purpose of distinguishing the goods [...])⁴³⁵.

⁴²⁹ *Ibid.* Judgment of 23.10.2003, par. 39.

⁴³⁰ Justine Antill and Allan James, “Registrability and the Scope of Monopoly: Current Trends”, [2004], EIPR, 157, at 159.

⁴³¹ Po Jen Yap, “Essential Function of a Trade Mark: from BMW to O2”, EIPR [2009], 81, at 85.

⁴³² Case C-408/01, *Adidas Salomon AG and Adidas Benelux BV v. Fitnessworld Trading Ltd.*, ECR [2003], par 60 of the Opinion.

⁴³³ Case C-245/02 *Anheuser Busch v. Budejovicky Budvar* [2005] ETMR 27.

⁴³⁴ *Ibid.*, par. 60.

⁴³⁵ *Op. Cit. Supra* n. 404.

In *Adam Opel*⁴³⁶ the Court stated that use that affects or is liable to affect “the functions of the trade mark” shall be enjoined. The Court stated that in the case concerned, where Autec had used an identical sign (the Opel car logo) on identical goods (toys consisting of scale models vehicles) to those of the registered mark and no defences applied, there would be no infringement unless the functions of the mark were found to be affected⁴³⁷. The Court following again the consumers’ approach stated that “If [...] the referring court intended to emphasise that the relevant public does not perceive the sign identical to the Opel logo appearing on the scale marketed by Autec as an indication that those products come from Adam Opel or an undertaking economically linked to it, it would have to conclude that the use at issue in the main proceedings does not affect the essential function of the Opel as a trade mark registered for toys”⁴³⁸. It has been submitted that in the context of this case it was made clear that if a sign is not perceived as a badge of origin i.e. not acting as trade mark, the essential function cannot be affected, which has been said to indicate that Aldous J’ s finding, in Arsenal mentioned above, that the origin function may be affected by dilution, even when the sign is not perceived as a badge of origin, is not problematic⁴³⁹.

Lastly in *Celine*⁴⁴⁰ the Court repeated the need that the Court give a uniform interpretation to the term ‘use’ of Art. 5(1) of the Directive and that, following ECJ case law (*Arsenal*, *Anheuser-Busch* and *Adam Opel*), the proprietor of a registered mark may prevent the use of a sign by a third party which is identical to his mark under Article 5(1)(a) of the Directive only if the following four conditions are satisfied:

- that use must be in the course of trade;

⁴³⁶ Case C-48/05, *Adam Opel v. Autec* [2007] ETMR 33, par. 22 and 37. *Emphasis added*.

⁴³⁷ *Ibid.* See B. Trimmer, *Op. Cit. Supra* n. 419, [2007]. The author wonders whether that could mean that if harm to other functions is alleged then it is not necessary for a perception of the sign as a badge of origin to exist and answers negatively in view of the ECJ ruling in *Celine* (see below) stating that use of a sign in relation to goods or services in the context of art. 5(1) and (2) is use for the purpose of distinguishing the goods or services in question, at 91

⁴³⁸ See Case C-48/05, *Adam Opel Op. Cit. Supra* n. 436, par. 23.

⁴³⁹ See B. Trimmer, *Op. Cit Supra* n. 419, at 90.

⁴⁴⁰ Case C-17/06 *Celine Sarl v. Celine SA*, par. 15 and 16.

- it must be without the consent of the proprietor of the mark;
- it must be in respect of goods or services which are identical to those for which the mark is registered, and
- it must affect or be liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods or services⁴⁴¹.

It is submitted that the wording used by the Court once more “in particular its essential function of guaranteeing the origin” is indicative of the Court’s indecisiveness. If the Court wanted to connect trade mark use equally⁴⁴² to all three functions of trade marks, it should omit the words “in particular [...]”. If it did not want to protect them, it should only refer to the origin function. This ambiguity once more found in an ECJ ruling, contributes greatly to the legal uncertainty existing at the moment in the European trade mark protection framework. Is trade mark use connected with the origin function, or with all three functions? If it is connected with all three functions is any trade mark use prohibited, except if it falls within any of the defences of art. 6 of the Directive? If so, then why would any issue of trade mark use be raised independently / before examining infringement?

The Court stated in *Celine* that the use of a sign in relation to goods or services within the meaning of Article 5(1) and (2) is use for the purpose of distinguishing the goods or services in question⁴⁴³ and that “there is use ‘in relation to goods’ within the meaning of Article 5(1) of the directive where a third party affixes the sign on the goods⁴⁴⁴ or even where the sign is not affixed, but the third party uses it in such a way that a link is established between the sign and the goods marketed or the services provided by the third party⁴⁴⁵. Combining the rationale of the notions of “use in relation to goods” and “trade mark use” to use affecting the origin function, the Court

⁴⁴¹ *Ibid*, par. 16 (repeating BMW).

⁴⁴² No other sort of connection could be applicable than an “equal” one: it would be impractical to define some functions as to be examined more or less than others.

⁴⁴³ *Ibid*, par. 17.

⁴⁴⁴ *Ibid*, par. 21.

⁴⁴⁵ *Ibid*, par. 23.

stated that where the sign is used by the third party in relation to his goods or services in such a way that consumers are liable to interpret it as designating the origin of the goods or services in question, there is “use in relation to goods”. In such a case, the use of the sign is liable to imperil the essential function of the mark, i.e. the origin function⁴⁴⁶. It follows from the above, that despite the criteria mentioned by the Court, and especially the fourth criterion with the ambiguous wording “in particular”, the only function examined in the context of use, was the origin function.

The sufficiency of the existence of such a link was confirmed by the subsequent ECJ case law in *Smirnoff Ice*, accepting also that it is irrelevant whether the third party uses the sign to distinguish its own goods in the sense that it has title to these goods; what matters is that the third party assumes the powers that are granted the proprietor of the mark, i.e. the exclusive power to use the sign so as to distinguish goods and that such use was made without the authorisation of the proprietor⁴⁴⁷. This is interesting to the extent the Court conceived of a form of infringement related to the exercise of the powers of the proprietor by a third party and not to any impairment on the functions of the mark itself. This perspective is closer to the approach of the Greek trade mark law and case law to the notion of infringement seen as violation of the right of the trade mark owner to be the only one exercising the powers conferred to him as proprietor of the mark, as shall be examined in the respective chapter.

The Court concluded in *Celine*⁴⁴⁸ that the unauthorised use by a third party of a sign which is identical to an earlier mark in connection with the marketing of goods which are identical to those in relation to which that mark was registered constitutes use which the proprietor of that mark is entitled to prevent in accordance with Article 5(1)(a) of the Directive, where the use is in relation to goods in such a way as to affect or to be liable to affect the functions of the mark and in particular the origin function.

⁴⁴⁶ *Ibid*, par. 26.

⁴⁴⁷ C-62/08, *UDV North America Inc. v. Brandtraders NV*, par. 47, 48, 50 and 52.

⁴⁴⁸ *Op. Cit. Supra* n. 440. Bonita Trimmer characterises this ruling as “problematic”, in so far as it interprets art. 5(1) of the Directive as always requiring the offending sign/mark to be perceived as acting as a badge of origin, see “Do trade mark have an image problem in the English courts?”, [2009] E.I.P.R.,196.

The case concerned use of a trade mark in a company or trade name and found not to constitute “use in relation to goods or services” by the Court⁴⁴⁹.

It is interesting that Greek case law on that issue, namely use of a third party’s trade mark in a company name, is exactly the opposite: such use is considered to be an infringement⁴⁵⁰.

The fourth criterion proposed by the ECJ in *Celine*, as per the above, was rephrased in the Court’s ruling in *O2 v. Hutchison*⁴⁵¹. The Court confirmed that the use of a third party must affect or be liable to affect only the essential, i.e. origin function, of a trade mark, *by reason of a likelihood of confusion on the part of the public*⁴⁵². In this way, the Court affirmed that the examination of whether there is trade mark use in a particular case, overlaps with the examination of where there is likelihood of confusion.

This is on the one hand of little help to the judicial application of infringement provisions of the Directive and on the other hand disregards the other two functions, which were mentioned in relation to trade mark use by the ECJ, as we have already seen, in *Arsenal*, *Adam Opel* and *Celine*.

The ECJ further clarified that the notion of “use” must be interpreted in infringement proceedings always in relation to the facts of the specific case, and not *in abstracto*⁴⁵³. In trade mark registration cases, as per the ECJ, this must be examined taking into account all future possible uses of the mark⁴⁵⁴.

⁴⁴⁹ *Ibid*, par. 21. It has been correctly noted that the confirmation by the ECJ that a mere act of incorporation is not an infringement would encourage companies with names identical to the trade mark to infringe, believing that the presence of such companies suggests that the marks may not be enforced, see Tom Scourfield, “A Tale of Two Celines”, *EIPR* [2008], 71 at 74.

⁴⁵⁰ PPrRhodou (Multi Member First Instance Court of Rhodes) 48/2005 XrID [2006], 358, PolPrAth 6366/2003 EEmpD [2004], 630, EfAth 4543/1997, DEE [1997] 149.

⁴⁵¹ Judgement of 12.6.2008 in Case C-533/2006, *O2 Holdings Limited, O2 (UK) Limited v. Hutchison 3G UK Limited*, which confirmed that trade mark use, even if not expressly stated in the Directive, is required before liability can be established, see Po Yen Yap “Essential Function of a Trade Mark: from BMW to O2”, [2009], *E.I.P.R.*, 81, at 86.

⁴⁵² *Ibid*, par. 57, *emphasis added*.

⁴⁵³ *Ibid*, par. 67.

⁴⁵⁴ *Ibid*, par. 66. How can trade mark use be included in the rationale of registration provisions is difficult to comprehend. Trade mark use is use that needs supposedly to be made by the third party in order to proceed with examining infringement.

The confusion and trade mark use tests are in this way identical. It follows from O2, that non trade mark use cannot actually constitute a defence on its own, as trade mark use occurs only when there is a risk of confusion.

However, the point of having such problematic (of trade mark use) in national laws, as shall be examined below, is exactly to go one step before (or after) examining confusion. In the sense that if no trade mark use is found, there is no reason to proceed with examining confusion.

The Court in O2 was before a comparative advertising case, which was considered by the national court, to constitute a defence under art. 6 1(b) of the Directive (use as indication of kind, quantity, quality, destination, value, geographic origin, time of production or other characteristics of the product). The Court did not state whether use in comparative advertising constitutes in general trade mark use or not, even though in all comparative advertising cases the mark is used in order to denote the products of the actual trade mark owner and not those of the third party whose products are advertised. Therefore, by applying Celine, the Court should have confirmed that in comparative advertising cases there is no trade mark use, as there is no harm of the origin function. Furthermore, it should have confirm that, by applying the ruling of the Court itself in O2, which stated that the origin function is affected through creation of confusion.

If use by a competitor of a third party's trade mark to denote such party's goods constitutes trade mark use or not should be clear. Much more so in view of the fact that comparative advertising is allowed in the European legislative framework and regulated with specific legal provisions. In that sense, comparative advertising constitutes another "defence" to trade mark infringement claims.

One could note however that a comparative advertising case is a case where the use of the mark does not depend on the *ad hoc* facts. The mark is by definition used in the context of comparison to denote the goods of the actual trade mark owner. In such a case the origin function is not at issue. This is why, after all, comparative advertising

is allowed by law. Therefore, there could be a general finding of the ECJ that such use is *in abstracto* not trade mark use.

It should be clear that when a third party mentions a trade mark in order to compare the products this mark distinguishes, to its own products, this does not constitute trade mark use, because the third party does not use the trade mark to distinguish its own goods, but those of the trade mark owner in order to compare them to its own products and not to sell its products with this particular mark. This is inherent to the function of “comparison”. The issue of whether comparative advertising in a particular case is done in such a way as to infringe the provisions of the comparative advertising legislation and consequently trade mark legislation, is different⁴⁵⁵.

Use in comparative advertising should not *per se* be considered as use affecting the origin function of the trade mark. However, it could infringe the mark by taking unfair advantage of its reputation, if for example the purpose of the comparative advertising is to “steal” from the reputation of the compared trade mark, i.e. to attract the eyes of the consumers merely because mention is made in the advertisement of the competitor’s famous mark.

This would constitute infringement of the comparative advertising directive, namely Directive 84/450, which is prior to the Trade Mark Directive, but it practically states that comparative advertising is permitted to the extent it does not constitute trade mark infringement as defined subsequently in the Trade Mark Directive, namely it does not, *inter alia*, create confusion, denigrate or take unfair advantage of the reputation of a trade mark⁴⁵⁶.

However, the findings of the Court in this case were different. The Court stated for example that “the advertiser seeks to distinguish his goods and services” with the

⁴⁵⁵ The exact opposite view has also been suggested, namely that use in comparative advertising is considered as use falling within art. 5(1) or (2) of the Directive and subsequently to be examined whether it complies with comparative advertising legislation conditions, see Paul Reeskamp “Is Comparative Advertising A Trade Mark Issue?”, [2008], E.I.P.R. 130, at 137. Some others put forward that in a comparative advertising case the Trade Mark Directive should not even be considered, as only the comparative advertising directive is relevant, see Bonita Trimmer “Comparative Advertising Trumps Trade Mark Rights: O2 Holdings Ltd. V. Hutchinson 3GUK Ltd.” [2008], E.I.P.R., 302, at 304.

⁴⁵⁶ Art. 3a(1) ind. (d), (e) and (g) of the comparative advertising directive 84/450.

comparative advertisement⁴⁵⁷. The advertisement is therefore as per the Court functioning as a trade mark (sic), it has the ability to “distinguish” the products advertised. This is apparently a misunderstanding as the advertisement is a means of promoting and advertising the products and not a means of distinguishing them. Further the Court states that use of a trade mark in comparative advertising for the purposes of identifying the goods or services offered by the competitor can be regarded as “use for the advertiser’s own goods and services” for the purposes of Art. 5(1) and (2) of the Directive⁴⁵⁸. The reasoning behind this statement is not very convincing or complete and is primarily based on the previously mentioned wrong assessment of the Court. If advertising is a means of distinguishing products (sic) then comparative advertising can indeed be regarded as use of the competitor’s trade mark on the advertiser’s own goods⁴⁵⁹.

It is interesting to note that in Greece the respective comparative advertising regulations have been included in law 2251/1994 on consumer protection. The need to protect consumers’ interests (and not that of competitors or right holders) from misleading or confusing comparative advertising is therefore paramount⁴⁶⁰.

While the Court in Hoeltherhoff gave a clear and helpful guidance to the issue of trade mark use, one that could be invoked and applied by national courts, in the last case the Court perplexed the issue of trade mark use. The question of creation of risk of confusion or detriment to the distinctive character is, as we shall examine in the next paragraph, an entirely different step in the application of law than the finding of trade mark use.

B.c. Methodological observations

It should be noted that if any unauthorised use could be prohibited under trade mark law (to the extent falling outside any of the defences specifically mentioned in the

⁴⁵⁷ *Ibid*, par. 35.

⁴⁵⁸ *Ibid*, par. 36.

⁴⁵⁹ Some commentators actually follow this reasoning, see for example Ilanah Simon Fhima “Trade Mark Infringement in Comparative Advertising Situations: O2 v H3G”, [2008], E.I.P.R. 420, at 425, where the author agrees that the mark is “[...] being used “in respect of” the advertiser’s goods, as it was being used to promote them”.

⁴⁶⁰ See also EfAth 2928/2004, EEmpD [2004], 632.

Directive), famous brand owners would have a lot to gain, as third parties who wished to use these marks would need to obtain a license from the trade mark owner, in order to be able to use the mark⁴⁶¹.

So, what is trade mark use after all, within the context of art. 5(1) of the Directive⁴⁶²? Should one define trade mark use from the perspective of the consumers and whether they see the sign as indicating origin, or from the perspective of the third party, and whether such third party uses the sign as an indicator of origin? Does it encompass use that damages the origin function of the senior mark or any of the functions? The ECJ answers to the above questions could have been clear and consistent, however, as it follows from the above, they are not as clear and the result is that different interpretations to the ECJ interpretations were given by national courts as well as legal doctrine⁴⁶³.

It follows from the systematic position of the trade mark use prerequisite in the national legislations, where such a notion is explicitly included, that trade mark use is not an element of confusion, but a step before or after establishing confusion or dilution⁴⁶⁴.

Greek Trade Mark Law expressly refers to trade mark use. However, it does not state that trade mark use is a prerequisite of infringement. The “use as a trade mark” notion is included in the article on defences, namely Art. 20 (1) ind. 2 of Trade Mark Law. According to this provision any use falling within one of the defenses (use of own name, use as indication of kind, quality, quantity, destination, geographic origin, value

⁴⁶¹ See Rob Sumroy and Carina Badger, “Infringing Use in the Course of Trade”: Trade Mark Use and the Essential Function of a Trade Mark”, in Trade Mark Use, Illanah Simon and Jeremy Philips eds., *Op. Cit. Supra* n. 366, at 163.

⁴⁶² As we have seen, the words “trade mark use” are mentioned in different articles of the Directive (albeit without a specific definition in any of them), e.g. with regard to acquired distinctiveness (whereby the definition of trade mark use was given by the ECJ in Nestle examined previously, namely use for the purpose of identification by the relevant class of persons of the product or service as originating from a certain undertaking), scope of rights conferred by the trade mark and grounds for revocation. The meaning of trade mark use should be examined in each case separately (see, for example, Bojan Pertnar “Use and Non-Use in Trade Mark Law, in J. Philips and I. Simon eds., *Op. Cit. Supra*, n. 366, at 11, at 18, Marinos, *Op. Cit. Supra* n. 351, at 47. It has been also submitted though that the meaning of these terms is in all instances (apart from use by a third party as a reference) the same, i.e. use to indicate origin (see J. Philips and I. Simon “Conclusion: What use is use?” in “Trade Mark Use” *Op. Cit. Supra* n. 366, at 344).

⁴⁶³ See, for example, the Arsenal rulings issued by UK courts; also Po YenYap *Op. Cit. Supra*, n. 421, at 351.

etc) must be in accordance with *bona mores* and must not be use as a trade mark. Trade mark use appears therefore, in Greek trade mark law, as a limitation of defenses. In the European case law that we have examined above, trade mark use was considered independently, as a defense *per se*, even though the facts of the cases did concern uses that allegedly did not constitute, by way of exception, trade mark infringement (e.g. use on toy cars, football club merchandise, as trade name or geographic origin)⁴⁶⁵. It appears that the notion of trade mark use is considered in the European context as applicable in a broader scale, not only on defenses, but on any allegedly non infringing use.

In Greek legal doctrine trade mark use is considered to be the use in a way that the average non experienced consumer perceives it as being use to distinguish the goods or services of one undertaking from those of other undertakings, namely use to indicate trade origin⁴⁶⁶. Such use is not allowed – even in the context of a defense- if objectively there is risk of confusion⁴⁶⁷. Trade mark use should, therefore, systematically be examined only when a defense is put forward by the third party, namely after the test of confusion. Certain Greek courts, however, apply the trade mark use test before the test of confusion, accepting, for example, that the use of an indication of geographic origin (such as the word “Budweiser”) is allowed in a third party’s sign, if it is combined with other principal distinctive elements, which would preclude the risk of confusion⁴⁶⁸. Marinos observes that even though trade mark use logically precedes the test of confusion, practically it is interconnected with it⁴⁶⁹.

Clearly non trade mark use, is the use in encyclopaedias, statistical research, reportage, medical prescriptions, satirical newspapers etc.⁴⁷⁰ A non trade mark use

⁴⁶⁴ Even though dilution has never been mentioned in such cases by Greek courts.

⁴⁶⁵ In case C-100/02, *Gerolsteiner Brunnen GmbH & Co v. Putsch GmbH*, XrID [2004], 260, the question referred to the ECJ by the national court was exactly that, namely whether art. 6(1)(b) of the Directive is also applicable when a third party uses the indications referred to therein as a trade mark (par. 11). The Court basically replied that trade mark use is, as inferred from the wording of the Directive, in this context irrelevant (par. 24).

⁴⁶⁶ Antonopoulos, *Industrial Property*, *Op. Cit. Supra* n. 63, at 473, EfIoan (Ioannina Court of Appeal) 101/92, EEmpD 44, 139.

⁴⁶⁷ *Ibid*, Psaras “The limits of trade mark protection”, DEE [1996], 235, Rokas, “Trade Mark Law”, *Op. Cit. Supra* n. 63, at, 105.

⁴⁶⁸ See Areios Pagos 330/2007, EEmpD [2007], 425 at 426, Marinos, *Op. Cit. Supra* n. 351, at 164.

⁴⁶⁹ In Rokas ed., *Trade Mark Law*, *Op. Cit. Supra* n. 63, at 229.

⁴⁷⁰ Antonopoulos, *Op. Cit. Supra* n. 63, 474, citing Marinos, XrID [2004], 451.

may constitute however in Greek legal framework an unfair act falling within the ambit of Unfair Competition Law.

The ECJ also seemed to confuse the systematic position of the trade mark use test and did not clearly distinguish it from the test on confusion⁴⁷¹ - or dilution, as appears from *Adam Opel*⁴⁷². The examination of trade mark use after establishing confusion or dilution would have as a result that a presupposed confusion can be rebutted⁴⁷³.

One practical implication related to the above methodological approach, where infringement and trade mark use conditions are not clearly distinguished, can be encountered in cases of absolute protection, i.e. when there is identity of goods and identity of marks, whereby the risk of confusion is not examined, nor is the detriment to distinctive character. If, for example, one followed the approach that trade mark use is use that may cause confusion, then to apply the requirement of confusion in cases of absolute protection, in the context of trade mark use test, would be contrary to the Directive, which does not require risk of confusion in these cases. If on the other hand, one was to make a distinction between risk of confusion and trade mark use, one should be able to invoke such a defence (that the use in question is not trade mark use) even in the cases of absolute protection. Furthermore, if confusion was to be considered as a requirement for trade mark use, such a defence could not be invoked in cases of infringement related to taking unfair advantage of the distinctive character of the trade mark.

However, to adopt defences which depend on the type of infringement in question would not be methodologically correct and would pose difficulties in the coherent application of the law.

B.d. Defences according to the Directive

⁴⁷¹ As already mentioned this is the case with Greek case law as well, whereby trade mark use is often in case law “absorbed” by the risk of confusion, see *Marinos Trade Mark Law*, *Op. Cit. Supra* n. 351, at 162.

⁴⁷² *Op. Cit. Supra* n. 436, par. 30. See also M. Leistner, *Op. Cit. Supra* n. 325, at 85.

⁴⁷³ See Charles Gielen and Anne Marie Vershuur “Adidas v Marca II: Undue Limitations of Trade Mark Owner’s Rights by the European Court of Justice?” [2008], *E.I.P.R.* 254.

The other defences mentioned in Articles 6 and 7 of the Directive provide for certain exceptions whereby an infringing use is nonetheless permitted. As the Court stated⁴⁷⁴ by thus limiting the effects of the exclusive rights of the trade mark owner, Article 6 of the Directive seeks to reconcile the fundamental interests of trade mark protection with those of free movement of goods and freedom to provide services in the common market in such a way that trade mark rights are able to fulfil their essential function in the system of undistorted competition. The result is that there is no infringement where the use is either descriptive of the user or of the product or service in question or in cases of a prior territorial right⁴⁷⁵.

According to the ECJ, the requirement of availability, raised within the context of registrability as we have already seen, cannot be taken into account in the assessment of the scope of exclusive rights of the proprietor of a trade mark and protection thereof, except in so far as the limitation of the effects of the trade mark defined in article 6(1)(b) of the Directive, referring to indications concerning the kind, quality, quantity, intended purpose, value, geographic origin, the time of production or other characteristics of the goods or services, applies⁴⁷⁶. The Court followed Advocate General's point in that the above provision gives expression to the requirement of availability⁴⁷⁷.

The principle of availability within the context of limitation of protection of the trade mark as far as descriptive terms are concerned has been confirmed by Greek case law also, mentioning that the reason for this limitation is the need of certain indications to be freely used by competitors⁴⁷⁸.

⁴⁷⁴ See Case C-228/03 *Gillette Company and Gillette Group Finland* [2005] ECR I-2337, par. 29 and the case law cited, C-102/07 *Adidas AG, Adidas Benelux BV v. Marca Mode CV, C&A Nederland CV, H&M Hennes & Mauritz Netherlands BV, Vendex KBB Nederland BV*, Judgement of 10 April 2008, par. 45.

⁴⁷⁵ See A. Roughton, "Permitted infringing use: the Scope of Defences to an Infringement Action", in J. Philips and I. Simon eds., *Trade Mark Use, Op. Cit. Supra*, p. 181.

⁴⁷⁶ Case C-102/07, *Op. Cit. Supra* n. 474, par. 49.

⁴⁷⁷ *Ibid* par. 46. See also Opinion of Advocate General Ruiz Jarabo Colomer of 16.1.2008, par. 80 and 85.

⁴⁷⁸ Areios Pagos 330/2007 EEmpD [2007], 425.

In *Dior*⁴⁷⁹ the Court held that the reseller of goods must not act unfairly in relation to the legitimate interests of the trade mark owner, but must endeavour to prevent his advertising from affecting the value of the trade mark for further commercialisation of goods put on the market by him or with his consent and that the proprietor of a mark may not oppose the use of the trade mark, in a way customary in the reseller's sector of trade, for the purpose of bringing to the public's attention the further commercialisation of the trade-marked goods, unless it is established that such use seriously damages the reputation of the trade mark⁴⁸⁰.

In *Anheuser Busch*⁴⁸¹ it was found that the company name (trade name) of the defendant can be a name in the sense of art. 6(1)(a) of the Directive, stating that a person can use in trade its own name, regardless of any third party trade mark rights. In Greece, Trade Mark law expressly includes trade names in the article implementing art. 6(1)(a) of the Directive⁴⁸².

The ECJ held that the condition stated in Article 6(1) of the Directive that use be 'in accordance with honest practices in industrial or commercial matters' is, in essence, an expression of the duty to act fairly in relation to the legitimate interests of the trade-mark proprietor⁴⁸³. The criteria for estimating honest practices as per the ECJ are a) the extent to which the use of the third party's sign is understood by the relevant public, or at least a significant section of that public, as indicating a link between the third party's goods or services and the trade-mark proprietor or a person authorised to use the trade mark, b) the extent to which the third party ought to have been aware of that and c) whether the trade mark concerned enjoys a certain reputation in the Member State in which it is registered and its protection is sought, from which the third party might profit in marketing his goods or services⁴⁸⁴. The third criterion is interesting to the extent it raises the issue of reputation in relation to

⁴⁷⁹ Case C-337/95 *Parfums Christian Dior v. Evora* [1997] ECR I-6013.

⁴⁸⁰ *Ibid.*, at par. 45 and 48.

⁴⁸¹ *Anheuser Busch*, *Op. Cit. Supra* n. 417, par. 77 seq. See also M. Leistner, *Op. Cit. Supra* n. 325, at 87 stating that in Germany comparable provisions related to the defence of use of own name have been interpreted to mean that they only cover natural persons' names and not trade names of legal entities.

⁴⁸² Art. 20 par. 1 of Greek Trade Mark Law.

⁴⁸³ *Anheuser Busch*, *Op. Cit. Supra* n. 417, par. 82.

⁴⁸⁴ *Celine*, *Op. Cit. Supra* n. 440, par. 34, *Anheuser Busch Op. Cit. Supra*, n. 417, par. 83.

the member state where the mark is registered and protection is sought and not in any member state, thereby stating a specific reputation criterion to be applied within the context of Art. 6(1) of the Directive.

According to the ECJ, where there is an infringing use of a sign by a third party, Article 6(1)(a) of the Directive can operate as a bar to such use being prevented only if the use by the third party is in accordance with honest practices in industrial or commercial matters⁴⁸⁵.

In that regard, use of the trade mark will not comply with honest practices if it is done in such a manner that it may give the impression that there is a commercial connection between the third party and the trade mark owner⁴⁸⁶. Also such use may not affect the value of the trade mark by taking unfair advantage of its distinctive character or repute⁴⁸⁷.

In any case lawfulness of the use depends on whether that use is necessary to indicate the intended purpose of the product or any other information provided for in art. 6(1). That use must in practice be the only means of providing such information⁴⁸⁸.

In *Gerolsteiner Brunner*⁴⁸⁹ the ECJ stated, within the context of article 6 of the Directive, that the sole criterion of application thereof is use in accordance with honest practices in business and trade. The issue of trade mark use or confusion is, therefore, not to be examined. This approach is, as we have seen above, different to the Greek regime, where the defences of article 6 of the Directive are subject not only to honest commercial practices but also to use as a trade mark. The provision of Art. 20(1) 2nd ind. of Greek Trade Mark Law 2239/1994, which is a remainder of the old

⁴⁸⁵ *Celine, Op. Cit. Supra* n. 440, par. 36.

⁴⁸⁶ See *BMW Op. Cit. Supra* n. 404, par. 51, *Gillette Op. Cit. Supra* n. 474, par. 42.

⁴⁸⁷ *Ibid*, par. 52 and 43 respectively.

⁴⁸⁸ See *Gillette Op. Cit. Supra* n. 474, par. 39, *BMW Op. Cit. Supra* n. 404, par. 60. See also Leistner, *Op. Cit. Supra* n. 325, at 89.

⁴⁸⁹ Case C-100/02, *Gerolsteiner Brunnen GmbH & Co v. Putsch GmbH*, XrID [2004], 260, par.24, with comments by Marinos.

trade mark law, could therefore be found to be contrary to European law, namely art. 6 of the Directive, as interpreted by the ECJ. So far, however, the Greek courts have not found for such a contradiction.

With regard to art. 6(1) (c) the Court has stated that in order to assess compatibility with honest practice in this context, the following must be taken into account⁴⁹⁰: the use of the trade mark to inform about the intended purpose of a product or service is illegitimate if it does imply a commercial connection between the trade owner and a third party, if it affects the value of the trade mark by taking unfair advantage of its distinctive character or reputation, if it entails the discrediting or denigration of the trade mark or where the third party presents its product as an imitation or replica of the product bearing the trade mark of which it is not the owner⁴⁹¹.

It follows from the above that while ECJ case law on “use” of Article 5(1) of the Directive focuses on the origin function, case law on Article 6(1) focuses more on the advertising function of the marks.

In Greece, apart from the defences mentioned in art. 20 (implementing art. 6 of the Directive), which explicitly include both natural persons’ names and company names, law 2239/1994 contains an article (namely art. 5) which is a remainder from the old trade mark law before the entry into force of the Directive and is not provided for in the Directive. This article falls within the group of application provisions and states that when the trade mark consists of the name of the applicant and that name has already been registered as a trade mark for identical or similar goods a distinctive element must be added that would clearly distinguish the former from the latter.

Namely this article attempts to balance the interests of the junior applicant who wants to register and use his own name and the interests of the senior trade mark owner

⁴⁹⁰ See *Gillette Op. Cit. Supra* n. 474, par. 49.

⁴⁹¹ See also *Leistner, Op. Cit. Supra* n. 325, at 89 and *BMW Op. Cit. Supra* n. 404.

which should be adequately protected. According to case law on this provision the junior mark is allowed to be registered only if it contains so many and such elements that clearly differentiate it from the senior mark, i.e. sets a stricter condition than for other marks⁴⁹². It has, for example, been found that “Beer Karolos I. FIX” cannot be registered in view of prior trade marks containing the owner’s surname “Fix”⁴⁹³.

C. CONCLUDING REMARKS

Where the registered marks “Spirit Sun” and “Context Cut” were used by the alleged infringer in the course of oral sales negotiations to refer to a particular cut of gemstone the ECJ ruled that such use did not fall within the concept of use required for a finding of infringement under art. 5(2) of the Directive⁴⁹⁴. In *Philishave*⁴⁹⁵, the defendant, Remington argued that, when they incorporated a similar shaving head in their product, their use was functional and would not be understood as a trade mark. However the court did not rule on that issue. It appears also from the ECJ ruling in *Arsenal*⁴⁹⁶ that infringing use is only the one that affects one of the functions of trade mark and especially the origin function. Of course the extent within which the trade mark functions are defined, directly affects the characterization of a third party use as infringing or not. In the said ruling the ECJ stated that the exclusive right under Article 5(1)(a) “was conferred in order to enable the trade mark proprietor to protect his specific interests as proprietor, that is, to ensure that the trade mark can fulfill its functions. The exercise of that right must therefore be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods.”

⁴⁹² Aik. Delouka and Chr. Chrysanthis, in Rokas ed. Trade Mark Law, *Op. Cit. Supra* 74 seq.

⁴⁹³ DEfAth 4404/2004, published in Nomos data base.

⁴⁹⁴ *Hoelterhoff v. Freiesleben* [2002], ECR I – 4187, par. 16.

⁴⁹⁵ *Philips Electronics v. Remington* [1998] RPC 283 at 312. However, in *British Sugar v. Robertson* [1996] RPC at 292-293 it was held that there was no requirement of use as a trade mark.

⁴⁹⁶ *Arsenal Football Club Ltd. v. Matthew Reed*, C - 206/2001 [2003], ETMR 227, at par. 51. Also, in the Court of Appeal ruling on the same case, [2003], EWCA Civ. 696 Aldous L.J. stated that “use of the trade mark on goods such as scarves and hats, whether by Arsenal or others does not denote origin”, at par. 69. See, M. Perraki, *Op. Cit. Supra* n. 400 [2003].

Article 5(5) delineated further the limits imposed on the exercise of the right. A proprietor may not prohibit use of even an identical sign for identical goods "if that use cannot affect his own interests as proprietor of the mark, having regard to its functions". The signs were used in such a way "as to create the impression that there is a material link in the course of trade between the goods concerned and the trade mark proprietor". The guarantee that all goods bearing the same trade mark are "manufactured or supplied under the control of a single undertaking [that] is responsible for their quality" would be impaired by activities such as Mr. Reed's. This type of use was "liable to jeopardise the guarantee of origin which constitutes the essential function of the mark" and constitutes a use which the trade mark proprietor should be entitled to prevent.

In his Opinion in *Adidas v. Fitnessworld*⁴⁹⁷ Advocate General Jacobs argued that "... [I]f the relevant section of the public perceives a given sign as doing no more than embellishing goods, and in no way as identifying their origin, that sign cannot be regarded as used for the purposes of distinguishing those goods".

It is submitted that since according to the ECJ case law the advertising function is recognised⁴⁹⁸, "trade mark use" should be use that affects or is likely to affect any of the three functions, either the origin, or the guarantee or the advertising function. In this way the legal framework would be consistent with the ECJ case law and would render trade mark owners more effectively protected.

The ECJ had the opportunity to clarify this, by giving concrete answers to the questions asked by the referring courts, however it opted to be ambiguous and perplex rather than clarify the Directive⁴⁹⁹. The Court has not given a clear answer as

⁴⁹⁷ *Adidas Salomon and Adidas Benelux BV v. Fitnessworld Trading Ltd.*, *Op. Cit. Supra* n. 432, par.62.

⁴⁹⁸ See *infra* Part I. B. d.

⁴⁹⁹ A consequence of lack of clarity of ECJ rulings is the recurrence of questions by national courts on the same issues, see Trimmer, *Op. Cit. Supra* n. 419, [2007], at 90. Another example is the question referred by the Court of Appeal of England and Wales in *O2 v. Hutchinson* [2006] RPC 29. The referring court asked the ECJ by virtue of a decision of 14.12.2006 whether infringement can be found even if the use made of a sign does not affect the origin function of the trade mark (namely whether detriment to the advertising function only is considered as infringement). Judging from the Advocate General Mengozzi's Opinion delivered on 31.1.2008, no clear answer was expected to be given in this case either. Since the case regarded misleading advertising the AG found that this case is not subject to the application of art. 5(1)(a) and (b), see par. 40 of the opinion. As we have seen above, despite the

to whether trade mark use is a prerequisite of infringement (asked by the referring court in Arsenal⁵⁰⁰).

The obscurity and contradiction of the Court could be attributable to the fact that it aims to balance different tendencies of national trade mark laws (as formed prior to the entry into force of the Directive) existing in the Member States. Furthermore it seems that the Court has not yet decided what extent it wishes to give to the protection of trade mark owners. As we have seen, national case law has at times accepted that the mere use (any use) of another's registered trade mark would constitute infringement⁵⁰¹. However if the ECJ were to follow that, it would of course be consistent with the wording of the Directive⁵⁰², but it would nullify the recognised by the ECJ need of competitors to be free to use certain marks⁵⁰³.

Therefore it is submitted that trade mark use should be use that does indeed have an impact on one of the trade mark functions and not just any use, as in this way legal certainty would be undermined at a European level where already many different national approaches and traditions exist.

It is interesting to note that the wide approach of use constituting infringement is to an extent followed by US case law, according to which protection is afforded on the mere basis that third parties would not be allowed to “reap where they have not sown”⁵⁰⁴. Whereas conventional trade mark uses serve an identification function, promotional or ornamental⁵⁰⁵ trademark uses respectively serve expressive and

previous case law by which the origin function needed to be “in particular” affected, the Court in *O2 Op. Cit. Supra* n. 125, found that infringement can be found only if the origin function is affected (par. 69).

⁵⁰⁰ It is characteristic that the referring court in the subsequent Adam Opel case considered it a fact that trade mark use is a prerequisite for infringement (in light of BMW, see par. 11 of the ECJ ruling in Adam Opel). The referring court's question was “Does the use of a trade mark [...] constitute *use as a trade mark* for the purposes of Art. 5(1)(a) [...]?” *Emphasis added*. Whereas Aldous J in the English Court of Appeal considered as we have examined above that such use is not necessary.

⁵⁰¹ See n. 267 above.

⁵⁰² See *infra* Part III. B. a.

⁵⁰³ See, *infra* Part II A.d. Furthermore, J. Davies stated that “[...] the ECJ's judgement in Arsenal succeeds only in illustrating the extent to which the protection of public interest is in danger of being marginalised within European trade mark law” in “To Protect or Serve? European Trade Mark Law and the Decline of the Public Interest”, [2003] EIPR 180.

⁵⁰⁴ See *Warner Bros Inc. v. Gat Toys Inc.* 658F. 2d 76, 80 (2BD Circuit, 1981).

⁵⁰⁵ Promotional goods are those goods that consumer purchase to express allegiance to the owners of the trade marks that adorn the goods. Ornamental goods are products that bear trademarks as designs, rather than as identifiers and consumers purchase them because the trade symbols are aesthetically

aesthetic functions. Should trade mark law recognise a monopoly in the ornamental and merchandising value of trade marks? It has been accepted that it is enough to prove that a third party aimed at exploiting the repute and commercial value of a trade mark, without examining the reasons why the consumer would buy the product (origin function). In several cases courts have supported protection against unauthorised promotional uses, leaving trademark owners with an exclusive right to market their goods⁵⁰⁶.

In *Boston Professional Hockey Ass'n v. Dallas & Emblem Manufacturers Inc.*⁵⁰⁷, the court held that the risk of confusion emanated from the fact that the third party copied the registered trade mark and sold his products bearing that mark, knowing that the public would identify these products with those of the trade mark owner. The fact that there was a sign indicating that the goods were not original was not enough to justify the use; the most important criterion was that the registered trade mark constituted the mechanism for the sale of the third party's products. The court also held it was important that the trade mark owner was responsible for the establishment of the mark in the market place and that the third party used the mark in order to sell the products to the consumers who would recognize in them the registered trade mark. The phrase that is repeatedly mentioned in this kind of cases is "Only a prohibition of the unauthorized use will sufficiently remedy the wrong"⁵⁰⁸.

One wonders whether the notion of "trade mark use" has any place in a legal framework introducing provisions on dilution. The answer should be yes, to the extent

pleasing or fashionable not because they represent quality products. See Veronica Cherniak, "Ornamental Use of Trademarks: The Judicial Development and Economic Implications of an Exclusive Merchandising Right", 69 *Tulane Law Review* 1311-1356, at 1313. It is interesting that the author states that courts apply an analysis to ornamental use cases which is similar to that employed in other infringement cases and they "manipulate" key definitions such as "likelihood of confusion" to produce outcomes consistent with their view on extended trade mark protection. This is apparently the method that the ECJ followed in the *Arsenal* case.

⁵⁰⁶ See, among others, *National Football League Properties, Inc. v. Wichita Falls Sportswear, Inc.* 532 F. Supp. 651 (W.D. Wash. 1982), *National Football League Properties Inc. v. Consumer Enters.* 327 N.E. 2d 242 (III App. Ct. 1975), *Indianapolis Clots, Inc. National Football League Properties Inc., and National Football League v. Metropolitan Baltimore Football Club LLP, James L. Sperow and Canadian Football League* Court of Appeal 34 Fd 410, 94-278 (7th Circuit 1994) and opposite Supreme Assembly, *Order of Rainbow for Girls v. J. H. Ray Jewelry Co.*, 676 F2d 1079, 1084-85 (5th Circuit 1982), see also Veronica Cherniak, *Ibid.*

⁵⁰⁷ 510F2d 1004 (5th Circuit), 423 U.S. 868 (1975).

⁵⁰⁸ *Ibid.*

trade mark use is considered use for distinguishing goods or services and not for describing, explaining, informing or denoting any attributes of the mark or the goods/ services.

PART IV. TRADITIONAL PROTECTION: CONFUSION

In this part certain aspects of the legal framework of trade mark protection will be examined. In particular, the focus will be on the definition of “confusion”. Emanating from this term, we will analyse the issue of trade mark infringement within the context of the theoretical debate on trade mark functions. As it has previously been pointed out, the functions dictate the limits of legal protection.

The national legislation frameworks of two European countries that have implemented the provisions of the Directive will be examined, namely one civil law (Greece)⁵⁰⁹ and one common law country (UK)⁵¹⁰. Particular attention shall be given to the discrepancies of national trade mark laws after the harmonising effect of the Directive. The previous regimes of protection shall also be examined briefly in order to evaluate the effectiveness and modernisation introduced by the Directive. Also the interpretative guidelines given by the ECJ case law shall be submitted.

In order to confirm trade mark infringement, as per the European case law, which has been accepted also by the Greek case law, the following general conditions must be met: i) use of the identical or similar mark without the trade mark owner’s consent, ii) use in the course of trade, i.e. in the framework of business activity in order to gain profit, iii) use in relation to “goods or services”, namely use on the products of the third party or use so that a connection is established between the mark and the goods in question (art. 18 par. 3 and 4 par. 1 of Greek Trade Mark Act/ art. 5 par. 1 of the Directive) and iv) use of the mark as trade mark, namely with the view of distinguishing the goods or services as emanating from a certain company (See C-62/08 Smirnoff Ice par. 42, 44, 47, 49, C-17/06, Celine, par. 16, 17, 20, 22, 23, 27, C-

⁵⁰⁹ In Greece, the first statute on trade marks was adopted in 1839. It was replaced by Act 1998/1939. Compliance with the provisions of the Directive was through promulgation in September 1994 of Act 2239 on Trade Marks, which was entered into force on 31 October 1994.

⁵¹⁰ In the UK the text of the Directive was implemented by the Trade Marks Act 1994, entered into force on 31 October 1994; Trade Marks Act 1994 (Commencement) Order 1994. It replaced the pre-existing Trade Marks Act 1938.

48/05, Adam Opel par. 18-25, C-245/02 Anheuser Busch, par. 60, 64, C-206/01, par. 40, 41, 51-54, C-2/00 Hoeltherhoff, par. 17, C-63/97, BMW, par. 38)⁵¹¹.

Following confirmation of the above mentioned general conditions, the specific conditions must be established, namely the inclusion of the facts of the case in one of the infringement provisions of the Directive as incorporated into national law e.g. (art. 4 par. 1 a-c, in combination with art. 18 par. 3 of the Greek trade mark law 2239/1994)⁵¹².

A. INFRINGEMENT PROVISIONS: DEFINING “CONFUSION”

The registration of a trade mark offers legal protection to the trade mark owner. The rights conveyed to him are of a positive as well as a negative nature. The former dictate that the trade mark owner has the right to use his mark (for example, to affix it on his products, or use it in advertising)⁵¹³. The latter mean that the trade mark owner has the right to prevent everyone else from using his mark in the course of trade⁵¹⁴. A typical infringing action would be when someone used another person’s registered trade mark, or some confusingly similar sign, as a trade mark to indicate the source of his own goods. This would cause the mark to lose its ability to distinguish the goods of the legitimate owner; the legitimate owner to lose out customers; and the customers to lose their trust in the marks they see. All this amounts to an infringement with regard to the origin, and consequently, the guarantee function. However, an expansion of protection, including the advertising function will be considered further. The impact of the Directive in that respect will be examined, in relation to the framework of protection existing within national jurisdictions. It should be noted that European national legislative frameworks (before the harmonising effect of the Directive)

⁵¹¹ For an analysis of the European case law on the matters of the Directive see Maniatis Sp. & Botis D., “Trade marks in Europe: a practical jurisprudence”, Sweet & Maxwell, London, [2009]. From the Greek case law see PolPrAth 585/2010, *Op. Cit. Supra* n. 399, at 181, MonPrAth 2528/2009, *Op. Cit. Supra* n. 392, at 170.

⁵¹² *Ibid*, at 182 and 171 respectively.

⁵¹³ See s. 9 UK TM Act, and Art. 17 of the Greek TM Act 2239/1994.

⁵¹⁴ *Ibid*. It should be noted that this is a clear evidence that what is protected under trade mark legislation is merely the origin function. Whenever there is no danger of diminution of the mark’s ability to distinguish the goods and their source, trade mark protection cannot be activated.

presented considerable differences with regard to the extent of the protection attributed to trade marks⁵¹⁵. The Directive sought to bring some consistency.

The focus of the present analysis will be solely upon two European jurisdictions: those of UK and Greece. These national legislations, as well as case law, will be examined respectively. Considerable mention will be held to the issue of Confusion and its prerequisite Similarity of Goods and Marks/Signs, as well as to the notion of Likelihood of Association⁵¹⁶. Firstly, an examination of the legal framework of protection before the harmonising effect of the Directive will be made. This would be helpful for two reasons: on the one hand, it will facilitate the drawing of any conclusions with regard to the effect of the Directive on the issues under examination; on the other hand, it would be expected that the legal tradition and practice of the national jurisdiction will continue to influence the attributed protection. This would be either in the form of an interpretative tool for the new provisions, or as the *grosso modo* still applicable law. The analysis will begin with the issue of “use in the course of trade” and will, afterwards, proceed to the notion of “similarity” between marks and goods and “confusion”⁵¹⁷. It should be noted that there is a direct correlation between the relative grounds of objection which a prior trade mark owner may bring against later applications to register and the scope of infringement. This is why case law regarding the relative grounds of protection shall be useful for interpreting the infringement provisions.

⁵¹⁵ According to Laddie J: “Because of the very nature of the European Union legislation tends to be the product of compromise between different legal systems. The result is that sometimes we end up with legislation which includes provisions which seem to point in entirely inconceivable directions.” EIPR, [2003], 534.

⁵¹⁶ Extended discussion has been raised on the issue of whether the terms used in the Directive actually depict the Benelux law and practice, one of the most “advanced” systems of trade mark protection in Europe. This was more in relation to the notion of “likelihood of association” (examined further) but also to the broadening of the notion of “confusion” *per se*. See, for example, Gielen Ch., “Harmonisation of Trade Mark Law in Europe”, *Op. Cit. Supra* n. 44; Prescott P., “Has the Benelux Trade Mark Law Been Written Into the Directive?” 3 [1997] EIPR 99. The issue will be examined further below.

⁵¹⁷ The issue of infringement by applying for or using a domain name shall not be examined in the present thesis.

A. a. The Respective Legal Frameworks

A.a.i. The Directive

The rights conferred on the trade mark owner determine the scope of trade mark infringement. Infringement in this sense is every action that appears to be the exercise of rights of a trade mark owner from a person who is not the trade mark owner. The relative Directive provision which cites the rights conferred to the trade mark owner is Art. 5 (1) stating that the registered trade mark confers its owner an absolute right. In exercising this right the trade mark owner may forbid a third party from using an identical sign for identical goods or services and a similar sign for similar goods or services provided there is risk of confusion of the public including the risk of association. The trade mark owner has the right, as per Art. 5(3) of the Directive, not to allow, in accordance with the prerequisites mentioned above, any third party, in particular, to: a) affix the mark on the products or their packaging, b) offer the goods for sale or trade or possess them for sale or offer the services under the mark c) import or export goods under the mark, d) use the mark on business written material and in advertising.

Apart from the actual activity of the third party, another factor that is taken into account in order to establish infringement is the harm that is being impaired on the trade mark⁵¹⁸. Art. 5(2) of the Directive permits Member States to provide for protection where a mark has a reputation within a Member State against use by third parties that takes unfair advantage of or is detrimental to the distinctive character or the repute of the mark. Furthermore Art. 5(5) of the Directive allows Member States to provide for the protection of the trade mark owner against the use by third parties for purposes other than distinguishing the goods or services when such use being without due cause takes unfair advantage of or is detrimental to the distinctive character or the repute of the mark. As we shall see further below, both jurisdictions under examination have made use of the Directive' s permission and have provided for protection of the trade mark owner in the cases mentioned in this paragraph.

⁵¹⁸ See, W. R. Cornish and D. Llewellyn, *Op. Cit. Supra* n. 45, at 737.

A.a.ii. The Greek TM Law

The relevant provisions implementing Art. 5 of the Directive in Greece, is Art. 18 of the Greek TM Law 2239/1994, read in conjunction with Art. 4. According to Art. 18 (1) ind. 1 of the Greek TM Law, the trade mark owner has an exclusive right on the trade mark. This in particular means, as per Art. 18 (1) ind. 2, that the trade mark confers its owner the right mainly to use the mark, affix it on the goods he produces, distinguish the respective services, place it on the wrappings and the packaging of the products, on his correspondence papers, on his price lists, announcements, any kind of advertisement as well as any other written material and use it on electronic or other means. According to par. 3 of Art. 18 of the Greek TM Law, the owner may forbid any third party to use in the course of trade signs which constitute a distortion («παραποίηση») or imitation («απομίμηση») of the trade mark in accordance with Art. 4(1) of the Law. The notions of distortion and imitation, alien to the Directive, existed in the Greek TM Law which was in force before the entry into force of the Directive (L. 1998/1939) and have remained in the new TM Law⁵¹⁹. Even though no mention is made in the law (either Law 1998/1939 or Law 2239/1994) as to the exact meaning of these two terms, case law has consistently defined their meaning, as shall be examined further below. Art. 18 (3) of the Greek TM Law makes reference to Art. 4(1) which states the relative grounds of refusal of a trade mark registration, as these are laid out in the Directive. The cases of registration refusal based on relative grounds as we have seen earlier are the same as the cases that constitute infringement. The Greek legislature chose not to repeat the provisions in the Article on infringement but merely indicate them by reference to the respective registration Article⁵²⁰.

A.a.iii. The UK TM Act

The relevant provisions of the UK TM Act are sections 10(1) and 10(2), implementing the requirements of the Directive as these were set out in Art. 5. The UK TM Act section 10(4) states a non exclusive list of the actions that amount to using a sign including affixing it to goods or their packaging, trading in goods (i.e. offering or exposing for sale, putting on the market or stocking them for these purposes) or supplying services under it, importing or exporting goods under it, using

⁵¹⁹ This issue will be examined further below.

⁵²⁰ Even though in the Directive there are analytical provisions for registration (Art. 4) and infringement (Art. 5) the latter actually repeating the former, obviously for reasons of clarity.

it on business papers (covering letters, invoices, orders⁵²¹) or in advertising. The UK TM Act includes a use “otherwise than by means of a graphic representation” and so in principle could include infringement of a trade mark through sound and smell. This kind of use is not included in the Directive (or the Regulation) but is a necessary counterpart of the registrability of such signs and their need of protection against illegal use by third parties⁵²².

A.b. Infringement Categories

The cases of infringement as provided for in the above legal frameworks could be categorised in three groups. The first one includes cases where protection is absolute, namely afforded without examining whether there is likelihood of confusion of the public. The second group encompasses cases where protection is afforded only when risk of confusion is proved. The third category encompasses cases where there is no need to prove risk of confusion however other prerequisites must be fulfilled. These cases shall be examined analytically below.

a. The first case of infringement regards use in the course of trade of a sign identical to the trade mark for identical goods or services to those covered by the trade mark specification (Art. 5 (1) of the Directive).

The Directive states in the Preamble (Rec.10) that the protection conferred to the trade mark owner is absolute in the case of identity between the mark and the sign and the goods or services. This means that in such a case there exists an irrebuttable presumption of consumer confusion.⁵²³

Even though this looks like a straightforward case in most occasions there may be problems arising from the assessment of the “identical” marks and goods⁵²⁴. It should

⁵²¹ See W. R. Cornish and D. Llewellyn, *Op. Cit. Supra* n. 45, at 739.

⁵²² *Ibid.*

⁵²³ A different approach to that would entail the possibility that no confusion is likely to arise in case of identity of products and marks (this view is supported by Noteboom, “Trade Mark Protection in the European Community for Product and Services in the Field of Information and Telecommunication Technologies”, in *Law of Information Technology in Europe*, Deventer-Boston, 173, [1991]). This view, however, could not be supported on the basis of the Directive.

⁵²⁴ In *British Sugar v. Robertson* [1996] RPC 3281 at 293-294 Jacob J. refused to find a spread to be a “desert sauce or syrup” because it was occasionally used as such. See also *Avnet v. Isoact* [1998], FSR 16., involving the mark “Avnet” and the domain name “avnet.co.uk”, where the court found that the

be accepted that in applying the *de minimis* principle only the very minor differences should be disregarded (for example “Thinkpad” and “Think Pad” but not “Origin” and “Origins”⁵²⁵). Since in this case there is no need to prove likelihood of confusion, the identity of the marks and the goods or services in question must be absolute⁵²⁶. This has been affirmed by the ECJ that ruled that a sign is identical with the trade mark where it reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer⁵²⁷.

b. the second type of infringement regards cases where there is only similarity and not identity between the goods or services and / or the sign and the trade mark, and the plaintiff must prove that a likelihood of confusion on the part of the public exists, including the likelihood of association (Article 5(1) of the Directive and s. 10(2) of the UK TM Act and Art 4(1)(b) in conjunction with 18 (3) of the Greek TM Law 2239/1994).

According to the Preamble of the Directive (10th Recital), the similarity between goods or services, the similarity between the trade mark and the sign, the recognition of the mark on the market, and, lastly, the association with the sign are all factors that should be taken into account by the judge before assessing likelihood of confusion. In addition, the judgement on the similarity of goods and marks is always to be made *ad hoc*, based on the facts of each case.

However, likelihood of confusion should be *established* in the case where a similar sign is used in relation to similar goods. Likelihood of confusion is the test which is in this context applied by courts, in order to identify whether there is an infringement of the mark. The conjecture as to the existence of a likelihood of confusion comes

latter mark did not infringe the former. See also *Reed Executive v. Reed Business Information*, [2003], RPC, 207, par. 111.

⁵²⁵ [1998] ETMR 642, BoA OHIM, [1995] FSR 280. This was confirmed by the Court on the basis of the fact that the consumer does not usually do a direct comparison of all the characteristics of the elements compared, so insignificant differences between the sign and the trade mark may go unnoticed by an average consumer, see *LTJ Diffusion v. Sadas LTJ Diffusion v. Sadas* ECR [2003], I-02799, par. LIII.

⁵²⁶ “[O]nly a strict interpretation appears to be consistent with the scheme, history and context of Art. 4(1) (a) TM Directive on registrability and 5(1) on infringement [...]” per A-G Jacobs in *LTJ Diffusion v. Sadas* [2003] FSR 1, at. Par. A 32, and the ECJ judgement of 20.3.2003.

⁵²⁷ *LTJ Diffusion v. Sadas LTJ Diffusion v. Sadas, Op., Cit. Supra* n. 525.

mainly from a combination of two factors: a) a comparison of the marks with regard to visual, aural and conceptual similarity and b) a comparison of the goods or services in connection to which the marks are used. To assess the above, certain factors are taken into account which will be examined further within each separate national legal framework.

The Court held that the likelihood of confusion on the part of the public must be appreciated globally, taking into account all factors relating to the circumstances of the case⁵²⁸. A global assessment of the likelihood of confusion implies some interdependence between the relevant factors, namely the similarity between the marks and the goods or services. Therefore, a lesser degree of similarity between these goods or services may be offset by a greater degree of similarity between the marks and *vice versa*⁵²⁹ and a conflicting sign may be found to infringe, “despite a lesser degree of similarity between the goods or services covered, where the marks are very similar and the earlier mark, in particular its reputation, is highly distinctive”⁵³⁰. Equally, when the degree of similarity between the goods is bigger then likelihood of confusion may arise notwithstanding a lesser degree of similarity of the marks⁵³¹.

The Court held that it is important to analyse the visual, aural and conceptual similarity taking into account the overall impression but bearing in mind in particular the distinctive and dominant parts of the marks⁵³². It is possible that the mere aural similarity between a mark and a sign used for identical or similar products may be sufficient to establish likelihood of confusion⁵³³. Also mere conceptual similarity “may give rise to a likelihood of confusion where the earlier mark has a particularly distinctive character, either per se or because of the reputation it enjoys with the public”⁵³⁴.

⁵²⁸ *Ibid*, par. 16 and *Sabel BV v. Puma AG, Rudolf Dassler Sport*, case C – 251/95, ECR, [1997], 06191 at par. 22.

⁵²⁹ *Ibid*, par. 17, citing also the Preamble of the Directive.

⁵³⁰ *Ibid*, par. 19.

⁵³¹ *Lloyd Schuhfabrik Meyer & Co. GmbH v. Kiljzen Handel BV*, case C- 342/97, ECR [1999], 03819 at par 21.

⁵³² See *Lloyd Schuhfabrik*, *Ibid*, par. 25.

⁵³³ *Ibid*, par. 28.

⁵³⁴ *Sabel BV v. Puma AG, Rudolf Dassler Sport*, case C – 251/95, ECR, [1997], I - 06191 at par. 24.

According to the Court's case law the more distinctive the earlier mark the greater the risk of confusion⁵³⁵. Since protection of a trade mark depends, in accordance with Art. 4(1)(b) of the Directive on there being a likelihood of confusion, marks with a highly distinctive character, either *per se* or because of the reputation they possess on the market, enjoy broader protection than marks with a less distinctive character⁵³⁶. In determining the distinctive character it is necessary, in view of the origin function of the trade marks to "[...] make a global assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking and thus to distinguish those goods from those of other undertakings⁵³⁷".

In assessing the distinctive character of a mark the following should be taken into account: whether it contains a descriptive element of the goods or services for which it has been registered or not; how intensive, geographically widespread and long-standing use of the mark has been made in the past; the amount invested in promoting the mark; the proportion of the relevant persons who, because of the mark, identify goods as originating from a particular undertaking (that is market researches as to the likelihood of confusion); and statements from chambers of commerce and industry or other trade and professional associations regarding likelihood of confusion⁵³⁸.

The Court did not lay down rules regarding the degree of similarity needed between one syllable word marks or the effect of any given level of public recognition of the earlier mark. The Court stated it was for the office or national court to consider whether there is a substantiated likelihood of confusion on the part of the average consumer⁵³⁹.

⁵³⁵ *Ibid*, par. 24.

⁵³⁶ *Canon, Op. Cit. Supra* n. 113, par. 18.

⁵³⁷ *Lloyd Schuhfabrik, Op. Cit. Supra* n. 531, at par. 28.

⁵³⁸ *Windsurfing Chiemsee Produktions und Vertriebs GmbH v. Boot und Segelzubehor Walter Huber and Franz Attenberger*, joined cases C-108/97 and C-109/97, *Op. Cit. Supra* n. 138, par. 51, *General Motors Corporation v. Yplon SA*, case C-375/97, *Op. Cit. Supra* n. 122, par. 27, *Lloyd Shuhfabrik Meyer & Co. GmbH v. Kiljzen Handel BV*, case C- 342/97, *Op. Cit. Supra* n. 531, par 23. The same criteria apply in order to establish the degree pf knowledge required for the application of art. 5(2) of the Directive, as will be examined further below.

⁵³⁹ *Lloyd Shuhfabrik Meyer & Co. GmbH v. Kiljzen Handel BV, ibid*, par. 11, *Gut Spingenheide I ecr* [1998], 4657 and *Windsurfing Chiemsee v. Huber, Op. Cit. Supra* n. 138.

The average consumer is one who is “reasonably well informed and reasonably observant and circumspect”⁵⁴⁰. However, the Court noted that it is not very often that someone makes a direct comparison, so imperfect recollection is important⁵⁴¹, also taking into account that the average consumer’s level of attention varies according to the category of goods or services⁵⁴². It is interesting to note that Greek case law even before the entry into force of the Directive remarked also that the comparison made by the consumer is usually based on a recollection procedure⁵⁴³. This is why similarities play a more important role than differences⁵⁴⁴.

Evidence of similarity between the goods or services, remains essential. With regard to the similarity of goods, the Court stated that in assessing product similarity all the relevant factors relating to the goods or services must be taken into account, including, *inter alia*, their nature, their end users, their method of use and whether they are in competition with, or complement each other”⁵⁴⁵.

c. the third type of infringement concerns the case where a trade mark has a reputation and the use of the sign is made in relation to dissimilar goods or services, provided that the use of the sign takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the mark (Art. 5(2) of the Directive, Art. 4(1)(c) in conjunction with Art. 18 (3) of the Greek TM Law 2239/1994 and s. 10(3) of the UK TM Act). It should be noted that, as a result of *Adidas Salomon*⁵⁴⁶ the UK TM Act 1994 was amended to delete the dissimilar goods requirement from this type of infringement⁵⁴⁷, which will be closely examined in the following chapter.

⁵⁴⁰ *Lloyd Schuhfabrik Meyer & Co. GmbH v. Kiljens Handel BV*, *Ibid*, par 26.

⁵⁴¹ “[D]ue allowance must be made for the occasions where the person who sees the other use has only a general recollection of the normal and fair use of the proprietor of the trade mark [...]” per Aldous J in *Thomson Holidays v. Norwegian Cruise Line* [2002] E.W.C.A. Civ. 1828, at par. 60, following *Lloyd Schuhfabrik Op.Cit. Supra* and *Canon* [1999], RPC 117.

⁵⁴² *Lloyd Schuhfabrik Op. Cit. Supra* n. 531, par. 26.

⁵⁴³ DDDS (former First Instance Court) 146/1986, EIIDni 29, 795.

⁵⁴⁴ *Ibid*. See also Antonopoulos, *Industrial Property, Op. Cit. Supra* n. 63, at 443.

⁵⁴⁵ *Ibid*, at par. 23.

⁵⁴⁶ [2004], E.T.M.R. 10, where the ECJ confirmed that Member States which have implemented the permission of the Directive for this kind of infringement, must give corresponding protection for identical and similar goods or services as for dissimilar.

⁵⁴⁷ By the Trade Marks (Proof of Use etc) Regulations 2004 (SI 2004/946).

The infringed mark must have acquired reputation in the country of registration⁵⁴⁸. Such reputation need only to exist in part of the geographical area for which the registration is valid⁵⁴⁹. It should be noted that, as has been affirmed by the ECJ, this type of infringement arises not only where there is risk of confusion including association. It covers any use of another mark which can be characterised as affecting distinctive character or repute, not only so as to cause detriment to, but equally to take unfair advantage of that character or repute⁵⁵⁰.

According to the ECJ the infringement referred to in Art. 5(2) of the Directive is the result of a certain degree of similarity between the mark and the sign, by virtue of which the relevant section of the public makes a connection between them even though it does not confuse them⁵⁵¹. The existence of such a link must, just as with likelihood of confusion, be appreciated globally taking into account all factors relevant to the circumstances of the case⁵⁵². It is sufficient for the degree of similarity between the mark with a reputation and the sign to have effect that the relevant section of the public establishes a link between the sign and the mark⁵⁵³.

Within the context of the third category one could encompass the UK provision regarding the use of a mark to identify goods or services as those of the trade mark owner or a licensee, “otherwise than in accordance with honest practices in industrial and commercial matters” when the use “without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute” of the mark (s. 10(6) of the UK TM Act). It cannot be found as such in the Directive and has no parallel in the Regulation. The defense regarding the use of the mark without dishonesty etc to identify the goods of the trade mark owner or its licensee is important in view of the

⁵⁴⁸ An analogous provision exists in the Regulation (Art. 8(5)) and requires that the mark has acquired reputation throughout the EU.

⁵⁴⁹ See *General Motors v. Yplon*, *Op. Cit. Supra* n. 122.

⁵⁵⁰ See W. R. Cornish and D. Llewelyn, *Intellectual Property Op. Cit. Supra* n. 45, at 718 and *Davidoff & Cie and Zino Davidoff SA v. Gofkid Ltd.*, case C – 292/00, ECR [2003], I-389, par. 30.

⁵⁵¹ *Adidas Salomon and Adidas Benelux BV v. Fitnessworld Trading Ltd.*, case C-408/01, *Op. Cit. Supra* n. 432, par. 28 and *General Motors Corporation v. Yplon SA*, *Op. Cit. Supra* n. 122, par. 23.

⁵⁵² *Adidas Salomon*, *Ibid*, par. 31 and, in respect of likelihood of confusion, *Sabel*, *Op. Cit. Supra* n. 113, par. 22 and *Marca Mode*, *Op. Cit. Supra* n. 584, par. 40.

⁵⁵³ Therefore even if the public perceives a sign as an embellishment infringement is not precluded if the public establishes a link between the sign and the mark, see *Adidas Salomon*, *ibid*.

first type of infringement where no likelihood of confusion needs to be proved and is discussed in particular with regard to parallel import cases⁵⁵⁴.

In all the above cases two more requirements must be met: a) that use be in the course of trade and b) that it be use as a trade mark.

In the course of trade

According to Art. 5 (a) ind. 2 of the Directive, the trade mark owner has the right to prevent any third party from using his mark without his consent in the course of trade. This provision has been implemented in the Greek TM Law in Art. 18(3) making the use in the course of trade a requirement for infringement.

In *Reed Executive v. Reed Business Information*⁵⁵⁵ Pumfrey J. held that under both s. 10(1) and 10(2) there had to be use of the sign for business purposes and so as to indicate the trade origin of the goods or services. On the facts of the case he found that use of the word “Reed” in the phrase “Reed Business Information” satisfied that requirement.

The ECJ has held that use "with a view to [an] economic advantage" rather than use "as a private matter" constituted "use in the course of trade".

Trade mark use⁵⁵⁶

As we have seen, in the Directive there is no need to have “trade mark use” in order for infringement to be established. As “trade mark use” is considered the use of the allegedly infringing sign for the purpose of distinguishing goods or services⁵⁵⁷. Signs may be used in trade for descriptive purposes or for identification not concerned with origin to a number of cases. Such use is to a large extent exempted from being an

⁵⁵⁴ In *PAG v. Hawk – Woods*, [2002], FSR 723, at par. 24, Pumfrey J commented that, if the subsection were construed so as to give a defence additional to those contained in s. 11 “it could possibly be contented that the Directive has been incorrectly transpose into the UK law” and noted that if this is correct the sub-section should be interpreted in such a way as to provide no defences beyond those in s. 11.

⁵⁵⁵ [2003], RPC 207, at par. 129.

⁵⁵⁶ This issue has been examined analytically in the previous chapter.

⁵⁵⁷ See Opinion of Advocate General Jacobs in *Adidas Salomon and Adidas Benelux BV v. Fitnessworld Trading Ltd.*, *Op. Cit. Supra* n. 432, par. 64.

infringing one. Such provision exists in the UK TM Act (s. 11(2))⁵⁵⁸ and in the Greek TM Law (Art. 20 (1) ind. 1)⁵⁵⁹.

A.c. Greek Jurisprudence

It is interesting to note the interaction of competence between civil and administrative courts under Greek law. Trade mark law provisions regarding obtaining trade mark rights and protecting those rights against unauthorized use by third parties establishes a double competence: that of the Administrative Trademark Committee / the administrative courts and that of civil courts. Issues relating to granting, depriving, assigning or licensing of trade mark rights, fall within the exclusive competence of the Administrative Trademark Committee and the administrative courts. Issues relating to civil and penal protection fall within the exclusive competence of civil courts (see art. 26 and 27 of Law 2239/1994). In order to grant protection to the trademark owner civil courts have to verify that trade mark rights have been lawfully acquired.

However, issues such as the existence of likelihood of confusion, the generic character of a trade mark, the descriptiveness of a trade mark are issues that both civil and administrative courts deal with in trade mark cases. In order to avoid the issuance of conflicting rulings the Greek legislator provided (even under the previous Law namely art. 30 of Law 1998/1939) but also under the currently existing law that “Civil courts do not have any competence where the Trademark Administrative Committee and the administrative courts are competent under the present law”. And also that “Trademark Administrative Committee rulings not subject to appeal as well as irrevocable rulings of the administrative courts are obligatory for the civil courts and any other authority”⁵⁶⁰.

⁵⁵⁸ See *Bravado Merchandising v. Mainstream Publishing* [1996], FSR 208, where the use of the trade mark “Wet, wet, wet” which was the name of a music group, in a book title, was found not to be a trade mark infringement.

⁵⁵⁹ The provision concerns the limitation of the rights of the trade mark owner it is stated that the use being made in accordance with honest practices in industrial and commercial matters and should not be trade mark use. Even though the provision is in the context of defences it is *a contrario* required in order to establish infringement.

⁵⁶⁰ Art. 32 of Law 2239/1994. See also MonPrAth Court 16591/1999 EEmpD 50, 816, I. Venieris, “Trade Mark protection before civil courts”, DEE 2006, 585.

This means that civil courts do not have the power to rule not even as *obiter dicta* on issues relating to the granting, deregistering, assigning or licensing a trademark⁵⁶¹. The civil courts cannot deny legal protection to the trademark owner on the basis that the trade mark for whatever reason should not have been accepted for registration. Civil courts are bound by the Trademark Administrative Committee irrevocable rulings accepting the mark as for the fulfillment of all prerequisites for its acceptance or the deregistration thereof⁵⁶².

It is interesting to note that according to Greek case law civil courts can prevent the use of a mark in cases where such use is proved to be illegal or unfair because the prevention of use does not eliminate the right of the trademark owner, the granting of which is within the exclusive competence of the Trademark Administrative Committee⁵⁶³. In the same context civil courts have ruled that there is a difference between risk of confusion at the moment of filing of a trademark application and risk of confusion during use of the mark⁵⁶⁴.

By virtue of art. 32 of Law 2239/1994 it is possible for the trade mark owner to file a petition for interim measures against third parties at the stage following registration and until the legal deregistration of the mark. Art. 27 par. 3 of Law 2239/1994 provides that the filing of a trade mark application by the third party does not prevent the issuance of interim measures against him. However the mere applicant of a trade mark does not have the right to protect the mark for which the application was filed since until the ruling accepting his mark becomes final the applicant does not have any trade mark rights.

B. TYPOLOGY OF CONFUSION

As we have seen in the first chapter of the present thesis, the ECJ case law has established that the essential function of the trade mark is to guarantee the identity of the origin of the marked product to the consumer or end user by enabling him, without

⁵⁶¹ See PolPrAth 2506/1995, EEmpD 46, 313, MonPrPiraeus (Piraeus First Instance Single Judge Court) 2106/1999 DEE 1999, 101.

⁵⁶² Areios Pagos 1585/1991, EllDni 1993, 323, MonPrAth 8743/2003, EED 1, [2004], 273.

⁵⁶³ MonPrAth 7440/1999, EEmD 573, [2000].

⁵⁶⁴ *Ibid.*

any possibility of confusion, to distinguish the product or service from others which have another origin. For the trade mark to be able to fulfill its essential role in the system of undistorted competition which the EC Treaty seeks to establish it must offer a guarantee that all the goods or services bearing it, have originated under the control of a single undertaking which is responsible for their quality⁵⁶⁵.

According to the case law of the Court the risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically linked undertakings, constitutes a likelihood of confusion within the meaning of Art. 5(1)(b) of the Directive⁵⁶⁶. Accordingly the risk that the public believes that the goods or services in question come from the same undertaking or from economically linked undertakings constitutes a likelihood of confusion within the meaning of Art. 4(1) (b) of the Directive⁵⁶⁷. The Court has also confirmed that there may be likelihood of confusion even where the public perceives that the goods or services have different places of production and by contrast that there can be no such likelihood where it does not appear that the public could believe that the goods or services come from the same undertaking or, as the case may be, from economically linked undertakings⁵⁶⁸.

B.a. Types of confusion

Different types of confusion exist that could be categorised as follows⁵⁶⁹:

- direct confusion

This is the most common type of confusion. Direct confusion is noted when there is a senior proprietor of a trade mark and a junior user of a confusingly similar mark. Consumers by mistake believe, when buying the respective good or service, that the goods or services of the junior user originate from or are affiliated in some way to the goods or services of the senior proprietor.

⁵⁶⁵ See *inter alia* Hag II, case C-10/89, [1990], ECR I-3711, par. 14 and 13, *Canon, Op. Cit. Supra* n. 113, par. 28.

⁵⁶⁶ *Lloyd Schuhfabrik Meyer & Co. GmbH v. Kiljzen Handel BV, Op. Cit. Supra* n. 531, par. 17, *Sabel BV v. Puma, Op. Cit. Supra* n. 113, par. 16-18, *Canon, Op. Cit. Supra* n. 113, par. 29.

⁵⁶⁷ See *Sabel BV v. Puma, Op. Cit. Supra* n. 113, par. 1-18, *Canon, Op. Cit. Supra* n. 113, par. 29.

⁵⁶⁸ *Canon, Op. Cit. Supra* n. 113, par. 30.

⁵⁶⁹ See Chr. Chrisanthis, "Reflections on Likelihood of Confusion and Dilution in Trademark Law", Athens [2004], 23 and "New forms of risk of confusion in trade mark law", *EpsikED* [2007], 359 and citations therein.

- reverse confusion

Reverse confusion is the opposite of direct confusion. In reverse confusion there is a senior user whose trade mark, although senior, has not acquired a strong distinctive character. There is also a junior user who uses a similar trademark, but enters the market so aggressively that through advertising and promotion achieves to make his junior mark well known. Consumers tend to believe that the junior user's mark is prior to the senior user's mark.

- post sales confusion

Confusion usually affects consumers at the point of sale and at the time of sale. However, confusion may affect other consumers as well at a later stage in time. Post sale confusion is the confusion of others than the purchaser. The purchaser may have or have not been confused at the time of the purchase.

- affiliation

Sometimes two marks may not be so similar as to cause confusion; however, they may resemble one another in such a way that a consumer may reasonably believe that there is some form of affiliation between the trade mark owners.

The above types of confusion shall be examined as to the extent they are considered as trade mark infringement by the legislative frameworks under examination. Reverse, post sales confusion and affiliation were first established by the US courts, in order to grant broader protection to the trademark owner, in cases where traditional (direct) confusion could not be established. We shall examine whether they are accepted by the Greek courts and the ECJ. However, affiliation in the USA has a broader sense than in most European countries. It may include "sponsorship" of certain goods or approval, certification etc of such goods or services by a source different than the manufacturer⁵⁷⁰.

B.b. ECJ (Similarity – Confusion)

⁵⁷⁰ R. Kirkpatrick, Likelihood of confusion and trademark law, Practising Law Institute, [2001], par. 1.4. B & D and 4.10.F.

According to consistent ECJ case-law, the perception of marks in the mind of the average consumer of the category of goods or services in question plays a decisive role in the global assessment of the likelihood of confusion⁵⁷¹. Therefore, in order to assess the degree of similarity between the marks concerned, it is necessary to determine the degree of visual, aural or conceptual similarity between them and, where appropriate, to evaluate the importance to be attached to those different elements, taking account of the category of goods or services in question and the circumstances in which they are marketed⁵⁷². It is for the national court to determine such degree and, where appropriate, evaluate the importance to be attached to those different elements, taking into account the category of the goods or services and the circumstances in which they are marketed, the national court must determine the degree of visual, aural or conceptual similarity between them⁵⁷³. For the purpose of an overall assessment on the likelihood on confusion, the average consumer' s level of attention is taken into account and is likely to vary according to the category of goods or services in question⁵⁷⁴.

A sign is identical with the trade mark where it reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer⁵⁷⁵.

In case of such marks likelihood of confusion may arise from the conjunction of distinctiveness (part of the global appreciation) and confusion (the result of similarity). The reputation of a mark does not give grounds for presuming the existence of a likelihood of confusion simply because of the existence of a likelihood of association in the strict sense.

⁵⁷¹ See, *inter alia*, ECJ 22.6.1999, C – 342/97, *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Habdel BV*, *Op. Cit. Supra* n. 531, C-361/04, *Claude Ruiz-Picasso etc. v. OHIM and DaimlerChrysler AG*, par. 36.

⁵⁷² *Lloyd*, *Op. Cit. Supra* n. 531, par. 26

⁵⁷³ *Ibid*, par. 27.

⁵⁷⁴ *Ibid*, par. 26

⁵⁷⁵ *LTJ Diffusion*, *Op. Cit. Supra* n. 525.

However, even where a mark is identical to another with a highly distinctive character it is still necessary to adduce evidence of similarity between the goods or services covered⁵⁷⁶.

Where the goods or services are identical there may be a likelihood of confusion on the part of the public where the contested sign is composed by juxtaposing the company name of another party and a registered mark which has normal distinctiveness and which, without alone determining the overall impression conveyed by the composite sign, still has an independent distinctive role therein⁵⁷⁷.

In *Sabel/Puma*⁵⁷⁸ the Court held that likelihood of confusion on the part of the public must be appreciated globally taking into account all factors relevant to the circumstances of the case. Furthermore it was stated that the overall appreciation of the marks is based on their distinctive and dominant components and not on the basis of descriptive, generic or commonly used elements that the marks may include because the "average consumer normally perceives a mark as a whole and does not proceed to analyse its various details"⁵⁷⁹.

The ECJ has accepted that "association" is one form of confusion and not an independent concept⁵⁸⁰. Furthermore the ECJ stressed that it is for the trade mark office or national court to assess the likelihood of confusion on the basis of the global appreciation, taking into account all factors relevant to the circumstances of the case⁵⁸¹. Furthermore the Court clarified that likelihood of confusion includes likelihood of association so that the latter is not to be understood as a separate legal concept⁵⁸².

⁵⁷⁶ *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc.*, *Op. Cit. Supra* n. 113, par. 22.

⁵⁷⁷ C-120/2004, *Medion AG v. Thomson multimedia Sales Germany & Austria GmbH*.

⁵⁷⁸ *Op. Cit. Supra* n. 113, par. 22.

⁵⁷⁹ *Ibid*, Par. 23.

⁵⁸⁰ *Ibid*. The ECJ stated that the notion comes from the Regulation (Art. 81(1)(b)) and Directive (art. 4(1)(b)) and not from the Benelux trade mark act.

⁵⁸¹ *Lloyd Schuhfabrik* [1999] ETMR 690, examining the case of "Lloyd" for shoes as opposed to "Loints" also for shoes.

⁵⁸² In par. 18 it is stated that "Likelihood of confusion . . . , which includes the likelihood of association[.]" within the scope of Article 4(1)(b) requires identity or similarity between the marks on the one hand and the products on the other. "Likelihood of association" is not an alternative to "likelihood of confusion" but serves to define the scope of confusion. The same view was adopted by the ECJ in the *Lloyd* and *Quattro*.

Here it should be observed that the stronger the earlier mark's distinctive character and reputation the easier it will be to accept that detriment has been caused to it⁵⁸³. Marks with a highly distinctive character, in particular because of their reputation, enjoy broader protection than marks with a less distinctive character⁵⁸⁴. In order to satisfy the requirement relating to reputation, a trademark must be known to a significant part of the public dealing with the goods or services in question. For the purposes of Article 5(2) the public amongst which the earlier mark must have acquired a reputation is the public concerned by the products or services covered by the trade mark⁵⁸⁵.

In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of investment made in promoting the mark⁵⁸⁶. The trade mark has a particularly distinctive character either *per se* or because of the reputation it enjoys in the public⁵⁸⁷. A sign which so closely corresponds to the mark as to give rise to the possibility being associated with that mark infringes the mark⁵⁸⁸.

Territorially, the condition is fulfilled when the trade mark has a reputation in a substantial part of the territory of a member state; failing closer definition of requirements under Community law on this point a trade mark cannot be required to have a reputation throughout the territory of a member state⁵⁸⁹.

When the condition as to the existence of reputation is fulfilled as regards both the public concerned and the territory in question a second condition laid down in art.

⁵⁸³ *General Motors*, *Op. Cit. Supra* n. 122, par. 23.

⁵⁸⁴ ECJ 22.6.2000, C – 425/98, *Marca Mode CV v. Adidas AG and Adidas Benelux BV*, ECR [2000], p. I – 04861 par. 41, *Canon*, *Op. Cit. Supra* n. 113, par. 18.

⁵⁸⁵ *Ibid.*

⁵⁸⁶ See *Lloyd and Windsurfing Chiemsee* *Op. Cit. Supra* n. 532 and 138, respectively.

⁵⁸⁷ See C-425/98, *Marca Mode CV v. Adidas AG and Adidas Benelux BV*, *Op. Cit. Supra* n. 584, par. 42.

⁵⁸⁸ *Ibid.* This is a very important ruling since not only does it confirm that even marks with a less distinctive character *per se* may be considered as having a particularly distinctive character through use (i.e. common words may become well known or even famous marks). This is not so in Greece as it shall be examined in the following paragraphs. It is further important because it confirms that there might be infringement even in cases where there is no risk of confusion but merely risk of association, under the conditions mentioned in the ruling.

⁵⁸⁹ *General Motors v. Yplon*, *Op. Cit. Supra* n. 122.

5(2) of the Directive must then be examined i.e. the earlier trade mark must be detrimentally affected without due cause.

According to *Quattro*⁵⁹⁰ the concept of likelihood of confusion must be strictly interpreted in order to avoid obstructing the free movement of goods, more than is necessary for the protection of marks. The specific subject – matter of trade mark rights consists in protecting the proprietor of the mark against the risk of confusion such as to allow third parties to take unlawful advantage of its reputation⁵⁹¹. A trademark is considered to have gained acceptance in trade, if the mark is perceived by the public as an indication that the goods on which it is applied originate from a particular undertaking. This occurs only if the great majority of consumers have that impression. This degree of recognition must be higher than usual, if the symbol is one which ought to remain freely used by all, i.e. if the mark is a descriptive or a commonly used term.

B.c. Tests for likelihood of confusion

The classic test for identifying whether there is likelihood of confusion or not is the visual, aural and conceptual similarity test of marks which is appreciated always in view of the similarity of the goods or services upon which the marks are used. The degree of resemblance and the conclusion whether there is or not likelihood of confusion is made bearing into account the similarity of the goods or services. It had been argued in the early 60's that the aural impression was more important than the visual and conceptual impression, because the goods were marketed in a way that the verbal communication between the buyer and the seller played an important role. However, nowadays, this has changed to a large degree. For goods that are found in super markets or department stores the visual and conceptual impression play the most decisive role. It has to be noted that the three similarity criteria do not have to be concurrent. It is enough for one of them to be found and the similarity of marks is established⁵⁹².

⁵⁹⁰ ECJ 30.11.1993, C – 317/1999, *Deutsche Renault AG v. AUDI AG.*, ECR [1993], p. I – 6227.

⁵⁹¹ This was also held in *Arsenal, Op. Cit. Supra* n. 367, par. 50 and *LTJ Diffusion, Op. Cit. Supra* n. 525, par. 46.

⁵⁹² This is the view taken also by the ECJ as stated in *Lloyd, Op. Cit. Supra* n. 531.

Similarity of the goods or services upon which the marks are used is also taken into consideration for deciding whether there is likelihood of confusion. Similarity as to products or services is examined in view of their respective nature and use and on the basis of the understanding of the average consumer. It is not necessary that the respective goods or services be directly competitive with one another. For example, yoghurt and milk are not directly competitive since they are not interchangeable; however, milk and yoghurt are deemed to be similar for the purposes of trade mark infringement because they closely relate to one another and it is probable that a consumer may be confused when buying one or the other product bearing similar marks with regard to their source of origin. Goods or services are usually found to be similar if they are addressed to the same prospective consumers.

It is interesting to note that in the USA other factors are also taken into account when establishing similarity. These include: a) the degree of distinctiveness of the trade mark, b) the extent to which the goods or services are marketed through the same channels, c) where the goods are not competitive the likelihood that consumers would expect the trademark owner to expand its business activities, d) the length of time that the trade mark has been on the market, e) the degree of attention that the consumer pays when purchasing the products bearing the marks⁵⁹³. The Directive, as interpreted by the ECJ, introduced in the European union a multi factor test similar to that applied in the USA. However, these criteria do not replace the mark – product similarity test. They merely contribute in applying it *de lege ferenda* in any given case.

Furthermore it is interesting to mention the criteria followed by US courts to assess the likelihood of confusion. These are: a) the strength of the earlier mark, b) the similarity between the two marks, c) the degree to which the allegedly infringing product competes with the goods distinguished by the earlier mark i.e. the degree of similarity of the goods, d) the alleged infringer's intent to confuse the public, e) the degree of care reasonably expected of potential consumers and f) evidence of actual confusion⁵⁹⁴. Some of these criteria are also mentioned in ECJ jurisprudence, such as

⁵⁹³ These criteria emanate from the Restatement of Torts dated 1938 (par. 731) and the 1995 Restatement of Torts (par. 20 – 23)

⁵⁹⁴ See *Davis v. Walt Disney Co.* 430 F. 3d 901, 901 (8th Cir. 2005), *SquirtCo v. Seven – Up Co.*, 628 F. 2nd 1086, 1091 (8th Cir. 1990), *Anheuser Busch Inc. v. VIP Products LLC*, US District Court, E.D.

the strength of the earlier mark and the similarity of the marks and the goods at issue. However, in the European framework, the intent to confuse the public has not been mentioned as criterion.

Actually as per the Greek case law this intent is of no legal importance, it is evaluated only in the framework of unfair competition, to the extent the unauthorised use of a third party's mark constitutes unfair competition as well.

The criterion related to the degree of competition between the goods distinguished by the marks at issue is interesting. Under European trade mark law, the degree of similarity of goods is not only a factor to be assessed when establishing confusion, but also a *sine qua non* element of risk of confusion. Under US case law confusion goes beyond similarity of products. US courts may examine whether there is actual consumer confusion regardless of the similarity or dissimilarity of products. It is possible that confusion as to origin occurs merely because of the similarity of marks.

In *Anheuser Busch*⁵⁹⁵ the Court found that there was evidence of actual confusion based on a) a consumer survey and b) a computer word search on the internet, which showed not only the trade mark owner's mark but also the third party's mark when using the same search phrase. The products in the said case were not similar, nor was such similarity examined to establish confusion. To eliminate the criterion of similarity between the products in order to establish confusion appears to be a more sincere approach to trade mark protection. Instead of expanding dilution to cases of similar products, adequate protection could be enjoyed by the trade mark owner in courts by expanding confusion to non similar products⁵⁹⁶.

With regard to the degree of care of potential consumers, as we have seen, the ECJ has suggested that the average consumer with an average degree of care is taken as basis for evaluation of risk of confusion in all cases. However, there are cases, e.g. when the mark is used for goods that target a specialised group of consumers, where

Missouri, Eastern Division, [2008] WL 4619702 (E.D.Mo), *Louis Vuitton Malletier SA v. Haute Diggity Dog LLC* 507, F. 3d. 252, citing *Pizzeria Uno Corp. v. Temple*, 747 F. 2d. 1522, 1527 (4th Cir. 1984).

⁵⁹⁵ *Op. Cit. Supra* n. 417, par. 7 and 8.

⁵⁹⁶ This issue shall be further dealt with in the next chapter.

the potential well - informed consumer of the specific goods should be taken into account and not the average and not particularly informed consumer.

Lastly, what is eminent in European trade mark jurisprudence is the evidence provided for the risk of confusion. Even though Greek courts, for example, theoretically should not require evidence of actual confusion, in practice plaintiffs do provide evidence of actual confusion to support their claims and based on such evidence the courts uphold the claims of risk of confusion.

B. d. Greece (Similarity - Confusion)

B. d. i. Similarity

Following the Directive the Greek TM Act 2239/94 requests that in case of identical signs, there is no need for likelihood of confusion to be established, because such is presumably existent.⁵⁹⁷

Greek law presents a certain particularity. It embraces the concepts of similarity and confusion, but applies them within a different context. Legal texts before the Directive *did not explicitly* refer to likelihood of confusion. However, this prerequisite of trade mark protection (namely the existence of likelihood that consumers would be confused about the actual origin of the product) was introduced by courts' case law.⁵⁹⁸ It emerged as a result of systematic interpretation of the relevant legal provisions, which incorporated the two concepts of "imitation" and "distortion,"⁵⁹⁹ constituting the framework of trade mark protection.⁶⁰⁰ Even now, after the harmonising effect of the Directive, the provisions of the 1994 Greek TM Act regulating *infringement* do

⁵⁹⁷ Art. 4 (1).

⁵⁹⁸ StE (Greek Conseil d'Etat) 98/89 EEmpD 40, 302; StE 1383/89, Dioikitiki Dikaiosisyni 2, 143; Areios Pagos (Supreme Court) 399/89 Elliniki Dikaiosisyni 32,70; Areios Pagos 1210/90 Efimeris Ellinon Nomikon 588, [1991], Areios Pagos 1254/1994 DEE 1995, 389, Dioikitiko Efeteio Athinon (Administrative Court of Athens) 3407/2002 EEmpD [2003], 916, EfAth, 1505/2004, DEE [2004], 1270 and Liakopoulos, *Op. Cit. Supra* n. 63, at 349 seq.

⁵⁹⁹ Free translation from the Greek: "απομιμησης" and "παραποιησις".

⁶⁰⁰ Act 1998/ 1939 Art. 3, 16, 24.

not mention anything about the “likelihood of confusion”;⁶⁰¹ they only refer to the imitation and the distortion of the mark. The Official Report on the Greek Trade Marks Act 1994 omits any reference or clarification regarding the issues of confusion, distortion or imitation.

The courts’ interpretation of “imitation,”⁶⁰² on the one hand, has given this notion a meaning analogous to that of “similarity” of the signs, considered in combination with the similarity of goods and the distinguishing power of the mark. The courts’ definition refers to: “the particular, in relation to the other trade mark, representation or appearance of the sign, which, because of the visual or auditory impression that creates and independently from all particular resemblance or difference, is likely to cause confusion to the average consumer as to the origin of the product from a certain enterprise.” The notion of “distortion”⁶⁰³ on the other hand, is more akin to that of “identical” signs used on similar goods. Citing part of a court’s decision, the definition of “distortion” is: “the total or partial copy or representation of another trade mark, so that the impression of the two being identical is created, either absolutely or as to their substantial or characteristic parts.”⁶⁰⁴ It should be noted, however, that Greek courts have a tendency to interpret the two notions in a narrow manner⁶⁰⁵.

The similarity of goods is assessed, according to courts’ case law, on the basis of their physical substance, their purpose of use, the way they are marketed, the places where they are sold and other relevant economic and technical circumstances.⁶⁰⁶ Another

⁶⁰¹ Art. 18 (3). The Article is entitled: “Rights conferred by a trade mark”, just like the respective article of the Directive; unlike the UK TM Act 1994, in which the relevant article is entitled: “Infringement of Registered Trade Mark”.

⁶⁰² See StE 2949/78, EEmpD [1979] at 314. One could mention the following cases of signs that were found as imitating trade marks: a. *Uniroyal-Royal*, b. *Scotchbrite- Britemprait- Bright*, c. *Aspirin-Aspidorol*, d. *La Vache Qui Rit-La Vache*. (mentioned in MPrAth (Athens Court of First Instance) 2269/79, EEmpD, [1979], at 315).

⁶⁰³ StE 2487/84, EEmpD, [1985], StE 1000/84 EEmpD [1984], StE 2159/79, EEmpD [1980].

⁶⁰⁴ StE 2949/78, EEmpD [1979], at 314.

⁶⁰⁵ M. Th. Marinos, “Likelihood of Association and the Framework of Protecting Distinctive Characteristics Under the New Law on Trade Marks and Act 146/1914 on Unfair Competition”, *Elliniki Dikaosyni*, 1219, [1995], at 1227. As an example it is mentioned that the courts found no imitation or distortion in the following cases *Tasc-Tascam* (StE 2557/1986, EEmpD, [1987], 130), *Chivas-Regal Scot* (StE 1962/1988, EEmpD, [1989], 118), *Baby Bisco – Bisco Papadopoulou* (StE 909/2001 EEmpD [2002], 437), *Smash – Smacks* (StE2613/2002, EEmpD [2003], 914).

⁶⁰⁶ StE 2487/84, EEmpD [1985], at 353, DEfAth 2984/1991 EllDni, [1992], at 463, DEfAth 3407/2002 EEmpD [2003], 916, Liakopoulos *Op. Cit. Supra* n. 63 at 350.

basic criterion according to legal doctrine and case law is whether they satisfy the same consumer needs and the consumers they target⁶⁰⁷. In any case, similarity is not restricted to the classification of registration. Products belonging to different classification might be found as similar, such as for example, shoes and clothes⁶⁰⁸ or dairy products and children's food⁶⁰⁹. Also, goods or services of the same classification may not be found similar: video appliances, video tapes etc are not similar to electric and electronic systems and to appliances for air conditioning control, even if they are classified in the same class⁶¹⁰.

Similarity of goods is necessary to find risk of confusion. If a similar mark is used on non similar goods then the trade mark is not protected because there is no risk of confusion⁶¹¹. The only exception is provided for "famous marks". The Greek courts are still reluctant to acknowledge that the Directive as implemented by law 2239/1994 protects the advertising function of marks, i.e. that there is infringement even where there is no risk of confusion but when the use of the new mark shall be detrimental to the distinctive character of the trade mark or shall give to the new applicant unfair advantage without due cause. In a significant part of Greek legal doctrine however and sporadic case law, it is clear that the protection should be also against the risk of exploitation of the fame of the earlier mark and the risk of diluting the mark. When the alleged infringing third party takes unfair advantage of the trade mark when by using the famous trade mark transfers to his own products, the good impression that consumers have for the products distinguished by the famous mark. Without any effort the infringing party has the results that the trade mark owner had to put money and effort for years to achieve⁶¹². The famous mark on the other hand loses its distinctive character, that is the ability to attract consumers, especially when the mark is used on dissimilar products.

⁶⁰⁷ Antonopoulos, *Op. Cit. Supra* n. 63, at 442, StE 2812/1998 DEE [1999], 1269, StE 345/2001, StE 234/1998, DEfAth 3945/2002 EEmpD [2002], 897.

⁶⁰⁸ DDDS 44/91 EllDni 33, 466.

⁶⁰⁹ StE 1385/1989 DiDik 2, 147.

⁶¹⁰ DEfAth 2904/1987 DiDik 1, 116.

⁶¹¹ EfAth 7460/1999, DEE [2000], 156.

⁶¹² It is the so-called "image transfer", Marinou, "Risk of Confusion and filed of protection of distinctive elements under the new trade mark law and law 146/1914 on unfair competition", EllDni [1995], 1225, Pampoukis, "The famous mark", EpiskED [1999], 357, MonPrThes 12242/1994, EEmpD [1995], 316 (Polar/ Aqua Polar).

Under the pre existing law these two cases were dealt with the following ways: with regard to the filing procedure they were dealt with art. 3 par. 2 of law 1998/1939 on bad faith; with regard to infringement they were dealt with under art. 1 of law 146/1914 on unfair competition. The application of the latter is not excluded even under law 2339/1994, as complementary to trade mark law provisions.

It is another issue as well whether the protection of famous marks is granted also in cases where the products are similar. This was accepted by Greek courts directly⁶¹³ but also indirectly in the context of cases dealing with parallel import cases⁶¹⁴.

But what is a famous mark? Case law has created a number of criteria that have to be fulfilled in order for a mark to qualify as “famous” and shall each time be considered for the assessment of the mark in question. All of the criteria examined must exist cumulatively. These criteria are:

- 1) Originality (usually found in made up words)
- 2) Uniqueness (i.e. that there are no other goods or services marketed under the same mark⁶¹⁵)
- 3) Establishment in the market, even beyond the interested circle of consumers.
- 4) Positive image that the consumers have for the mark in question. This normally depends on the quality of the products⁶¹⁶, the age of the mark, the size of the company, the number of goods sold etc.⁶¹⁷

It should be noted that the only criterion the ECJ case law has set for a mark to be famous is to be recognised by a significant part of the market⁶¹⁸. All the above criteria mentioned in the Greek case law and the fact that all of them have to be concurrent for a mark to be famous should be reconsidered in view of the ECJ case law. Greek courts should merely find that criterion 3 above is proved in order to grant the wider

⁶¹³ PolPrAth (Multi Member First Instance Court of Athens) 194/1997, EEmpD 1998, 389 (BODY LINE / NEW BODY).

⁶¹⁴ EfAth 6414/1996, EEmpD 1997, 109, MPA 16353/1999, EEmpD 1999, 148, EfPatr (Patras Court of Appeal) 1058/1998, DEE, 1999, 860.

⁶¹⁵ For example it was found that Apple is not a famous mark, since there are other products apart from computers with the same name on the Greek market, MonPrAth 9077/1992, EEmpD [1992], 660.

⁶¹⁶ PolPrAth 194/1997, *Op. Cit. Supra* n. 613, at 389.

⁶¹⁷ StE 2812/1998 EEmpD 51, 372, Selekos, comments on MonPrAth 31758/1995 EpiskED 1996, 188, MonPrAth 9485/2000, EEmpD [2000], 1094.

⁶¹⁸ Case C-357/1997, EEmpD [2000], 180 *General Motors v. Yplon*.

protection of a famous mark. It should therefore be of no importance for example whether the mark is “unique” or original.

Greek legal doctrine makes a distinction between “famous” and “well-known” marks, however not the courts. It is argued by legal doctrine that the meaning of famous marks under the law 2239/1994 which is compatible with the meaning used in the Directive is much broader than the meaning of famous marks under the pre-existing law of 1998/1939⁶¹⁹. Under the broader meaning implied by the fact that the community legislator wanted to protect the advertising function of marks, not only the famous ones, but of any well – known mark even at a local level. In other words to protect the advertising ability of marks that can be exploited by unauthorised third parties. However, this view is unfortunately not shared by the courts that insist on perceiving the meaning of famous mark in a very strict sense, as was the case even before the implementation of the Directive⁶²⁰.

The similarity of marks is assessed on the basis of certain fundamental principles that have been formulated by case law coming from both civil courts judging on protection and administrative courts judging on creation, transfer or abolition of trade mark rights.

These are as follows:

1) the examination is effected under the prism of an auditory, visual and conceptual resemblance of marks.⁶²¹ Auditory and visual resemblance must be found in order to confirm risk of confusion. However, it has been proposed that, even where there is no auditory or visual resemblance, a likelihood of confusion may still occur because of resemblance in meaning, as would be the case for example with the word mark “giant” and a logo depicting a giant⁶²².

⁶¹⁹ N. Rokas, *Industrial Property Law*, Sakkoulas, Athens – Komotini, 126 seq. [2004], at 131.

⁶²⁰ See, for example, DES 5056/1998 EEmpD [1999], 398, MonPrAth 8066/2005, EEmpD [2005], 140.

⁶²¹ See, Liakopoulos, *Op. Cit. Supra* n. 63, at 350.

⁶²² This was established in German theory (as the *Motivschutz* theory), and was also accepted by some Greek scholars, although no case law ever examined such a situation. See Baumbach-Hefermehl, “*Warenzeichenrecht*, 12th ed., Munchen, [1985].; also Althammer, “*Warenzeichenrecht*”, 3rd ed., Munchen, [1985] and Liakopoulos, *Op. Cit. Supra* n. 63, at 347.

In case of marks consisting only of logo the similarity test is based on visual impression. In case of word marks the auditory resemblance is of the utmost importance⁶²³. The main elements taken into account are: the number of syllables or words⁶²⁴, the order of the letters, their intonation and the similarity of the first and the last syllables, especially the last ones since they play an important role in perceiving words as similar, especially if the words have no meaning⁶²⁵.

2) the overall impression is examined rather than the specific details, similarities or differences. Therefore there is no risk of confusion despite the existence of certain similarities and *vice versa*; even if there are differences the mark might still be confusingly similar because of the similarity of the overall impression. It is well understood that the consumer does not usually have both signs in front of him side by side, but his choice is based on the recollection of a pasted memory⁶²⁶.

However, it is interesting to note that case law is not always consistent with this principle. In fact there are rulings according to which even insignificant differences are enough for the exclusion of risk of confusion⁶²⁷. This tendency is extremely dangerous for the trade mark owners who lose the ability to protect their marks against infringement by third parties and for the registered trade marks which, as a result of their co-existence with many, slightly different other marks, lose their distinctive ability. The Community Trade Mark Office ruled that despite the similarity

⁶²³ The marks KIT KAT / KIL KAT and COMPRIT/ COBRIT, LU/LUR have been found confusingly similar because of their aural similarity, cited in Antonopoulos, *Op. Cit. Supra* n. 63, at 441, *fn* 348. However, it was found that there is no such similarity between DOKO/ GO DOG, MARS / MARI, ALEDIN / ALEYDRIN, StE 711/1987 NoB 38, 883, StE 4314/1987 NoB 38, 883, StE 1640/1987 NoB 38, 883, StE 3136/1987 NoB 38, 883, StE 1959/1989 DiDik 2, 390.

⁶²⁴ StE 2166/2001, found similarity between KENZO, KENDO and KERZO stating that they have the same number of syllables, StE 1248/1986 did not find similarity between VISTA and VISTARAMA stating that the latter has a bigger number of syllables with the addition of –RAMA. However, the same supreme court StE 1862/2001 found FLEERDENT and FREEDENT not to be similar (*sic*), whereas StE 4322/1983 and StE 2503/1984 found despite the different number of syllables similarity between PROSTIN and PROSTADIN and CORINDOLAN and CORDELAN respectively. As an example from one syllable marks StE 4153/1980 found that there is similarity between DW and logo and DOW. The Athens Court of Appeal found that the marks HERMES and ΕΡΜΗΣ are similar, see EfAth 2461/2006, EEmpD [2006], 740, with comments by Prentoulis N.

⁶²⁵ V. Antonopoulos, “Protecting composite distinctive elements – Field of protection of trade mark relative grounds –Deposition of a mark in bad faith (legal opinion”, DEE [2003], 121.

⁶²⁶ PPTH 20600/1995 Gordon’s / Lorsdon, PPA 9349/1997 Biscuits Miranda / Biscuits Marietta, which was subsequently not upheld (see next footnote), MonPrLamias 1080/2000 EEmpD [1996], 850, AP 751/1995 Campari/Carmeni EEN 1996, 647.

⁶²⁷ StE 4508/1998 Robot Coupe/ Ρομπτορ EEmpD 1989, 301, StE 5441/1995 FA.CA. D’ ORO/ MECAD OR, EEmpD [1996], 400, AP 1123/2002 Miranda/ Marietta, EEmpD [2002], 887.

of the word elements of composite marks, the risk of confusion might be excluded when the depictive elements are original and unusual and the consumers may keep those in memory⁶²⁸.

In case of signs consisting of more than one word, or words and letters, it is possible that all words are equally distinctive; however usually there will be one dominant word that shall determine the overall impression⁶²⁹. The similarity test shall then be effected on the basis of this dominant word. It is possible that all words composing a trade mark have a weak distinctive character and could not on their own have been registered as trade marks. In these cases, where there is no dominant word, it should be the particularity in the way the words are combined that would determine the overall impression⁶³⁰.

In case of signs consisting of word and logo, the word is critical and not the logo⁶³¹. Significant in this respect is the Supreme Court case law according to which, even in cases of marks consisting of word and logo, where normally as per the above the word elements are the most important, risk of confusion is possible when the new mark reproduces the characteristic and recognisable by the consumers logo of the earlier mark⁶³².

3) the part of the sign consisting of descriptive elements is not taken into account if the remaining part has distinctive power⁶³³. Similarly, the overall impression is not

⁶²⁸ R –457/2002 Korres and logo/Cordes, EEmpD [2003], 937.

⁶²⁹ Antonopoulos, Industrial Property, *Op. Cit. Supra* n. 63, at 443, citing Liakopoulos *Op. Cit. Supra* at 350 seq. and Rokas, *Op. Cit Supra* n. 619, at 101 seq..

⁶³⁰ Therefore third parties would infringe the trade mark not if they used the same words but if they used the same combination of words in such a way that would create the same overall impression as the trade mark. According to the said author's legal opinion the sign "Pizza Mac" did not infringe the McDonald's registered trade mark "McPizza", *Ibid* at 123.

⁶³¹ Areios Pagos 1241/1991, EEmpD 1992, 320. If the primary element of the mark is the colour, similarity is assessed on that (AP 399/1989 Vitom Camping/ Πετρογκάτζ, EEmpD 1990, 145).

⁶³² Areois Pagos 310/1990 Marlboro/ Μαζίμ, EEmpD 1990, 709, Areios Pagos 1009/1991 Campari / Amalfi EEmpD 1992, 148, Areios Pagos 1127/1994 Uncle Ben's Rice / Amor Rice EEmpD 1995, 310, see also PPA 6928/1990 Gordon Rouge/Deron, EEmpD 1991, 342, DDEA 5134/2001 EEmpD [2003], 159. This could also be interpreted to the detriment of the trade mark owner where the size of letters combined with different logos can be found to exclude risk of confusion even if the words are similar, (*Contra* AP 1254/1994 Bacardi/ Bricanti Bianco, EEmpD 1995, 703).

⁶³³ Areios Pagos 751/1995 *op.cit. supra*, DPrAth 8725/1985 EEmpD [1985], 721, MonPrLamias (Single Member First Instance Court of Lamia) 1080/2000 Episk ED [2001], 256. According to MonPrThess 1253/1975 EED 1975, 140, issued under the pre existing law, it derives from art. 3 par. 1 of law 1989/39 (currently art. 3 par. 1 of law 2239/1994) that there is a rule in trademark law according

altered if descriptive elements are added⁶³⁴. Marks that consist of distinctive elements are normally not effectively protected, since later marks with only slight differences cannot be found to be infringing them⁶³⁵. Foreign words with which the Greek consumers are not familiar are not considered as descriptive even if they are descriptive in the language of origin⁶³⁶.

4) a very significant factor in the similarity test is the distinguishing ability of the earlier mark, its degree of “notoriety”⁶³⁷. Where a mark is well known, the notions of imitation or distortion (in other words the legal protection) is quite broad, meaning that the new mark should have so many and so different elements to the earlier mark that it is absolutely clear that the two are different⁶³⁸. The reason is that the greater the distinctive power of a mark the easier it is for the consumer to call it on his memory⁶³⁹.

However, most marks have an average distinctive power. The distance the competitors need to keep from them is ordinary. Weak marks have a small distinctive power and slight differences are enough for the exclusion of risk of confusion. Applicants of weak marks should be expecting and enduring that other competitors shall be allowed to use similar marks, thereby diminishing the distinguishing ability of the earlier mark⁶⁴⁰. Strong marks on the contrary (either by nature or by use⁶⁴¹) enjoy

to which every trade mark must have either *per se* or through its usage in trade a particularity or in other words the distinctive power that is necessary for its acceptance and protection as trade mark. This element of particularity could either be a) the words of which it consists (all or part of them), b) the original combination of those words, c) their original visual formation. This implies that the composite word mark might include words that could not on their own be registered as trade marks, because they lack distinctive character, are descriptive or generic and these elements should not be dominant visually or aurally in relation to the element that does have distinctive power. Therefore for protecting a composite mark one must first determine the distinctive element which according to the consumers and the business is the substantive part of the mark, through which the origin function is fulfilled and which is protected under trade mark law.

⁶³⁴ MonPrAth 12504/1999 EEmpD 50, 406.

⁶³⁵ MonPrAth 29625/1991, EEmpD [1994], 117.

⁶³⁶ According to DPrAth 5682/1986 EEmpD 1987, 311 the mark CHILDREN’S VIDEO LIBRARY for video cassettes is not descriptive.

⁶³⁷ PolPrAth 194/1997, *Op. Cit. Supra* n. 613, at 388, Areios Pagos 1123/2002, EEmpD 2002, 887, MonPrAth 9198/2003 EED 2004, 423. This was the case even under the previous legal framework PDDS 375/59, EEmpD 1959.

⁶³⁸ See Liakopoulos, *Op. Cit. Supra* n. 63, at 351.

⁶³⁹ See Antonopoulos, *Op. Cit. Supra* n. 63, at 442.

⁶⁴⁰ Antonopoulos, *Op. Cit. Supra* n. 625, [2003], at 129.

⁶⁴¹ Use comprising of extended advertising and selling of the products. For example the COCA COLA trademark consisting of two descriptive and non-original words has through use acquired a strong distinctive character and therefore enjoys now a broad protection. This could also happen the other way

broader protection and slight differences are not enough, therefore the competitors must keep a bigger distance from them, in the sense that they must include clearly strong distinctive elements from the earlier mark in order not to cause confusion⁶⁴². Directly related to this categorisation of marks is the “Theory of Equal Distances” that shall be examined subsequently.

B.d. ii. Confusion

Confusion might be considered either in a narrow or in a broad sense. Under the first one, the consumer is likely to assume that the products carrying identical or similar signs emanate from the same enterprise. Under the second one, the consumer might be led to believe that the products come from different enterprises among which exists, however, a strong economic or other bond⁶⁴³. It is worth noting that often the second type of confusion is mistakenly considered to be the same as the risk of association⁶⁴⁴. As we can see, in both cases there is an impediment to the origin function. This causes a subsequent distortion of the guarantee function, as obviously the consumer will also be confused as to the characteristics of the product. The concept of confusion is inherently linked with these functions.

The notion of reverse confusion has been mentioned in Greek legal doctrine however it has never been found by Greek courts. Cases where that notion could apply have been ruled on the basis of standard confusion and found that the earlier trade mark owner is not protected because there is no risk of confusion with the subsequent mark that has acquired a very strong distinctive character⁶⁴⁵.

round. An inherently distinctive mark can lose its distinctive power if new competitors with similar marks appear on the market, even up to the point where the mark becomes generic (Antonopoulos, 20 *Op. Cit. Supra* n. 625, at 128]. The distinctiveness of a mark is subject to change depending on the use of the mark and the existence of other competitors' similar marks.

⁶⁴² On the distinctions of marks according to their distinctive character and the implications on their protection see, among others, Pampoukis, EpiskED [1999], 326, Tsironis, comments on MonPrAth 9077/1992, EEmpD 1992, 662, 665, Antonopoulos *Op. Cit. Supra* n. 63, at 442, MonPrAth 1802/1996, EEmpD 1998, 381, MonPrAth 9077/1992, 660.

⁶⁴³ See Liakopoulos, *Op. Cit. Supra* n. 63, at 348; depicting the German influence, by Baumbach-Hefermehl, *Op. Cit. Supra*, n. 348.

⁶⁴⁴ Antonopoulos, *Op. Cit. Supra* n. 63, at 440, Areios Pagos 399/1989 EEmpD [1990], 711, MonPrAth 2568/1984, EEmpD [1985], 538.

⁶⁴⁵ MonPrAth 10216/2001 EEmpD [2002], 161 with comments by A. Mikroulea and DEE [2002], 171 with comments by Glavas.

The assessment of the existence of risk of confusion is effected by comparing the registered trade mark with the allegedly infringing sign, based on the similarity of goods and marks⁶⁴⁶, as already discussed. The assessment depends primarily on the judge and is effected on an *ad hoc* basis, although certain restrictions are set by the rules of the similarity tests examined above. Besides that, the Greek judge is allowed to base his assessment on the evidence brought to the court by the plaintiff and the defendant, on what is generally known, as well as on experts' opinions⁶⁴⁷. However, the common judiciary practice is largely based on subjective evaluations⁶⁴⁸.

Furthermore the risk of confusion is estimated according to the following rules, created by case law, as were the rules on assessment of similarity examined above⁶⁴⁹:

- 1) The existence of a risk of confusion is estimated objectively, meaning that the consent of the previous trade mark owner is not obligatory for the affirmation or not of existence of such risk⁶⁵⁰.
- 2) It is not necessary to establish confusion. A mere risk thereof estimated objectively is sufficient.
- 3) To establish risk of confusion the respective consumers are taken into account. When the products or services are addressed to specialised consumers then it is possible that there is no likelihood of confusion despite the similarity of the marks and the goods or services⁶⁵¹.
- 4) Together with the degree of notoriety another important factor for the assessment of risk of confusion is the degree of similarity of the goods. The more similar the goods the more intense and significant must the differences be between the marks in order to exclude risk of confusion⁶⁵².

⁶⁴⁶ There might be a case where, despite the similarity of marks and goods, the users of these products are so specialised that no risk of confusion arises. See, Liakopoulos, *Op. Cit. Supra* n. 63, at 350.

⁶⁴⁷ Art. 43 of Presidential Decree 341/38, in which certain provisions are also within the field of trade mark protection, EfAth 7208/1995 Chevignon/ Cevinion, EEmpD 1996, 402, see however PolPrTh 20600/1995, EEmpD [1996], 850.

⁶⁴⁸ Even though public opinion polls are not accepted by courts as means of evidence a very important recent decision bases its assessment for the mark being famous on a poll, PolPrAth 1225/2006, EEmpD [2006], 467.

⁶⁴⁹ See, Antonopoulos, *Op. Cit. Supra* n. 63, at 505 seq., N. Rokas, Industrial Property Law, *Op. Cit. Supra* n. 619, at 126 seq..

⁶⁵⁰ DEfAth 2104/1989, DiDik 1, 1363.

⁶⁵¹ Areios Pagos 1780/1999 EEmpD [2000], 804, MonPrAth 10126/2001 EEmpD [2002], 161 regarding the marks THALIS / THALES that were found non confusingly similar because of the specialise consumers they addressed to (high technology instruments used in weapon manufacture).

⁶⁵² This is a principle mainly supported by legal doctrine, see *inter alia*, Antonopoulos, *Op. Cit. Supra* n. 63, at 506, Marinos, "Risk of Confusion and filed of protections of distinctive elements under the

5) The risk of confusion in the context of registration is assessed as at the time of the hearing before the Trademark Administrative Committee and not at the time of the filing of the trademark.

6) The risk of confusion is dependant upon the distinctive power of the mark. Therefore, if the notoriety of the mark is significant then only slight differences between the marks shall not be enough. If, however, the mark is not used or is not used widely the difference between the marks should not be so significant⁶⁵³.

According to the legal doctrine of “Equal Distances” embraced in Greece, the trademark owner cannot require from his competitors to keep from his own mark a distance greater than the one he himself keeps from other marks, earlier or subsequent to his own⁶⁵⁴. Therefore the trademark owner that chose a mark not entirely different to earlier marks and succeeded to have it registered or that did not object to the co-existence of his mark with other similar marks subsequent to his own (or both) cannot expect from a new trademark applicant to keep in relation to the trademark owner a bigger distance than that the owner himself kept from the older trademarks; this is the trade mark owner’s “punishment” because as a result of his behaviour the distinctive power of his mark has been reduced and the consumers became used to the coexistence of similar marks. This theory emanates from the German legal doctrine (“Abstandslehre”)⁶⁵⁵ and finds a legal basis on art. 281 of the Greek Civil Code and the *venire contra factum proprium* defence pertaining Greek civil law.

new trade mark law and law 146/14 on unfair competition”, *Op. Cit. Supra* n. 612, at 1223, Kotsiris, “Inclusion of a mark in a sign. Negative and Positive scope of the right. Space limitations in trademark protection” (legal opinion) DEE 1997, 926, Chisanthis, “Risk of Confusion in distinctive elements’ law”, EpiskED [2003], 339. The Greek courts have not been willing to affirm it. In case DEFAth 3401/1998, EEmpD [1999], the court found that there is no similarity and therefore risk of confusion between the marks WEST for cigarettes / WESTPOINT for smoke products. This ruling was severely criticised by legal doctrine, see Chisanthis comments in EEmpD [1999].

⁶⁵³ However, Greek case law is not very encouraging with regard to protection of famous marks as we shall analytically see in Part V below. For example, in case MPA 9077/1992, EEmpD [1992], 660, before the new law 2239/1994 entered into force, it was found that the Apple trademark was not infringed by Apple mark for notepads, where both marks were even combined with an apple logo. The court found that apple is a common word hence it cannot be protected as a famous mark. Also, the Greek Conseil d’Etat (StE) found that the Camel trademark is not a famous mark (sic) in 2812/2000, EEmpD [2000], 372 and ruled that the use of Camel mark for shoes was not infringing the Camel mark for cigarettes.

⁶⁵⁴ See Liakopoulos, *Op. Cit. Supra* n. 63, at 107, Tsironis EEmpD [1992], 662, MonPrAth 9077/92, EEmpD [1992], 660, MonPrAth 1802/1996, EEmpD [1998] 381.

⁶⁵⁵ See Baumbach – Hefermehl, WZG par. 31, n. 147, as mentioned in Pampoukis (EEmpD 1971, 140-141) legal opinion on the SINALCO COLA / COCA COLA case, raising the issue that there are so many COLA trademarks coexisting in the Greek market that one more shall not infringe the rights of The Coca Cola Company owner of the mark Coca Cola.

Therefore it is argued that this might be legally raised in civil law cases as an objection by the infringing party, against a trade mark owner of a weak or weakened mark, where of course all facts of the case shall be considered. The First Instance Court of Athens found that the trade mark owner of the mark "Slim" for, *inter alia*, ice cream could not oppose the use of the mark "Cool and Slim" for ice creams, since the existence of other trade marks in the market including the word "Slim" (Froza Slim, Fage Slim, Carnation Slim, Think Slim, Fast Slim) without confusion, deprived the claimant from asking the defendants to keep a bigger distance to the claimant's mark than the one the claimant kept from the other marks⁶⁵⁶. In this context also FREDDOCCINO was found not to be similar to FROCCINO because of many co-existing trade marks incorporating FREDDO- and -CCINO⁶⁵⁷. However the signs TPOPI COLA and YANCA COLA were rejected as confusingly similar to the trade mark COCA COLA⁶⁵⁸.

However, it is doubtful whether this principle has any legal facet within the framework of administrative proceedings pertaining to granting and abolishing trade mark rights. Despite that, administrative courts' rulings even though they do not explicitly state so, also apply this theory (i.e. not only civil courts)⁶⁵⁹. Therefore apart from assessing similarity of marks and similarity of goods, the administrative courts also assess the fact that other similar marks exist in the trade mark registry (as mentioned, either earlier or subsequent to the trade mark considered). If such marks are found to exist, then the application of the new mark shall be accepted with only slight differences, so that the trademark registry keeps a fair treatment to all applicants.

B.d.iii. Conclusions

Comparing the EU rules on similarity and confusion with those of the Greek courts the following observations could be made:

⁶⁵⁶ MonPrAth 1802/1996, EEmpD [1998] 381, at. 383.

⁶⁵⁷ Trademark Administrative Committee 7062/2006 (unreported).

⁶⁵⁸ StE 1571/1971 and DDDS 943/1971.

⁶⁵⁹ See footnotes 644 and 645.

The basic principles are similar. These include for example the fact that the similarity test is based on overall impression, the affirmation that the more intense the notoriety the more the mark is protected, the fact that descriptive elements do not play an important role in the overall impression, that it may be the case that only one element prevails, the fact that mere aural similarity could be enough, or even mere conceptual similarity, the fact that the average consumer is taken into account, and that the degree of similarity of the goods affects the degree of similarity of the marks that must exist in order to affirm confusion.

However, unlike the ECJ in *Thomson/Thomson Life*⁶⁶⁰, a Greek court has found that including a non inherently distinctive but well known trade mark in a sign composed of that trade mark and the third party's trade mark, does not constitute trade mark infringement⁶⁶¹.

There is however a difference with regard to the notion of "famous mark". According to ECJ, for a mark to be famous it is sufficient that it is famous in the respective circle of consumers. In order to assess that, the intensity, duration and place of use of the mark, the size of investment are taken into account. Whereas, according to the Greek case law, in order for a mark to be considered as famous it has to fulfill all five criteria including the originality and uniqueness of the mark, analysed above⁶⁶². According to art. 4 par. 1 c of law 2239/1994 and the respective case law, in order for a famous mark to be protected in cases of non confusion the goods must be dissimilar, unlike what has been established by the ECJ. However, recent Greek case law seems to be moving to this direction, namely recognising that protection to famous marks in the context of taking unfair advantage of its distinctive character must be held also to cases where the goods or services are similar⁶⁶³.

⁶⁶⁰ C-120/2004 *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH Op. Cit. Supra* n. 577 .

⁶⁶¹ MonPrAth 8066/2005, EEmpD [2005], 141 (SILHOUETTE/MEDISANA SILHOUETTE).

⁶⁶² The issue of compatibility of such an approach to community law as interpreted by the ECJ is questionable, see also M. Kosmopoulos, comments in MonPr Ath 8066/2005, EEmpD [2005], 148.

⁶⁶³ PolPrAth 194/1997, EEmpD [1998], 389 (BODY LINE / NEW BODY), which found that there was taking unfair advantage of the distinctive character of the earlier mark by a senior mark used for similar services. Also EfAth 6414/1996, EEmpD 1997, 109, MonPrAth 16353/1999, EEmpD [1999], 148, which mixes however trade mark law with unfair competition law, EfPatr 1058/1998, DEE, 1999, 860.

It follows that the basic principles are common. This was the case also for case law previous to the harmonisation introduced with the Directive. The Greek notions of “imitation” and “distortion” are narrower than the overall “likelihood of confusion” introduced by the Directive. In effect, (as this was already mentioned above) before the Directive, the notion of “likelihood of confusion” did not even exist in the Greek legislation as such (unlike most of the European countries, including the UK). In the new Act 2239/94, the provision regarding registration refers to “confusion”⁶⁶⁴, while the provision regarding infringement refers to “imitation” and “distortion”⁶⁶⁵. The substantial result of this is not contrary to the requests of the Directive⁶⁶⁶. However, it seems in a way peculiar that the Greek legislative body has maintained the notions developed in the past, and has embodied them in the new Act. A possible explanation would be that this was made for the courts to be able to allude to familiar concepts and adjust more easily to the new regime. It would, however, be more simple, purely from a systematic point of view, to follow the text of the Directive and avoid the use of old terms found only in Greek legislative practice⁶⁶⁷.

B.e. UK (Similarity-Confusion)

B.e. i. Similarity

In the UK law where goods are identical and the allegedly infringing sign is identical to the registered trade mark, no likelihood of confusion needs to be established, as this is considered to exist *de iure*⁶⁶⁸. The category of infringement in case of use of an identical or similar sign on similar goods is introduced in the UK law for the first time. Under the 1938 TM Act⁶⁶⁹ (and previously), the plaintiff could not ask for protection in respect of goods or services for which the mark was not registered⁶⁷⁰. It

⁶⁶⁴ Art. 4 of the Greek TM Act 2239/94.

⁶⁶⁵ Art. 18 of the Greek TM Act 2239/94.

⁶⁶⁶ As already stressed, the latter provisions (infringement) should be read in conjunction with the former (registration).

⁶⁶⁷ This is a typical example of a national legal regime, trying to remain loyal to the results led out before the introduction of the Directive. The fear that the European integrative process, might impair a loss of the legal identity or national particularity is the one dictating such a reservation expressed also in the new Greek Trade Marks Act.

⁶⁶⁸ S. 10 (1) of TM Act 1994, following the Directive and in parallel with the Greek Law 2239/1994.

⁶⁶⁹ Sections 4 (1).

⁶⁷⁰ See *Jay v. Ladler* (1888) 40 Ch. D. 649, 6 RCP. 136. Also, *Hart v. Colley* (1890), 44 Ch. D. 193; 7 RCP 93. As a consequence, the mark should be registered under a number of specification of goods or services. With the purpose that this would cover not only everything for which the mark was to be

was necessary for the defendant's goods or services to be of the same description.⁶⁷¹ Infringement now extends beyond the registered specification, therefore there is no need that the goods or services be in the same class⁶⁷². It is sufficient that the products are "similar"⁶⁷³.

The restriction of infringement only to goods for which the mark was registered posed considerable problems to its owner, and in particular, did not avail him with adequate legal protection. The belief that no harm is done if a sign is used on products that are not under the same registration as the original mark, depicts an obsolete conviction. It disregards the diffusion of information by way of advertising, the mass media and telecommunications. The marks are not any more locally restricted. They are inclined and encouraged to acquire an intense distinctive character that would help their proprietors attract customers. This is precisely their acknowledged value as advertising tools⁶⁷⁴. If the possibility that a similar sign used on similar products⁶⁷⁵ existed, the mark would be much less likely to maintain the desirable individuality and intense distinctive character. Therefore, the introduction after the implementation of the Directive of the broader protection should be welcomed by UK jurisprudence as a necessary adjustment to current requirements.

What are the criteria that an English judge should, hereinafter, consider in order to assess the similarity of goods? In the British Sugar case⁶⁷⁶, decided under the 1994 TM Act, Jacob J cited several factors that should be taken into account. These are: a. The respective use of the goods or services, b. The respective users of the goods or services, c. The physical nature of the goods or acts of service, d. Whether goods are found together in self-service stores (the supermarket-shelf test), and e. The

used; but also all such that the proprietor would object to the use of a similar sign by others. See T. A. Blanco and R. White, "Kerly's Law of Trade Marks and Trade Names", 12th ed., Sweet and Maxwell, London, [1986], at 270.

⁶⁷¹ It would be worth mentioning that this was also the case in the USA. See, *American Steel Foundries v. Robertson*, 269 US 372, 380, [1926], where the Supreme Court supports the doctrine that that the same trade mark may be used on different classes of goods: "there is no property in a trade mark apart from the business or trade in connection with which it is employed". As cited in Schechter, *Op. Cit. Supra* n. 5, at 339.

⁶⁷² *Gromax v. Don and Low* [1999], RPC 367.

⁶⁷³ S. 10 (2) of TM Act 1994.

⁶⁷⁴ The issue was examined in a previous part of this thesis.

⁶⁷⁵ Although not of the same registration.

⁶⁷⁶ *British Sugar plc v. James Robertson and sons*, 1996], R.P.C. 281.

competitive relation between them⁶⁷⁷. Evidently, after the examination of the Greek framework, these criteria are quite similar to the ones used in the past (and still), by continental courts.

English courts held that the question whether goods or services were “similar” was a distinct issue, which had to be considered before examining the issue of similarity of the marks. This made the issue of examination of the similarity of goods an objective issue, independent of the similarity of the marks. However, in view of the ECJ case law, this seems to be the wrong approach⁶⁷⁸. The ECJ held that in affirming confusion the reputation of the mark must also be taken into account and stated that “marks with a highly distinctive character, either per se or because of the reputation they possess on the market, enjoy broader protection than marks with a less distinctive character”⁶⁷⁹. However, this does not mean that risk of confusion should not be established. As the Court stated “even where a mark is identical to another with a highly distinctive character, it is still necessary to adduce evidence of similarity between the goods and services covered”⁶⁸⁰.

With regard to the similarity of marks, the judgement that is made is intensely subjective, regardless of any test employed. Not even the degree of resemblance sufficient to cause confusion can be clearly defined. The tests employed and the results to which they lead will not be examined at present in detail⁶⁸¹. Suffice to say that⁶⁸²: a. the mark is always examined as a whole⁶⁸³, b. what is to be regarded is the

⁶⁷⁷ Whether similarity of goods should be a criterion of confusion has been questioned. See Griffiths [2001], IPQ 326 “[...] dividing the levels [of protection] on the basis of whether or not the products in question are similar sets a limit on each level which appears unrelated to the kind of damage in question. These limits can therefore appear arbitrary and unfair in some circumstances and this has led to pressure to relax them, resulting in a blurring of the apparent boundary between (s. 10(2) and 10(3)), at 332. This has been a serious issue dealt with also by the ECJ in *Marca Mode v. Adidas* [2000], ETMR 561 at 578 and *Davidoff v. Gofkid* [2003] ETMR 534.

⁶⁷⁸ See Cornish and Llewelyn, *Op. Cit. Supra* n. 45, at 744.

⁶⁷⁹ *Canon Kabushiki Kaisha v. Metro Goldwyn Mayer Inc.*, *Op. Cit. Supra* n. 113, par. 132. In this case the UK government considered that similarity between goods and services must be assessed objectively and independently and no account should be taken of the distinctive character of the earlier mark or in particular of its reputation (par. 14).

⁶⁸⁰ *Ibid.*, par. 133.

⁶⁸¹ For a thorough analysis under 1938 UK TM Act, see T. A. Blanco and R. White, “Kerly’s Law of Trade Marks and Trade Names”, 12th ed., Sweet and Maxwell, London, [1986], at 438 *sec.*

⁶⁸² *Ibid.*

⁶⁸³ As an example, the *dicta* of Farwell J in *Bailey* could be mentioned: “I do not think it is right to take a part of the word and compare it with a part of the other word—one word must be considered as a whole and compared with the other word as a whole”, (1935) RCP 136.

idea of the mark left on the mind of the consumer⁶⁸⁴, c. the judge should not merely look at marks side by side but also contrast the general recollection of the trade to mark to the allegedly infringing sign⁶⁸⁵.

The test of comparison in order to assess the probability of infringement (because of confusion), applied by English Courts could be summarised in the following *dicta* by Parker J involving the comparison of two words: “You must take the two words. You must judge them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of the consumer who would be likely to buy those goods. In fact you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the mark.”⁶⁸⁶

B.e. ii. Confusion

The only case where consumer confusion is likely to arise is when the goods on which trade marks are used are identical or similar. Confusion suggests that the consumer is under a mistaken belief or uncertainty about the origin of the products or about its characteristics⁶⁸⁷. The basic factors of the confusion test are as follows: the comparison of marks interacts with the comparison of goods to produce likelihood of confusion. This is always assessed in relation to the public that is likely to buy or use the goods or services. Finally, in assessing confusion the distinctiveness of the mark plays an important role⁶⁸⁸.

In a case resulting to an interlocutory decision, the learned judge concluded that there was no likelihood of confusion of the trade mark *Baywatch* with the allegedly infringing sign *Babewatch*⁶⁸⁹. According to the judge, there was no similarity between the mark and the sign, on the one hand; nor was there similarity between the goods:

⁶⁸⁴ Based on the fact that marks are remembered by general impressions rather than by specific details. See *De Cordova v. Orr-Ewing* (1951) 68 RPC 103 at 106 (P.C.).

⁶⁸⁵ See, for example, *Sandow* (1914) 31 RPC 196.

⁶⁸⁶ *Pianotist* (1906) 23 RPC 774 at 777.

⁶⁸⁷ See, A. K. Sanders, “Some Frequently Asked Questions about the 1994 UK Trade Marks Act”, 2 EIPR 67, [1995], at 69.

⁶⁸⁸ See A. Firth, *Op. Cit. Supra* n. 45, at 75; also case *St Dupont v. El Du Pont du Nemours & Co.*, [2002] EWHC 2455, *The Times*, November 28, 2002, Neuberger J., *Current Law Digest*, January 2003, 119.

⁶⁸⁹ *The Baywatch Production Company v. Home Video Channel Ltd.*, [1997], FSR 22.

video tapes featuring an entertaining series and television programmes with an adult content. This conclusion had been criticised⁶⁹⁰, as it run against the assessments made under the test proposed by Jacob J in *British Sugar*. It is evident that the two signs were similar, as well as the goods on which they were used.

However, the Directive has complicated the confusion test. By stating in Art. 5(1)(b) that the likelihood of confusion includes the likelihood of association, a possible alteration of the meaning of confusion was introduced⁶⁹¹. In the UK law, this provision has been implemented in s. 10(2) of the 1994 TM Act⁶⁹².

C. LIKELIHOOD OF ASSOCIATION

The Directive introduced the new⁶⁹³ notion of likelihood of association⁶⁹⁴ - a notion which has been extremely puzzling. This was, on the one hand, due to the fact that the term was unknown to most of the European trade mark legislations⁶⁹⁵. On the other hand, the wording of the relevant provision is in itself quite ambiguous. Does association have the same meaning as in the Benelux trade mark law, in which it was initially incorporated?⁶⁹⁶ Or is it a notion included in that of confusion, therefore emanating from the origin function and bringing no substantial change to the already existing framework of protection in most European countries?⁶⁹⁷ The wording of the Directive art. 5(1)(b) points to the latter conclusion. As this is not a mandatory provision, the wording of national laws is not as important as the interpretation of the

⁶⁹⁰ See, R. Black, “*Baywatch: Sour Grapes or Justice?*”, 2 EIPR 39, [1997].

⁶⁹¹ This provision is included literally in many of the amended trademark laws of the Member States. An interesting comment was made by M. Elmslie, in “The New UK Trade Marks Bill”, 3 EIPR 119, [1994], at 121: “They (the provisions concerning infringement) were lifted practically *verbatim* from the Directive, no doubt out of caution-no-one is quite sure what they mean, so any rephrasing could easily mean redefinition”. See A. Kur, “Harmonisation of the Trademark Laws in Europe-An Overview”, *Op. Cit. Supra* n. 40 at 20.

⁶⁹² In the Greek law respectively this was implemented by Art. 5 of the Greek TM Act 2239/94.

⁶⁹³ This notion was established in the Benelux Trade Mark Law (Art. 13A), but was virtually out of the scope of legal protection of most of the other European countries.

⁶⁹⁴ Art. 5(1)(b).

⁶⁹⁵ Except for the Benelux Trade Mark Law, and, in particular, Art. 13A, where the notion of likelihood of confusion is not even mentioned.

⁶⁹⁶ Namely a notion distinct to risk of confusion, trying to cover within the context of trade mark law the protection held in the UK through passing off and in other continental countries through unfair competition law, see Cornish and Llewelyn *Op. Cit. Supra* n. 45, at 749.

⁶⁹⁷ See, for example, A. K. Sanders, “Some Frequently Asked Questions About the 1994 UK Trade Marks Act”, *Op. Cit. Supra* n. 687; P. Harris, “UK Trade Mark Law: Are You Confused?”, 12 EIPR 601, [1995]; Ch. Gielen, “Harmonisation of Trade Mark Law in Europe: The First Trade Mark Harmonisation Directive of the European Council”, *Op. Cit. Supra* n. 44.

meaning of the Directive itself, which will be decisive for the correct understanding of the scope of protection granted by Art. 5(1)(b)⁶⁹⁸. The ECJ jurisprudence which shall be examined further in this chapter is therefore decisive.

C. a. The Benelux Definition

What does likelihood of association mean? Firstly, the notion will be examined in the context of Benelux law, in which it was originally established. Under the Benelux Trade Mark Law, it means, in simple words, a “calling into mind”⁶⁹⁹. It refers to a situation where the consumer sees or hears a sign, and the registered mark comes into his mind. Should this be likely to happen, infringement is established. In this case the consumer might (or might not) be quite clear on what the origin or the source of the products is. It could be that, in essence, what is affected is merely the connotation sequence of images in his mind. If association occurs there is infringement, if not there is no infringement. The risk of confusion is not examined at all.

Let us examine closely, then, the case where the source of origin is clear to the consumer. As we have already seen under the trade mark functions theory, what trade marks denote primarily and what is also protected by trade mark law primarily is the origin function. In the case so far considered, the consumer perfectly receives the denoted message, which is an indication of the source of the product. The sign which is likely to bring to his mind the registered trade mark does not affect this result and does not impede the origin function. How is this extended protection justified? The answer to this question lies in the advertising theory. If this is recognised and protected by law, then trade mark infringement is established also in cases where the consumer is not confused with regard to the origin of the product.

In a leading decision⁷⁰⁰, the Benelux Court of Justice decided that there is similarity between a sign and a mark (amounting to infringement) when, taking into account the particular circumstances of the case, such as the distinctive power of the mark, the

⁶⁹⁸ See A. Kur, *Op. Cit. Supra* n. 40, at 21.

⁶⁹⁹ Namely, Art. 13A of the Benelux Trade Marks Act, before the Directive. According to that, the proprietor of a trade mark could oppose all use of this trade mark or a similar sign for the same or similar goods or services as those for which he registered his mark. See Ch. Gielen, *Op. Cit. Supra* n. 44, at 266. The Benelux Trade Mark Act did not refer to confusion but merely to similarity. It was the Benelux case law that formed the two distinct notions of confusion and association, each sufficient to give rise to liability, see Cornish and Llewelyn *Op. Cit. Supra* n. 45 at 748.

⁷⁰⁰ Decision of 20 May 1983, case A 82/5, *Union v. Union Soleure*.

mark and the sign, each looked as a whole and in correlation, show *such* an auditory, visual or other resemblance *that by this resemblance alone associations between the sign and the mark are evoked*⁷⁰¹. As one can see, by the implementation of the Benelux Trade Mark law, the similarity test proves to be fundamental in an infringement assessment; while the likelihood of confusion is not even considered. However, the notion of association being broader, it means that if a risk of confusion is established, the risk of association is given (*argumentum de majoris ad minus*)⁷⁰².

Another example could also help in drawing some conclusions. The Benelux Supreme Court had to consider a case involving the famous trade mark *Monopoly*⁷⁰³. This was in connection with a game which showed some similarity with the game Monopoly, but was totally anti-capitalistic. The trade mark *Anti-Monopoly* was used. One could argue that in this case there was no risk of confusion because *Anti-Monopoly* is the reverse of *Monopoly*. However, on the basis of the Benelux likelihood of association concept, the simple fact that the public when seeing or hearing *Anti-Monopoly* would think of *Monopoly* is sufficient to result in trade mark infringement⁷⁰⁴. One could argue, however, that the public is highly likely to be confused as to the origin of the products⁷⁰⁵.

The Benelux Act did not mention “likelihood of confusion” at all. It exclusively referred to the likelihood of association. The judge only estimated the association not as a notion related to confusion, but as a completely separate one (even though confusion as to origin could indeed occur). Therefore, the justification of the extended protection lies precisely in the different approach taken by Benelux law towards the normative basis of trade mark protection. The advertising function is therein acknowledged as equally requiring protection as the origin and the guarantee functions. The provision covers any infringement of this function - the origin function will be protected anyway, since it proposes a much narrower framework of protection.

⁷⁰¹ *Emphasis Added*. See, Ch. Gielen, “Harmonisation of Trade Mark Law in Europe: The First Trade Mark Harmonisation Directive of the European Council”, *Op. Cit. Supra* n. 44, at 266.

⁷⁰² *Ibid*, at 267.

⁷⁰³ See Cornish and Llewelyn, *Op. Cit. Supra* n. 45, at 751.

⁷⁰⁴ See Ch. Gielen, *Op. Cit. Supra* n. 44, at 266.

⁷⁰⁵ This was indeed the case in the Dutch proceedings of the case, where the court found on the evidence that a significant portion of the public would be confused between the two. See *Edor v. General Mills Fun*, [1978], Ned. Jur. 83.

The question that arises, thereof, is the following: if there is similarity between the signs and similarity between the goods, how could it be possible that the consumer is not confused? What are the parameters that would in one case cause the consumer to be confused and in another case not be, when encountering similar signs on similar goods? Is it merely the intensity of similarity that makes the difference? Or are there other factors, as well, to be considered, such as the reputation of the trade mark? It would seem logical to support that actually, all three factors need to be taken into account: similarity of goods, similarity of marks, recognition of the trade mark on the market. But if this is the case then how is art. 5(1)(b) different to art. 5(2) of the same article of the Directive on dilution, which shall be examined below.

The Directive presents a systematic inconsistency at this point. It does not make sense to incorporate in the Directive the “likelihood of association” (art. 5(1)(b)) and a separate provision on dilution (art. 5(2)), because they both tackle the same issue, i.e. infringement in cases where no confusion needs to be proved (and not cases where confusion does not exist, because in some cases of dilution, there is also a risk of confusion, as shall be analysed further below in the next Part). When the ECJ realised that, it tried to rectify the legislators’ inconsistency by stating that “association” is merely a sub-set of confusion⁷⁰⁶. This way it restricted the scope of application of art. 5(2)(b) of the Directive to cases of confusion – thereby leaving the cases of dilution to be dealt with under art. 5(2) only. Presumably the ECJ wanted at the time to restrict also the application of dilution to non similar products (as set out in art. 5(2)). In any case “association” is clearly disassociated, thanks to the ECJ ruling mentioned above, from dilution at a European level. Its existence in the wording of the Directive is of no legal importance and use in the implementation of art. 5(1)(b) totally absent.

C. b. Some Considerations

As a general remark, one could raise the question to what extent the association (under its Benelux meaning) of a sign with the mark is detrimental to the proprietor, the mark itself or the consumers. On the one hand, there is no impact on the origin or

⁷⁰⁶ See *Sabel v. Puma*, *Op. Cit. Supra* n. 113.

guarantee functions, so long as there is no confusion as to the source of the product. As we have already noted, association does not preclude, nor does it require the risk of confusion. On the other hand, as far as the advertising function is concerned, one could argue that not only is the association with the mark not detrimental, but it is rather beneficial. When the consumer recalls to mind the registered trade mark or when encountering another sign, this could be presumed to result in an enhancement of the mark's imprinting power (through its repetitive encounter with the consumer).

Let us consider the case where an advertising board merely depicts the image of the registered trade mark (the mark itself suffices to advertise the product). Along the same lines, one could argue that the sign (alleged to be infringing) actually plays the role of the advertising board. In an indirect way, the sign "winds up" the advertising function of the mark. Advertising does not entail only slogans and TV spots. It may have the form of just a photograph or even the image of the trade mark⁷⁰⁷. To the extent that this is so well-known, as to be brought clearly to the mind of the consumer when seeing or hearing a similar sign, one could argue that this association is actually part of the advertising process.

However, the use of similar marks on similar products, when this results to association between the two, is considered to infringe the advertising function. As analysed above, trade marks have the ability to individualise the product and should be able to maintain a strong distinctive power. Even though it is doubtful whether the likelihood of association is actually diminishing this function, it is under no dispute that no one should be allowed to take unfair advantage of the mark's reputation. This issue is not dealt with by art. 5(1) of the Directive which applies only in the case of use of similar signs on similar products. It is only mentioned in the case of use on *dissimilar* products in art. 5(2) of the Directive. However, as we shall see further below it was suggested by ECJ case law subsequent to Sabel/Puma that this parameter should also be considered in the cases under Art. 5(2).

C. c. Interpreting the Directive

It would appear that the attempt to combine the notions of "confusion" and "association", as perceived under the Benelux approach, would lead to a dead end.

⁷⁰⁷ Just like the *Panzani* advertisement mentioned *infra* in Part I, p. 33.

The provision of the Directive has been vague on this issue. If one was to follow the so-called “European” interpretation route⁷⁰⁸ (namely that association can occur in cases where there is no likelihood of confusion), the protection given to trade marks would be quite broad. Indeed some legal scholars supported this version and believed that the notion of association is used as a notion broader than that of confusion⁷⁰⁹. They suggested that the Benelux law “has been written to the Directive”⁷¹⁰.

If one accepts such an interpretation, an indisputable mistake of semantics⁷¹¹ reveals itself in the text of the Directive: a logically wider concept - *likelihood of association* - is mentioned as a *sub*-category of the narrower concept - *likelihood of confusion*.⁷¹² From a legal point of view, as well, there is a systematic inconsistency. Association (in that sense) is neither a *sub*- nor a *supra*- category of confusion. It is a different concept altogether. Association has nothing to do with an indication of origin or source. It has to do with the connotations procedure, set by the increased advertising power of certain signs⁷¹³.

The opposite view⁷¹⁴ supports that association could be taken as a direct replacement of confusion; infringement would occur whenever the consumer associates similar goods that carry the same or similar marks *as to their source*. This would mean that the scope of the Directive provision would be limited to the *source* doctrine. Therefore, the inclusion of the words “likelihood of association” would be empty of an autonomous meaning and would neither broaden nor restrict the scope of

⁷⁰⁸ See, P. J. Groves, “UK Trade Mark Law: Recent Developments”, BLR 167, August/September, [1997], at 167.

⁷⁰⁹ See, characteristically, A. K. Sanders, *Op. Cit. Supra*, n. 687; also, Ch. Gielen, *Op. Cit. Supra* n. 44; A. Kur, *Op. Cit. Supra* n. 40; P. Harris, *Op. Cit. Supra* n. 697. The Greek legal scholars seem to ally with this option, as well. See, Marinos, *Op. Cit. Supra* n. 351.

⁷¹⁰ Borrowing the title from an article by P. Prescott, “Has the Benelux Trade Mark Law Been Written Into the Directive?”, *Op. Cit. Supra* [1997] n. 516.

⁷¹¹ See, among others, R. Lewin, “The New Trade Marks Law-A Godsend for Trade Mark Owners or a Goldmine for the Lawyers?”, 3 EIPR 91, [1994]; A. Kur, *Op. Cit. Supra* n. 40.

⁷¹² See A. Kur, *Op. Cit. Supra* n. 40.

⁷¹³ According to Benelux law association is the result of similarity (accordingly, similarity is the prerequisite of association). The same procedure is applied in the confusion test. But the normative basis is different and should not allow any common lines to be drawn.

⁷¹⁴ See, mainly, W. R. Cornish and David Llewelyn *Op. Cit. Supra* n. 45 at 747; also, P. Prescott, “Think Before You Waga Finger”, 6 EIPR 317, [1996]. It could also be characteristically mentioned that P. Prescott commented on s. 10 (2) of the 1994 UK TM Act without even alluding to the likelihood of association (obviously due to his belief that the Directive has *nothing* new to add to the pre-existing practice of the British Courts). See, P. Prescott, “Analysis: Infringement of Registered Trade Marks: Always a Hypothetical Comparison?”, 1 I.P.Q. 121, [1997].

protection. It is not methodologically correct, however, to cite in the text of legal provisions *unnecessary* words.

Some of the Member States' Courts had the chance, before the ECJ ruling on *Sabel*, to express their standing, on this ambiguous issue. In the Benelux countries, for example, the *Always/Regina* case (*Regina v. Procter and Gamble*, Court of Appeal Brussels, 27 May 1993, IER 1993, 112) supported that the likelihood of association should not be restricted to the origin function. However, such an approach was more than expected from a Benelux court. In the UK there had been three important trade mark decisions: *Origins Natural Resources Inc. v. Origin Clothing Ltd*⁷¹⁵; *Wagamama Ltd. v. City Centre Restaurants Plc*,⁷¹⁶ and *British Sugar Plc. v. James Robertson and Sons Ltd*.⁷¹⁷ Namely in the *Wagamama* decision, Laddie J expressed his support to the latter interpretative solution. It is interesting to notice the reluctance of the British judge to give a substantial meaning to the wording of the Directive and therefore advance the legal practice of the past to new pathways⁷¹⁸.

The ECJ in *Sabel* took the second position and confirmed that “association” is one form of confusion and not an independent concept⁷¹⁹.

It should be mentioned that most of the Member States (including the UK) have implemented Art. 5(2) in their national legislation, even though this was not a mandatory provision⁷²⁰. The Minutes of the drafting of the Directive reveal that it was indeed the intention of the authors to incorporate the Benelux practice in a uniform

⁷¹⁵ [1995], F.S.R. 280

⁷¹⁶ [1995], F.S.R. 713. For further comments, See, *inter alia*, A. K. Sanders, “The *Wagamama* Decision. Back to the Dark Ages of Trade Mark Law” EIPR, 3-5, [1996]; also, by the same author, “The Return to *Wagamama*”, EIPR 521, [1996]; P. Harris, *Op. Cit. Supra* n. 697; P. Prescott, *Op. Cit. Supra* n. 714.

⁷¹⁷ [1996], R.P.C. 281. For a further analysis, See, for example, H. Hurdle, “Jacob J Treats Us All”, 5 EIPR 299, [1996].

⁷¹⁸ The arguments brought forward in the case supported both routes. However, a detailed analysis will not be effected in this thesis. Suffice to say that the final outcome of the case raised no objections: it is true that *Wagamama* and *Rajamama*'s both used for restaurants are very likely to amount to consumer confusion. However, the persistence of the judge not to make an effective interpretation of the notion of association has resulted to extended criticism. (See *Op. Cit. Supra*, nn. 714 and 716). It is doubtful, though, whether the judge would be justified in proceeding to the notion of association, if confusion had been established.

⁷¹⁹ *Sabel v. Puma* [1998], RPC 199. The ECJ stated that the notion comes from the Regulation (Art. 81(1)(b)) and Directive (art. 4(1)(b)) and not from the Benelux trade mark act.

⁷²⁰ See, A. Kur *Op. Cit. Supra*, n. 40; also, B. E. Cookson, *Op. Cit. Supra* n. 228.

trade mark protection framework⁷²¹. However, this was not without the juxtaposition of objections by delegates of certain Member States. This issue however has been answered by the ECJ in *Sabel* in a manner that nullified any meaning of inclusion of this word in the Directive.

Subsequent to *Sabel*, the Court invoked the notion of creation of a “link”⁷²² as basis for infringement in the context of art. 5(2) and 4(4)(a) of the Directive, namely in the context of the dilution provisions: in *Adidas-Salomon and Adidas Benelux v. Fitnessworld*⁷²³ the Court stated that it is sufficient for the application of art. 5(2) of the Directive to find that a certain degree of similarity exists, that has the effect that the relevant public makes a connection, establishes a “link” between the sign and the mark, even if not confusing them⁷²⁴.

In *Intel*⁷²⁵ the Court stated again that in the context of art. 5(2) and 4(4)(a) of the Directive there is infringement when the relevant public establishes a link between the mark and the sign⁷²⁶. The fact that the later mark *calls* the earlier mark with a reputation *to mind* is “tantamount”, the Court ruled, to the existence of such a link⁷²⁷, i.e. such “link” could be argued to be actually a “likelihood of association”. The existence of such a link is in any case found when confusion is established, but it may also be found when confusion is not established⁷²⁸. However, the existence of such a link does not mean automatically that there is infringement, the holder still needs to prove detriment to the distinctive character or the repute of the mark⁷²⁹.

Since art. 5(2) of the Directive is, following *Adidas-Salomon and Adidas Benelux v. Fitnessworld*, applicable also to similar goods and services, it could be argued that the “association” notion of the Benelux trade mark law did find its way into the European trade mark law, albeit not through the confusion provisions of the Directive, where it

⁷²¹ See, among others, Ch. Gielen, *Op. Cit. Supra* n. 44.

⁷²² For further analysis, see *infra* Part V, D.b below.

⁷²³ Case C-408/2001, *Op. Cit. Supra* n. 432, E.C.R. [2003].

⁷²⁴ *Ibid*, par. 29. See also, in relation to Article 5(2) of the Directive, *General Motors, Op. Cit. Supra* n. 122, par. 23; *Adidas and Adidas Benelux, Op. Cit. Supra* n. 723, par. 41.

⁷²⁵ Case C-252/2007, *Intel Corporation Inc. v. CPM UK Ltd.*, judgement of 27.11.2008.

⁷²⁶ *Ibid*, par. 66.

⁷²⁷ *Ibid*, par. 60.

⁷²⁸ *Ibid*, par. 57. See also *Adidas-Salomon and Adidas Benelux v. Fitnessworld, Op. Cit. Supra* n. 723.

⁷²⁹ *Ibid*, par. 71.

grammatically belongs, but through the dilution provisions, namely art. 5(2) of the Directive.

Jacob L.J. in the UK is of the opinion that the “link” required by the ECJ when infringement under 5(2) of the Directive is claimed, always requires more than a mere bringing into mind of the mark; it requires a mistaken belief of “trade connection”⁷³⁰. This view, which obviously refers to confusion as to trade origin, is however not in line with the above mentioned ECJ case law, which expressly does not require confusion to be established under art. 5(2).

C.d. The case in Greece

According to the wording of the Greek Trade Mark law the risk of confusion includes the risk of association of the two marks (Art. 4 par. 1 ind. b of Law 2239/1994).

As per the Greek legal doctrine, the risk of association refers to the case where despite the fact that the two marks when compared do not create a risk of confusion, they give the impression that the goods or services distinguished come from the same company or from different, however cooperating companies⁷³¹. The risk of association covers therefore the indirect risk of confusion and the risk of confusion in a broad sense, notions that were developed by the German case law and were partially accepted by Greek case law under the regime before the implementation of the Directive. Indirect risk of confusion is created when the consumers have the wrong impression that the owner of the marks is one entity and that the marks are part of the same series or that the later mark is a later version of the earlier mark. Direct risk of confusion is found when the consumers believe that the marks originate from the same entity. Risk of confusion in a broad sense is when the consumer believes that there are financial or other type of connections between the two entities. It follows from the above that this definition of risk of association is exactly the definition of risk of confusion.

The Greek legal doctrine agrees with the standpoint of the ECJ in *Sabel*, that the mere connotational coming into mind, does not constitute infringement in the case of non

⁷³⁰ Jacob L.J. noting his opinion in *Intel Corporation Inc. v. CPM UK Ltd.*, [2007], EXCA Civ 431.

⁷³¹ N. Rokas, *Industrial Property, Op. Cit. Supra* n. 619, at 129, Areios Pagos 1009/1991, EEmpD 1992, 148.

famous marks, as it is inherent to any comparison resulting from similarity of the marks; however, not every memory awaking is actionable, but only that related to famous marks⁷³². The Greek Supreme Court confirmed that the connotational risk of confusion (“κίνδυνος συνειρμικής σύγχυσης”) should be examined in any case where the protection of a famous mark is sought⁷³³.

The Supreme Court confirmed that the Court of Appeal should have found the existence of connotational risk of confusion (as part of the risk of confusion, according to the Court, but in reality as a separate ground for protection, in the sense that mere establishment of a link should suffice, for finding infringement). It further stated that the Court of Appeal should have examined the granting of protection to the famous trade mark, even in the absence of risk of confusion, which was its finding of fact⁷³⁴. Following this ruling, in case of a famous mark, the risk of association should suffice for protection to be granted.

Even though the risk of association was included in the confusion provisions of the Directive (art. 4(4)(a) and art. 5(2)), it seems that it was perceived by the ECJ and Greek courts as actionable only in cases of famous marks. This is logical, since, for any association to be evoked, the earlier mark must be well-known. Even though the association notion was inserted in the confusion provisions of the Directive and subsequently “removed” therefrom by the ECJ, the notion of association has found its way in the European trade mark law, through the dilution provisions. These shall be examined in the following Part V.

⁷³² See Marinos, *Op. Cit. Supra* n. 351, at 176.

⁷³³ Areios Pagos 1030/2008 DEE [2009], 188, PolPrAth 585/2010, *Op. Cit. Supra* n. 399. See also comments on Areios Pagos 1030/2008, by Ch. Koliatsi, EEmpD [2008], 891.

⁷³⁴ Areios Pagos 1030/2008, *Ibid.*

PART V. DILUTION: SOLUTION OR MERELY A DELUSION ?

The touchstone of trade mark protection is, as already seen, likelihood of confusion as to the source of the product. We are now about to examine the case where trade mark infringement might occur without the consumer being confused, namely the theory of trade mark dilution. After its incorporation in many state laws in the USA, where the theory of dilution originated from in the beginning of the previous century, a federal statute on dilution was promulgated. The theory of dilution is one of the most ambiguous in trade mark law. It has gained warm supporters, but has also received severe criticism. It has been accused of vagueness, inconsistency and absence of legal basis. This controversial doctrine will be of primary interest in the course of this chapter and suggestions will be made for a new perspective of the theory. It is submitted, however, that despite these inconsistencies the solutions proposed by the dilution theory should be embraced, albeit on a new basis. The discussion will draw on the framework of trade mark functions, as well as the semiotic analysis undertaken in Part I. It is submitted that the three trade mark functions are inexorably linked with each other and the only way to perceive any infringing act, including dilution, is by considering this triad as a whole. Trying to focus on the infringing use against one specific function would nullify the other two functions.

The US legislation and the influence of US legal doctrine and case law on the European law shall be examined. How is dilution dealt with by the Directive? One of the most important articles of the Directive is the one that introduces the possibility of infringement in case of use of identical or similar marks on non-competing goods⁷³⁵. The European legal framework and European Courts' (ECJ, CFI) case law shall be analysed, in order to assess the contribution of the dilution theory and legislation to the protection of trade marks and in particular famous marks.

The dilution theory in national frameworks will be analysed, as this is encapsulated in Section 10(3) of the UK TM Act 1994 and Article 18(3) and 4(1)(c) of the Greek TM Act. It will be argued that the dilution theory leads to an absolute protection of the stronger marks, while leaving the weaker ones with a comparatively lesser extent of

⁷³⁵ Art. 5 EC Directive.

protection. A new tentative theory of dilution will be promulgated, emanating from the new context of trade mark protection introduced by the Directive. In the absence of a clearer understanding of the psychological and logical mechanisms of dilution, the underlying theoretical problems will continue to need further clarification in order to facilitate the application of dilution laws.

A. WHAT IS DILUTION?

The notion of dilution was introduced in 1927 in a seminal article written by Fr. Schechter⁷³⁶ and it proposes the extension of trade mark protection beyond the traditional scope of the origin and guarantee functions. A great amount of literature has been written on this issue by USA scholars⁷³⁷, which is characterised as one of the most ambiguous and controversial doctrines of trade mark law⁷³⁸. This is due partly to the fact that there is no unanimity as to what the doctrine actually encompasses and what “dilution” really means; and partly to the objections raised as to the usefulness or legal justification of the doctrine.

The essence of dilution is as Judge Posner has explained: “*A trademark seeks to economize on information costs by providing a compact, memorable and unambiguous identifier of a product or service. The economy is less when, because the trademark has other associations, a person seeing it must think for a moment before recognizing it as the mark of the product or service*”⁷³⁹.

⁷³⁶ Frank Schechter, *Op. Cit. Supra* n. 4.

⁷³⁷ See, among others, B. W. Pattishall, “The Dilution Rationale for Trademark-Trade Identity Protection, Its Progress and Prospects”, 67 TMR 607, 610, [1977]; also, “Dawning acceptance of the Dilution Rationale for Trade-Mark-Trade Identity”, 74 TMR 289, [1984]; J. Moskin, “Dilution or Delusion: The Rational Limits of Trademark Protection”, 83 TMR 122, [1993]; W. Derenberg, “The Problem of Trade-Mark Dilution and the Anti- Dilution Statutes”, 44 California Law Review 439, [1956]; H. Shire, “Dilution Versus Deception-Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?” 77 TMR 273, [1987], Swann, 92 TMR 1345, [2002].

⁷³⁸ “*Schechter’s bones are still rattling, loudly*” (sic), J. Gilson, “A Federal Dilution Statute: Is It Time?”, 83 TMR 108 at 112-116, [1993].

⁷³⁹ Richard Posner, *When Is Parody Fair Use?*, 21 J. LEGAL STUD. 67, 75 (1992).

A. a. Background

Before we proceed with the analysis of the actual content of dilution theory, it would be helpful to refer to the context within which Schechter's article was written. In 1927, when the article was written, the prevailing system of legal protection of trade marks was based on consumer confusion by use of a sign identical or similar to the registered mark on identical or similar goods. The courts had no authority whatsoever to enjoin legal protection in any other case falling outside the scope of legal provisions. In other words, courts were not able to offer protection to a trade mark owner against unauthorised use on similar goods when there was no likelihood of confusion; nor were they able to protect as against the use of identical or similar signs on non-competing goods, whether there existed a likelihood of confusion or not.

What Schechter noticed and objected to, was the inadequacy of trade mark protection in respect to the above mentioned cases. The specific mischief the author sought to remedy was the narrow focus of classic trade mark law. This limited recovery to cases where a direct competitor actually diverted trade by causing consumers to believe that its goods originated from the same source as the plaintiff's; or that there was economic or other association existing between them. Schechter postulated that this was inadmissible (to use his own words, a depiction of "obsolete conceptions")⁷⁴⁰ to the extent that trade mark functions no longer exclusively referred to origin and guarantee. For him, trade marks were not mere symbols of goodwill, but rather "the most effective agent for the *creation* of goodwill, imprinting upon the public mind an anonymous and impersonal guarantee of satisfaction, creating *desire* for further satisfactions"⁷⁴¹. In essence, Schechter promulgated that the *primary* function worthy of legal protection was the advertising function of the trade mark⁷⁴². As a consequence, the real injury resulting from the use of identical⁷⁴³ marks on non

⁷⁴⁰ See, Schechter, *Op. Cit. Supra* n. 4, at 338.

⁷⁴¹ *Ibid. Emphasis added.*

⁷⁴² See, H. Carty, "Dilution and Passing Off", 112 LQR 632, [1996], at 643.

⁷⁴³ It should be noted that in his article, Schechter only made reference to use of identical signs, not similar. This is an issue that should be clarified. Namely, to what extent do only similar signs harm the registered trade mark when used on dissimilar goods.

competing goods was the “*gradual whittling away or dispersion of the identity and hold upon the public mind.*”⁷⁴⁴ This phrase epitomises the dilution theory.

A. b. Quest For A Definition

What did Schechter actually mean by these words? A clarification given by him at a later stage suggested that the “whittling away” means the *gradual* diminution of the mark’s *distinctive character* because of its unauthorised use on non competing goods.⁷⁴⁵ A trade mark is an effective “silent salesman”⁷⁴⁶ stimulating sales by creating goodwill and assuring buyers that all goods bearing the mark are of the same quality. Therefore, its ability to attract customers through its intense distinctive character is worth protecting. This however, could lead to the danger of extending the protection merely on the basis of the mark’s reputation in the market. “*The mark actually sells the goods. And, self-evidently, the more distinctive the mark, the more effective is its selling power.*”⁷⁴⁷ This seems to be an unfair treatment and inadequate protection of the weaker marks. An acceptable justification is needed for such a discriminative result. Moreover, no coherent standard exists on the “degree” of distinctiveness that a mark should have in order to acquire more extended protection⁷⁴⁸. How this issue is dealt with by the ECJ and the Greek courts shall be analysed subsequently.

One definition of dilution that appears to be simple and logically consistent is given by B. Pattishall: “*Dilution results when use of a mark by others generates awareness that the mark no longer signifies anything unique, singular or particular, but instead*

⁷⁴⁴ Schechter, *Op. Cit. Supra*, n. 4, at 342.

⁷⁴⁵ Testifying before a Congressional committee in 1932, Schechter explained that : “if you allow Rolls Royce restaurants and Rolls Royce cafeterias, and Rolls Royce pants, and Rolls Royce candy, in 10 years you will not have the Rolls Royce mark any more. That is the point.” See, J. Wolff, “Non-Competing Goods in Trade Mark Law”, 37 Colum L Rev 582, [1937].

⁷⁴⁶ Schechter, “Fog and Fiction in Trade -Mark Protection”, 36 Col L Rev 60, [1936], at 64.

⁷⁴⁷ Schechter, [1927], *Op. Cit. Supra* n. 4, at 342.

⁷⁴⁸ In the USA there have been numerous cases where arguably weak or non-distinctive marks have been thought by the courts to merit protection against dilution. See, for example, *Roadway Express, Inc. v. Roadway Motor Plazas, Inc.* 17 USPQ2d 1131 (NDNY 1990) (ROADWAY); *Zeller v. La Hood* 627 F Supp 811, 8 USPQ 1028, 1032 (cd I11 1985) *Dawn v. Sterling Drug Inc.* 167 USPQ 721 (TOWER OF BABBLE).

may (or does) denominate several varying items from varying sources”⁷⁴⁹. This definition however is not entirely satisfactory since it does not consider at all the remoteness or relatedness of the two parties’ trademark usage⁷⁵⁰.

Professor Callmann makes another proposition, defining dilution as opposed to the notion of confusion. He explains that “*confusion creates an immediate injury, while dilution is a cancer which, if allowed to spread, will slowly but inevitably destroy the advertising value of the mark.*”⁷⁵¹ This is possibly an overstatement, but describes vividly the harmful result of dilution as viewed from the perspective of one of the doctrine’s warmest supporters. In any case, where protection against confusion aims primarily or at least in parallel to the protection of public interest i.e. the interests of consumers, protection against dilution is strictly individual-economic centred: all it aims at, is protecting the trade mark owner and the trade mark⁷⁵².

A. c. Dilution Categories

The prevailing classification of possible cases of trade mark dilution consists of either the “blurring of the product identification” or “tarnishment”. This categorisation emanated from USA judicial practice. According to that, “blurring” is the whittling away of the established trade mark’s selling power⁷⁵³. This is the “traditional case of “dilution” in which the uniqueness of a trademark may be impaired as a result of trademark use by others of the same mark on totally unrelated goods”⁷⁵⁴. Classic examples of diluting cases might include: *Buick* aspirin tablets, *Kodak* pianos, *Dupont* shoes and *Schlitz* varnish.

The other case of dilution is “tarnishment”. This would, generally, arise when a mark is linked to products of an inferior quality, or when a mark is portrayed in an unwholesome or unsavoury context likely to invoke negative thoughts about the owner’s product⁷⁵⁵. In such situations it is the reputation and commercial value of the

⁷⁴⁹ Pattishall, [1984], *Op. Cit. Supra* n. 737, at 308. However, even such a strong supporter of the dilution theory, admitted that the dilution theory is “bewilderingly intangible” in “Dilution: Trademark Infringement or Will-O’- the Wisp”, 7 Harv L Rev 520, [1964], at 125.

⁷⁵⁰ See J. Moskin, [1993], *Op. Cit. Supra* n. 737, at 134.

⁷⁵¹ R. Callman, “Unfair Competition, Trademarks and Monopolies”, L. Altman 4th ed. [1983], at 34.

⁷⁵² See also B. Beebe, *Op. Cit. Supra* n. 766, [2006] at 1146.

⁷⁵³ See R. Litowitz and D. Rettew, *Op. Cit. Supra* n. 769.

⁷⁵⁴ Tony Martino, “Trademark Dilution”, Crarendon Press, Oxford, [1996] 1.

⁷⁵⁵ *Ibid.*

mark that are affected and not its distinctive function⁷⁵⁶. The former can diminish where the public attributes the undesirable characteristics of the defendant's goods to the plaintiff's goods. Examples of tarnishment dilution include, for example, a poster reading "*Enjoy Cocaine*" in a script and colour identical to that of *Coca Cola*⁷⁵⁷.

Apart from the general categories, some other cases of trade mark dilution can also be drawn. Parody is a special case of the use of a trade mark that falls within the context of tarnishment, but should not be restricted since it is protected under the freedom of speech⁷⁵⁸. Notwithstanding the above, as such the parody would seem to reinforce the reputation or distinctiveness of the mark, rather than dilute it. The success of the parody depends on the public continuing to associate the mark with the original owner. However, the line between parody and tarnishment may sometimes be difficult to draw, as in the *Coca Cola* case itself.

The last category that is going to be considered is the case of "generification."⁷⁵⁹ This occurs when the mark becomes descriptive of the product itself, thereby destroying the worth of the mark. The mark's distinctiveness is diminished, and consequently so is its market value. Characteristic examples can be mentioned: "*Aspirin*"⁷⁶⁰, "*Linoleum*"⁷⁶¹, "*Thermos*"⁷⁶² and "*Shredded Wheat*."⁷⁶³ This could be envisaged as the "death" of the trade mark, resulting from the loss of the mark's source-related associative significance⁷⁶⁴. Generification is the "ultimate dilution" and it is probably

⁷⁵⁶ Along these lines an analogy can be drawn. The case of tarnishment and the respective interest of the trade mark owner to prevent such a use is analogous to the interest of the copyright owner to protect his moral right of integrity (See further Cornish *Op. Cit. Supra* n. 42). The right to object to derogatory treatment is similar to the right of the trade mark owner to seek protection against use resulting to tarnishment. This is supported also by the fact that a typical case of derogatory treatment is parody, which is encompassed in the notion of tarnishment as well.

⁷⁵⁷ 346 F Supp 1183; 175 USPQ 56 (EDNY 1972).

⁷⁵⁸ See, the detailed study of E. Gredley and Sp. Maniatis, "Parody: A Fatal Attraction? Part Two: Trade Mark Parodies", 8 EIPR 412, [1997]. Under the 2006 Anti – Dilution Revision Act parody was explicitly excluded.

⁷⁵⁹ See, in general, L. Holmqvist, "Degeneration of Trade Marks", The Publishing Company of the Swedish Federation of Jurists and Social Scientists.

⁷⁶⁰ *Bayer Co. v. United Drug Co.*, 272 F 505 (SDNY 1921).

⁷⁶¹ *Linoleum Mfg Co. v. Nairn*, [1978] 7 Ch D 834.

⁷⁶² *King -Seeley Thermos Co. v. Alladin Industries Inc.*, 312 F2d 577, 138 USPQ 349 (CA 2 1963).

⁷⁶³ *Kellog Co. v. National Biscuit Co.*, 305 US 111, [1938].

⁷⁶⁴ However it has been argued that the destruction of those mark was the result of successful marketing and not of unauthorised used by third parties on dissimilar products, see Moskin 154 TMW 34 [2003] at 37. He further notes that "[I]f dilution were truly the "inevitable" result of unauthorised third-party use of similar marks, there should be some ready concrete examples from the history of trade mark law or marketing generally".

the main reason for existence of anti dilution provisions. It could not, of course, be considered as an infringement since it is the result of the use by common people and by unauthorised third parties for commercial purposes. This is why it is important for the trade mark owner to take judicial action against third parties that make unauthorised use of its mark and for an effective legal framework to exist in that respect. If no anti dilution provisions exist (or they exist but are not applied properly), and the trade mark owner cannot do anything judicially to stop such use, then one lost court case opens the door for use by more third parties. A vicious circle then opens and the result is “generification”.

A.d. The USA Trademark Dilution Revision Act

Despite the fact that the doctrine was encompassed primarily in American trade mark theory and legislation⁷⁶⁵, almost no legal⁷⁶⁶ provision legally defined this notion. Therefore, no officially accepted statutory or case law definition existed. The only exception to that are the Federal Trademark Dilution Act of 1995 and the Trademark Dilution Revision Act of 2006, which create a federal cause of action for trade mark dilution⁷⁶⁷. The definition given in the 1995 Act was not particularly helpful⁷⁶⁸. The

⁷⁶⁵ In the USA twenty five states have statutes that purport to recognise a right against trademark dilution (the earliest dating to 1947, Act of May 2, 1947, ch. 307, par. 7a, [1947], Mass Acts 300, repealed by 1973 Acts, ch. 897 par. 2 replaced by 1975 Mass Gen Laws, ch. 110B par. 12 Wes Supp 697).

⁷⁶⁶ See McCarthy on Trademarks and Unfair Competition (4th ed. 2004), ch. 24, pt.2, Micheletti and Dorfman, 92 TMR 1345, [2002], Barton Beebe, “A defense of the New Antidilution Federal Law”, Fordhal Intell. Prop. Media and Ent. L. J., [2006], 1143. However, the courts in general do not grant relief for dilution without the concurrent finding of likelihood of confusion under a traditional infringement analysis. See, J. Moskin, *Op. Cit. Supra* n. 737, at 122. It would be worth noting however, that the first USA decision to extend trade mark infringement beyond competing goods to different but related goods was *Aunt Jemina Mills Co. v. Rigney and Co.*, 247 F 407 (2d Cir 1917).

⁷⁶⁷ Even before the adoption of the federal Anti- Dilution Act, there were many state laws in the USA that provided protection against dilution. Given the fact that the doctrine was introduced firstly in the USA (Schechter’ s article was first published in Harvard Law Review) the discussion on dilution proliferated in the USA and there was also legislation adopted there. It should be noted however that Schechter himself was arguing on the background of a German decision (*Landesgericht, Elberfeld*, 25 *Juristische Wochenschrift* 502; XXV *Markenschutz und Wettbewerb* 264, 11 September 1925. The owner of the trademark *Odol* for mouthwash obtained cancellation of the same mark used in relation to steel railroad ties (1924, 25 *Juristische Wochenschrift* 502). See, T. Martino, *Op. Cit. Supra* n. 754, at, n. 1. Some commentators have suggested that the doctrine originated in England with the decisions in *Eastman Photographic Materials Co. Ltd. V. John Griffiths Cycle Corporation Ltd* [1898], 15 RPC 105 (“*Kodak*”) and *Walter v. Ashton*, [1902]. These were two very important passing off cases but the courts were merely proscribing the harm of dilution under a traditional likelihood of confusion rationale. See, B. Pattishall, “Dawning Acceptance of the Dilution Rationale for Trademarks-Trade Identity Protection”, *Op. Cit. Supra* n. 737, at 289.

⁷⁶⁸ Cornish interestingly points out that the Federal Trademark Dilution Act solved only one problem, that of cyber squatters who register domain names embodying famous trademarks with a view to selling them to the trademark owners. This is because the dilution liability does not require likelihood

Act merely defined dilution as “the lessening of the capacity of a famous mark to identify and distinguish goods or services”⁷⁶⁹. However the 2006 Revision Act provided clearer definitions and made a distinction between Dilution by Blurring and Dilution by Tarnishment. The former is defined as “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark”⁷⁷⁰ and the latter as “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark”⁷⁷¹.

It has been argued that these two categories do not cover the dilution by impairment of uniqueness, which is what Schechter meant to refer to by dilution⁷⁷². Indeed, in the early stages of the drafting of the Act, a form of antidilution protection based on “uniqueness” was proposed and rejected⁷⁷³.

of confusion, therefore, one cannot put forward as a defence that the domain name is not for given goods or services, Cornish and Llewelyn, *Op. Cit. Supra* n. 45, at 753. See also for similar result in England *British Telecommunications v. One in a Million*, [1999], FSR 1, CA.

⁷⁶⁹ See, R. Littowitz and D. Rettew, “What is “Dilution” Under the New US Federal Trademark Dilution Act?”, 11 EIPR 618, [1996]. The Act did not provide for the protection of “well-known” marks (as opposed to “famous marks”). Moskin, (154 TW 34, [2003]) points out that “[a]lthough metaphors and analogies make abundantly clear what the dilution theory aims to remedy, even the State law precedents show that proving the theory in any given instance is daunting. The actual law Congress drafted is more opaque still”.

⁷⁷⁰ The idea underlying the concept of blurring is that the defendant’s use of a mark similar or identical to the plaintiff’s mark will “blur” the link between the plaintiff’s mark and the goods or services to which the plaintiff’s mark is traditionally attached. See, e.g., *Mattel, Inc. v. MCA Records*, 296 F.3d 894, 904 (9th Cir. 2002) (“*The distinctiveness of the mark is diminished if the mark no longer brings to mind the senior user alone*”), Stacey L. Dogan & Mark A. Lemley, “What the Right of Publicity Can Learn From Trademark Law”, 58 STAN. L. REV. 1161, 1198 [2006], where they write: “*Blurring takes a formerly unique mark (say, Exxon), which consumers can associate with the mark owner without any necessary context, and applies it to unrelated products—say, Exxon pianos or Exxon carpets. Even if the consumer understands that these different Exxons are unrelated, the proliferation of Exxon-marked products may make it more difficult for consumers to figure out which company is responsible for any particular product. (Quick: What does Delta sell?)*”. See also David J. Franklyn, “Debunking Dilution Doctrine: Toward a Coherent Theory of the Anti-Free-Rider Principle in American Trademark Law”, 56 HASTINGS L.J. 117, 129 [2004] (“*This blurring occurs because consumers no longer associate the famous mark with only one line of goods or only one source of goods.*”); Michael Pulos, “A Semiotic Solution to the Propertization Problem of Trademark”, 53 UCLA L. REV. 833, 839 [2006].

⁷⁷¹ Section 2. Tarnishment was for the first time expressly included as form of dilution. It was not mentioned by Schechter.

⁷⁷² See William G. Barber, “A “Rational” Approach for Analyzing Dilution Claims: The Three Hallmarks of True Trademark Dilution”, 33 AIPLA Q.J. 25, 43–44 (2005); Barton Beebe, “The Semiotic Analysis of Trademark Law”, 51 UCLA L. REV. 621, 681–82 [2004].

⁷⁷³ See *Trademark Dilution Revision Act of 2005: Hearing on H.R. 683 Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary*, 109th Cong. 12-13 [2005] (statement of Anne Gundelfinger, President, International Trademark Association). See also *id.* at 22–23 (testimony of William G. Barber on behalf of the American Intellectual Property Law Association).

It follows from the definition of dilution by blurring that “association” is an element inherent to dilution. This could mean that for the judge to find that a junior mark “blurs” a senior mark, the judge must find that the junior mark is causing consumers to “think for a moment” before recognizing that the senior mark refers to the goods of the senior mark’s owner⁷⁷⁴. A merely formal analysis of the similarity of the marks is insufficient. The judge must evaluate the effect of the junior mark on the perceptions of actual consumers and must in the process take into account such factors as the degree of distinctiveness of the senior mark and the sophistication of the relevant consumer population⁷⁷⁵.

According to this view, certain very strong marks are not simply a means of identifying and advertising source. In a new age of mass production, they are also a means of endowing the goods to which they were attached with the characteristic of uniqueness, a characteristic for which consumers would pay a premium. As per B. Beebe commenting on how simple the application of anti-dilution provisions should be as opposed to confusion provisions: “The beauty of Schechter’s original conception of antidilution protection was that it was relatively easy to put into practice. Uniqueness is an absolute concept. A mark is either unique or it is not. If a senior mark is unique in the marketplace and a junior mark appears that is identical to it, then the junior mark will destroy the senior mark’s uniqueness. Thus, the test for dilution was an essentially formal one. The judge need only consider the identity or close similarity of the parties’ marks. If they were identical or closely similar, then the loss of uniqueness could be presumed⁷⁷⁶. Where the consumer confusion test was a messy and unpredictable empirical analysis centered on the *consumer*, the trademark dilution test was simple and relatively predictable centered on the *trade mark*”⁷⁷⁷.

⁷⁷⁴ See B. Beebe, *Op. Cit. Supra* n. 766 [2006], 1149.

⁷⁷⁵ *Ibid.*

⁷⁷⁶ With regard to the presumptions problematic within the European context see also further below. The Fourth and Seventh Circuits appear to have appreciated this aspect of antidilution protection in their formulation of the factors that courts in their respective circuits should consider in finding dilution. See, *Eli Lilly & Co. v. Natural Answers Inc.*, 233 F.3d 456, 468-69 (7th Cir. 2000) (considering similarity of the parties’ marks and the “renown” of the senior mark in finding a likelihood of dilution); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 464 (4th Cir. 1999) (“[O]nly mark similarity and, possibly, degree of ‘renown’ of the senior mark would appear to have trustworthy relevance under the federal Act.”)

⁷⁷⁷ Beebe, *Op. Cit. Supra* n. 766, [2006], 1146. See also below on the applicability issues raised within the European context.

According to the 2006 Revision Act, in determining whether a mark is likely to cause dilution by blurring, the court may consider all relevant factors, including the following⁷⁷⁸:

- (i) The degree of similarity between the mark or trade name and the famous mark. The marks must be “identical” or “nearly identical” or “substantially similar”⁷⁷⁹.
- (ii) The degree of inherent or acquired distinctiveness of the famous mark. Dilution results to the impairment of such distinctive character. A mark that notwithstanding its fame does not have any distinctive character (even though in such a case it would be hard not to acknowledge at least acquired distinctiveness⁷⁸⁰) is lacking “the very attribute that the antidilution statute seeks to protect”⁷⁸¹. As per consistent case law incorporated in the Act, the degree of distinctiveness of the senior mark has a considerable bearing on the question whether a junior use will have a diluting effect⁷⁸². The more distinctive the mark, the more likely such distinctive character to be impaired.
- (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark. The owner of the famous mark should take all necessary steps to prosecute unauthorized use of his mark, through cease and desist letters, judicial action, trademark oppositions etc. in order to confirm that the use of its mark is not “exclusive” but “substantially exclusive”⁷⁸³.
- (iv) The degree of recognition of the famous mark. The higher the level of consumer recognition, the more likely dilution to be found.

⁷⁷⁸ These factors mainly depict pre existing case law.

⁷⁷⁹ *V Secret Catalogue Inc., v. Victor Moseley and Cathy Moseley*, [2008] 558 F. D.I.a. Supp. 2d. 734, citing *Nike Inc. v. Nikepal International Inc.* [2007], WL 2782030 (E.D. Cal. 2007), United States Court of Appeal 4th Circuit in *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC. Victoria D. N. Dauernheim, Woofies LLC d.b.a Woofie’s Pet Boutique*, 507, F. 3d. 252, [2007], par. 17. It is interesting to note that in the European context it is argued that the degree of similarity in dilution cases must not be the same as the degree of similarity required for establishing confusion. A lesser degree of similarity should be enough. See further below.

⁷⁸⁰ See also the same view by ECJ, in *Intel, Op. Cit. Supra* n. 725, par. 73.

⁷⁸¹ *V Secret, Op. Cit. Supra* n. 779, at D.I.b, citing *Nabisco*, 191 F. 3d, 215-116.

⁷⁸² *Ibid.*

⁷⁸³ *Ibid.*, citing *Nikepal* [2007] WL 2782030 at 7, citing *L.D. Kichler Co. v. Davoil Inv.*, 192 F. 3d. 1349, 1352 (Fed. C. 1999).

(v) Whether the user of the mark or trade name intended to create an association with the famous mark. Such intention is inferred when the degree of similarity is such, that coincidence is excluded⁷⁸⁴.

(vi) Any actual association between the mark or trade name and the famous mark. Even though actual dilution need not be proved under the 2006 Act, any evidence of actual association in the minds of consumers is taken into account for establishing the likelihood of dilution. Then evidence of likelihood of dilution, namely of an impact on the strength of the famous mark, should also be submitted⁷⁸⁵.

As we shall see further below some of these criteria are used also in European trade mark law.

The Revision Act particularly states that the owner of a famous mark has judicial recourse rights regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury⁷⁸⁶. It is required however, that the mark is famous and distinctive, either inherently or through acquired distinctiveness and that the third party is using the infringing sign in commerce⁷⁸⁷.

The 2006 Revision Act contains also the definition of famous mark, as one that is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following: (i) The duration, extent, and geographic reach of advertising and publicity of the mark, (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark, (iii) The extent of actual recognition of the mark⁷⁸⁸. As we shall see further, these criteria are similar to the criteria used by European courts.

Any fair use is excluded by the above mentioned provisions. In the European context, as we shall see, acting unfairly is one of the conditions to be met for establishing

⁷⁸⁴ *Ibid*, D.I.e. The Greek case law takes this position as well, when examining “bad faith” in trade mark infringement. See further below.

⁷⁸⁵ *Ibid*, D.I.f.

⁷⁸⁶ Section 2 of the Trademark Dilution Revision Act.

⁷⁸⁷ *Ibid*.

⁷⁸⁸ *Ibid*.

infringement. Even though the construction is different the rationale is the same in both regimes.

B. DILUTION REVISITED

The dilution doctrine is not as straightforward as traditional trade mark protection in the framework of confusion and has gone through many evolution stages until its legislative crystallisation, as we have seen in the previous chapter. In the present chapter we shall propose that some inconsistencies exist in the heart of this doctrine and shall examine some difficulties that arise in its application. Since European law is inspired by the USA legal doctrine and case law, especially in the framework of dilution, we shall examine how these problems have been dealt with in the USA, by legal doctrine and case law. The position of the European Court of Justice and national courts in Europe shall be examined, in view of the above, in the following chapters.

B. a. Inherent Reservations

Several objections could arise with regard to the scope of this theory and the requirements necessary for its application. In addition, several inconsistencies may also be noted⁷⁸⁹. Firstly, the relationship between confusion⁷⁹⁰ and dilution is a vague one. Is it not contradictory for a plaintiff to invoke confusion as well as dilution claims in parallel? Does the claim on dilution not presuppose that there is no confusion and vice versa? Even though matters seem to be clear on this issue, in Greece, for example, where invoking both legal bases in parallel would constitute the action contradictory and therefore not precise enough and dismissible, the situation is

⁷⁸⁹ See, for example, J. Swann and Th. Davis, "Dilution, an Idea Whose Time Has Gone; Brand Equity as Protectible Property, the New/Old Paradigm", 84 TMR 267, [1994]; Mc Carthy "Trademarks and Unfair Competition", 4th ed., [2005]. Cornish points out that "dilution" either seen in the context of unfair competition or trade mark law, should only be prevented in cases where there is really sufficient cause for interfering with "*the freedom of all traders to promote their goods as best they can*" *Op. Cit. Supra* n. 45, at 712.

⁷⁹⁰ Dilution's "*older cousin*" according to T. Martino, *Op. Cit. Supra*, n. 754, at 3.

not the same in the USA⁷⁹¹. As we shall examine further below, the ECJ recently took a similar position⁷⁹².

It could be argued that the unauthorised use of a famous mark on dissimilar products gives rise to risk of confusion⁷⁹³. In *Anheuser Busch Inc. v. VIP Products LLC*⁷⁹⁴, where the plaintiff was invoking both federal trademark infringement and dilution claims, the court found that the plaintiff had proved actual confusion of the consumers even though the products at issue were dissimilar⁷⁹⁵.

Furthermore, the wording of Section 2 of the 2006 Trademark Dilution Revision Act stating that in order to find dilution, there is no need to provide proof of confusion, could be interpreted as meaning that even though it is possible for confusion to occur in cases of dilution, there is no need to provide such evidence in order to establish a claim on dilution⁷⁹⁶.

Indeed, it is not necessarily true that in case of a sign being used on dissimilar goods, there is no confusion on the part of the consumer, or in other words that the sources of the goods (although different) are not somehow associated⁷⁹⁷. This suggestion would appear to accord no less protection than the doctrine of dilution. Professor McCarthy focuses on the problem from the perspective of psychological assumptions that are

⁷⁹¹ See, for example, United States Court of Appeal 4th Circuit in *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC. Victoria D. N. Dauernheim, Woofies LLC d.b.a Woofie's Pet Boutique*, 507, F. 3d. 252, [2007], US District Court E.D. Missouri in *Anheuser Busch Inc. v. VIP Products LLC*, [2008], WL 4619702, (E.D. Mo.).

⁷⁹² In case C-252/07, *Intel Corporation Inc. v. CPM UK Ltd.*, judgement of 27.11.2008, par. 57.

⁷⁹³ Some commentators have been since long supporting such a proposition. See J. Wolff, "Non-Competing Goods in Trademark Law", 37 Colum. Law Rev 582, [1937], at 584; also, F. Gordon Battle Jr, "Trade Reputation-Unfair Competition-Dilution of Trade Marks", North Carolina L Rev 105, [1957], at 108. One could mention the Polaroid case where the court did find a likelihood of confusion in the use of the mark *Polaraid* for refrigerators. (*Polaroid Corp. V. Polaraid Inc.*, 319 F2d 830, 138 USPQ 265 (CA 7 1983). In this case the marks were extremely similar, the goods were totally dissimilar and the mark requiring protection was a very famous one. However, the court granted protection under trade mark law based on the traditional test of confusion and not on the dilution doctrine.

⁷⁹⁴ *Op. Cit. Supra* n. 791.

⁷⁹⁵ *Ibid*, par. 6 and 8.

⁷⁹⁶ See *Louis Vuitton, Op. Cit. Supra* n. 791, at. F, stating "On the actual confusion factor, it is well established that no actual confusion is required to prove a case of trademark infringement, although the presence of actual confusion can be persuasive evidence relating to a likelihood of confusion", citing also, *Care First*, 434, F. 3d at 268.

⁷⁹⁷ As we have seen, in the Trademark Dilution Revision Act, Dilution By Blurring is defined as "an association" of the marks arising from the infringing use. This is similar to the view prevailing in the European courts as well, as we shall see further below.

thought to support the dilution theory: “The dilution concept presumes that defendant’s use of the mark does not cause such a strong mental connection that confusion is likely. On the other hand, if a reasonable buyer is not at all likely to think of the senior user’s trademark in his or her own mind, even subtly or similarly, then there can be no dilution.”⁷⁹⁸ This suggestion reveals the importance of the mental processes of consumers and other relevant users, which play an important role in the justification and evaluation of the dilution theory.

B. b. Applicability issues

On the other hand, difficulties in the application of the doctrine, in particular with regard to proof, come forward. As Professor McCarthy put it: “Judges and attorneys are unclear as to exactly what dilution is and how to prove it. Consistency and predictability are hard to find”⁷⁹⁹.

The most important issue with regard to the application of the doctrine of dilution by blurring is the difficulty of finding evidence to support the notion that the distinctive and marketing power of the mark has diminished or is likely to diminish in the minds of the consumers⁸⁰⁰. As the courts have found though “Any difficulties of proof that may be entailed in demonstrating actual dilution are not an acceptable reason for dispensing with proof of an essential element of a statutory violation”⁸⁰¹.

This had lead some USA courts to impose that some showing of likelihood of confusion be made despite the literal language of virtually all the statutes clearly dispensing with this element of proof⁸⁰².

⁷⁹⁸ Th. McCarthy, *Op. Cit. Supra* n. 766, at 24-109. *Emphasis omitted*.

⁷⁹⁹ See “Dilution of a Trademark: European and United States Law compared” 94 TMR [2004], 1167.

⁸⁰⁰ It has been proposed thereof that the weakening of good will should be measured only by behavioural studies instead of direct proof See, J. Moskin, *Op. Cit. Supra* n. 737 [1993], at 138. We shall further see how this issue has been dealt with in the European context.

⁸⁰¹ *V Secret V Secret Catalogue Inc, v. Victor Moseley and Cathy Moseley*, [2003] Court of Appeals 259 F. 3d 464, p. 15, stating also “*There is a complete absence of evidence of any lessening of the VICTORIA’S SECRET mark’s capacity to identify and distinguish goods or services sold in Victoria’s Secret stores or advertised in its catalogues. The officer who saw the ad directed his offense entirely at petitioners, not respondents. And respondents’ expert said nothing about the impact of petitioners’ name on the strength of respondents’ mark*”.

⁸⁰² See, J. Moskin, *Op. Cit. Supra* n. 737, where examples from case law are mentioned: *Mushroom Makers Inc. v. R. G. Barry Corp.*, 580 F2d 44, 49, 199 USPQ 65, 69 (CA 2 1978); *Substral America, Inc. v. Gillette Interim Subsidiary Inc.* 210 USPQ 148,155 (SDNY 1980); *King Research Inc. v. Shulton Inc.*, 324 F Supp 631, 639, 169 USPQ 396, 402 (SDNY 1971).

It is interesting to note that in a 2003 Supreme Court decision in *Moseley v. V Secret Catalogue*⁸⁰³, the Court read the language of anti-dilution Section 43(c) of the Trade Mark Act, as in force at the time, to require that the plaintiff show evidence of actual dilution, rather than of a mere likelihood of dilution, in order to be granted relief under the section. The Court acknowledged that requiring evidence of actual dilution may entail “difficulties of proof,” but explained that on the language of the statute, it could not do otherwise. To make things easier, the Court stated that “[i]t may well be . . . that direct evidence of dilution such as consumer surveys will not be necessary if actual dilution can reliably be proved through circumstantial evidence—the obvious case is one where the junior and senior marks are identical.” This passage has become notorious in American trademark law⁸⁰⁴. Other courts have read the passage to mean that when the parties’ marks are identical, then the only *additional* evidence that is necessary to show dilution is circumstantial, rather than direct, evidence (the so-called “identity-plus interpretation”)⁸⁰⁵. Some courts have read the passage to mean that when the parties’ marks are identical, then direct evidence of dilution is unnecessary because the identity of the marks is itself sufficient circumstantial evidence of dilution⁸⁰⁶.

This controversial issue of whether anti-dilution laws should be applied and protection granted before dilution actually occurred was resolved in the USA with the 2006 Trademark Dilution Revision Act, which provided that “[...] the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner’s mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, *regardless of the presence or absence of actual or likely confusion, of competition, or*

⁸⁰³ 537 U.S. 413 (2003)

⁸⁰⁴ B. Beebe, *Op. Cit. Supra* n. 766, [2006], at 1150.

⁸⁰⁵ See, e.g., *Savin Corp. v. Savin Group*, 391 F.3d 439, 452 (2d Cir. 2004), *cert. denied by Savin Eng’rs, P.C. v. Savin Corp.*, 126 S. Ct. 116 (2005), *GMC v. Autovation Techs.*, 317 F. Supp. 2d 756, 764 (E.D. Mich. 2004), *Nike Inc. v. Variety Wholesalers Inc.*, 274 F. Supp. 2d 1352, 1372 (S.D. Ga. 2003).

⁸⁰⁶ See, e.g., *Savin Corp. v. Savin Group*, No. 02 Civ. 9377 SAS, 2003 WL 22451731 (S.D.N.Y. Oct. 24, 2003), *rev’d by Savin Corp. v. Savin Group*, 391 F.3d 439, 452 (2d Cir. 2004), *Cf. Lee Middleton Original Dolls, Inc. v. Seymour Mann Inc.*, 299 F. Supp. 2d 892, 902 (E.D. Wis. 2004).

of economic injury”⁸⁰⁷. In view of the above, trade mark owners would not need to produce evidence of actual dilution any more⁸⁰⁸.

Even if it is accepted that no actual dilution should be proved, the issue of how to prove the likelihood of impairment on the distinctive character of the famous mark still remains. It is *de lege ferenda* correct to provide that in order for the mark to be adequately protected, it would be enough to establish only potential and not actual dilution, as is the case also with regard to confusion. But still, the difficulty of providing proof of a future event (which is also the case in the framework of confusion) is not easy to overcome. This is the reason why in the framework of confusion when evidence is produced, this is usually proof of actual confusion (e.g. witnesses stating that they mistakenly bought the third party’s product because of the confusion that was created, or even surveys confirming that by reference of the third party’s mark the trade mark owner’s mark is mistakenly understood). The need to prove potential and not actual confusion is not in practice so much more helpful to the trade mark owner.

The same is true in the framework of dilution, where the question remains: how does one prove the possibility that the distinctive character of the mark is impaired? As we have seen, “distinctiveness” refers to the public’s recognition that the famous mark identifies a single source of the product using the famous mark⁸⁰⁹.

It had been accepted in USA case law that “Where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user’s mark with a famous mark is not sufficient to establish actionable dilution”⁸¹⁰ and that “A mere similarity in the marks - even a close similarity – will not suffice to establish per se evidence of

⁸⁰⁷ Section 2 of the Act. *Emphasis added*.

⁸⁰⁸ See *V Secret Catalogue Inc., v. Victor Moseley and Cathy Moseley*, [2008] 558 F. Supp. 2d. 734. This was a requirement of US case law before the Revision Act, see *V Secret Catalogue Inc, v. Victor Moseley and Cathy Moseley*, [2003] Court of Appeals 259 F. 3d 464, *Everest Capital Ltd. V. Everest Funds Mgmt., LLC* 393, F. 3d 755, 763. Interestingly, such proof of actual dilution was required even after such enactment, see US District Court E.D. Missouri in *Anheuser Busch Inc. v. VIP Products LLC*, [2008], *Op. Cit. Supra* n. 791.

⁸⁰⁹ See also *Louis Vuitton, Op. Cit. Supra* n. 791, par. 11.

⁸¹⁰ See *Everest Capital, Ibid* quoting *Moseley v. Secret Catalogue Inc.*, 537 U.S. 418, 433 [2003].

dilution”⁸¹¹. Similarity is a *sine qua non* element to dilution: marks that are not so similar as to be likely to impair the distinctiveness of the famous mark, can not be found infringing⁸¹². Similarity is not enough though to establish dilution. On the contrary, evidence must be provided that the consumers form (or, under the literary interpretation of the new Act, are likely to form) a different impression of the famous mark because of the association between the two marks. Evidence that the consumers make the mental association of the two marks is not enough, as this association does not necessarily cause dilution, i.e. the change of the consumers’ impression of the famous mark, the impairment of such mark’s distinctive character⁸¹³. The same is true for dilution by tarnishment. The plaintiff would need to prove that because of the use of the third party’s mark the reputation of his own mark is harmed⁸¹⁴. It is not sufficient to prove that the third party’s mark is “insulting” and that the consumers mentally associate the two marks. One would need to prove that the famous mark’s reputation has (or is likely to) been harmed because of such association⁸¹⁵.

Characteristic of the difficulty still existing, under the 2006 Revision Act, in applying the dilution doctrine is the court’s ruling in *V Secret Catalogue* stating that there was no evidence of dilution by blurring because it was proved that consumers made an association of the junior with the later mark, but did not think that the goods distinguished under the later mark emanate from the owner of the junior mark⁸¹⁶; a statement which clearly identifies dilution by blurring with confusion.

Furthermore, in the same ruling the court found that there was dilution by tarnishment, because of the great degree of similarity between the marks, the mental association between the two marks and “the offended reaction” of a consumer when he saw the infringing trade mark and warned the trade mark owner that its mark is associated with an establishment selling items in derogation of the owner’s good

⁸¹¹ See *Anheuser Busch, Op. Cit. Supra* n. 791, quoting *Savin Corp. v. Savin Group*, 391, F. 3d., 439, 453 (2nd. Circuit 2004).

⁸¹² See *Louis Vuitton, Op. Cit. Supra* n. 791, par. 17. The court basically ruled that the degree of similarity between the marks did not suffice to give rise to confusion or dilution.

⁸¹³ *Ibid*, par. 11.

⁸¹⁴ *Ibid*.

⁸¹⁵ *Ibid*.

⁸¹⁶ *Op. Cit. Supra* n. 801, para g.

name (such as intimate lingerie and adult videos); a statement which clearly identifies dilution by tarnishment with the offended emotions of one consumer. Could trade mark law be so subjective?⁸¹⁷

The conclusion that is drawn from this ruling, along with the other rulings mentioned in the present thesis that were decided under the 2006 Revision Act⁸¹⁸, is that even though clear guidelines were legislatively given to the courts for applying the dilution doctrine in a coherent manner, in cases where the facts were similar (use of similar marks on dissimilar products of a derogatory nature) the court rulings were not coherent. Still no conclusion exists as to how potential or actual lessening of the capacity to distinguish can be proved and what it actually means (does it mean that confusion is created, for example, as the court stated in *V Secret*?). Therefore, the reservations described above still remain and create obstacles to the effective application of the dilution doctrine.

It follows from the above, that the evolution of the dilution doctrine through legislation and case law in the USA has not reached the point where any unauthorised use of a famous mark by a third party could be found infringing.

Furthermore, there are other jurisprudential problems as well. To the extent that the process of dilution is a gradual one, at what point along the succession of downward infringing uses should the dilution remedy be called to rescue? Is the mark diluted by just one unauthorised user or by a proliferation of them? If dilutionary harm may be said to occur only when several unrelated businesses adopt another's distinctive mark, to whom does liability fasten?⁸¹⁹

Furthermore, it is not entirely clear whether the dilution theory applies only to non-competitive situations or also to the use of certain marks on related *and* unrelated goods⁸²⁰.

⁸¹⁷ In *Louis Vuitton and Anheuser Busch* the third party products were as well of a much "lower" image of the trade mark owner's products and still no tarnishment was found, i.e. no evidence of harm on the reputation of the famous mark, *Op. Cit. Supra* n. 791.

⁸¹⁸ *V Secret, Louis Vuitton and Anheuser Busch*, *Op. Cit. Supra*, n.n. 779 and 791 respectively.

⁸¹⁹ See, T. Martino, *Op. Cit. Supra* n. 754, at 17.

⁸²⁰ *Ibid*, at 26-27. Also, J. Moskin, *Op. Cit. Supra* n. 737, at 126. This issue was resolved in the context of the European Directive as we have already seen by ECJ case law.

Lastly, one could argue that unauthorised use of only similar and not identical signs is *not* detrimental to the mark, since this does not cause confusion and does not diminish its distinctive power either⁸²¹.

B. c. An Objection

One significant objection to be raised is the following: when Schechter argued that the gradual “whittling away” of the distinctive power of the mark would result if the mark was used on several goods other than those for which it was originally registered he did not consider one parameter: the extended use of the mark will not necessarily acquire significant public consciousness. It would be difficult to conceive a situation where all the subsequent marks are well known and thus impede on the uniqueness of the original mark. It is highly unlikely that *Rolls Royce* candy will be so famous as to cause people when hearing *Rolls Royce* to be likely to think of the candy instead of the car. In a word, it is not necessary that the existence of the second mark detracts from the selling power of the first mark⁸²².

B. d. Overall Evaluation

An allusion was made to the issue of whether and to what extent such use is detrimental to the mark in the previous chapter, while examining the likelihood of confusion and association. It is suggested at present that the use of a strong mark on non related goods could even be of benefit to the trade mark owner, as a form of free advertising. This would not be the case if confusion was likely to arise. In such a case there would be harm to the origin and guarantee functions. Nevertheless, in the absence of some empirical proof as to the causal relation between the unauthorised use of a sign and its effect on the registered trade mark, it could actually be argued that a third party’s (even unauthorised) use may *fortify* the mark. This is made more evident if one considers the theoretical case where a not particularly famous mark is used without authorisation within the context of a famous one. For example, if an

⁸²¹ *Ibid.* Also, Howard J. Shire, “Dilution Versus Deception-Are State Anti-Dilution Laws an Appropriate Alternative to the Law of Infringement?”, 77 TMR 273, [1987], at 276. This was the argument put forward by the defendant in *Louis Vuitton*. The argument was not upheld (not even commented) by the court, but it is worth mentioning that in this case no confusion or dilution was found. *Op. Cit. Supra* 791, par. 14. See also *Hornel Foods*, 73, F. 3d at 506, stating that a successful parody “tends to increase public identification” of the mark with its source”.

⁸²² See also, H. Carty, *Op. Cit. Supra* n. 742, at 656.

unknown mark is placed in an advertisement of a famous brand. This would not be detrimental to the first (original albeit unknown) mark; it would adversely increase its notoriety and add to its distinctiveness⁸²³.

The issue of lack of authorisation of such a use, which *could* enjoin certain remedy, could be dealt with under the provisions of unfair competition law, passing off, or other legal bases. It is not necessary, however, that trade mark protection be raised, to the extent that no function (not even the advertising one, as already mentioned) is infringed. Support to this proposal could be drawn from US case law. In *Bi-Rite Enterprises Inc. v. Button Master*, the court stated: “*To the contrary, it seems that defendants’ use only operates to strengthen plaintiff’s marks. Thus, although defendants are clearly capitalising on the popular appeal, plaintiffs have built on their names or likeness, plaintiffs have failed to allege, let alone demonstrate, that such use will weaken the appeal of their names and thereby provide basis for relief under par. 368-d (New York Antidilution Statute)*”⁸²⁴.

C. FAMOUS MARKS

It is generally accepted that some trademarks, especially those that are well-known, possess a particular value. This means that their reputation could easily become the object of unfair impairment and exploitation. Such an infringing use was pursued in practically all legal systems if certain preconditions were fulfilled. The means employed were either passing off in common law jurisdictions, or civil law and unfair competition law in most of the other European countries (as we have already seen).

Why should there be such a differentiation between famous and commonplace marks that do not have a wide reputation⁸²⁵? It is submitted that the process of protecting the

⁸²³ In the case of *Hessels v. Muelhens*, President of the Court of Justice The Hague 11 December 1991, BIE 1992, 49 (*Sabatini*) a little known shoe manufacturer marketing its shoes under the name Sabatini managed to convince the court that damage was likely when Gabriela Sabatini launched her range of perfumes and cosmetics. The plaintiff successfully argued that likelihood of association was especially strong because of Gabriela Sabatini’s fame and that his mark would therefore easily be diluted. The likelihood of damage was therefore considerable. The plaintiff’s reputation was considered to be sufficient on the basis that the mark had been on the market for a considerable time and had a strong distinctive character.

⁸²⁴ F Supp 555, 217 ISPQ 910 (SDNY 1983).

⁸²⁵ One could contrast this with the basic principle of Copyright law that the work of the author is protected *regardless* of its quality and aesthetic value. The analogy of course should be drawn with caution since the Copyright and Trade Mark Rights are not to be treated under the same basis.

former marks to such an extent could lead to an alteration of the whole profile of trade mark law. It is beyond doubt that every trade mark owner tries to establish his mark in the market place in order to be able to compete effectively with the other brand owners. He is expected to invest in advertising and diffuse his mark, by employing marketing and other techniques. However, this is an optional process and *it should remain as such*.

By granting extended protection to famous marks (either in the form of a consideration that is taken into account by the courts when deciding on confusion/association; or in the form of a provisional requirement used as a basis for protection in cases of dilution) the risk of depriving non-reputed marks of adequate legal protection is increased⁸²⁶. One could object that the different treatment of marks depending on their repute is justified by the fact that the marks are in essence different. If one considers that one producer has pursued considerable creative and financial expense on promoting his brand and the other one has done nothing towards that respect, the two cases should be treated differently by law. However, this would entail an overall re-evaluation of trade mark theory that would distinguish between famous and non famous trade marks. Even the definition of trade marks and their registrability would be reconsidered⁸²⁷.

However, the most significant problem with the framework of protection of famous marks is the difficulty of objectively assessing the degree of notoriety that sets the basis of differentiation⁸²⁸. One person's well known mark may be another's unknown one. The definition of the target group, on the basis of which the assessment of a mark's reputation is made, plays a definite role. Should the famous mark be known only to a certain social group, among the purchasers of the dissimilar products (of the original and of the infringing mark) or world-wide? A characteristic decision under

⁸²⁶ The fact that the mark's intense distinctive character and repute is taken into account in every case of infringement (except for one: namely when identical marks are used on identical products) should lead to speculations on the future of trade mark law. It is still possible that this will evolutionarily comprise the protection of *only* highly reputed marks.

⁸²⁷ For example by introducing a registration system based on use and under the condition that the mark reaches a certain degree of repute.

⁸²⁸ The issue of the context in which the reputation of a certain mark is to be assessed is analogous to the issue of determining the relevant market when assessing a possible abuse of a firm's dominant position under EC Competition Law (Art. 86 of the EC Treaty). See, R. Whish, EC Competition law, *Op. Cit. Supra* n. 35. The affirmation of a firm's dominance, just like the affirmation of a mark's extended reputation, creates the prerequisite underpinnings for the relevant provisions to be applied.

the USA courts submitted that *Lexis* was not a sufficiently strong mark to merit protection over dilution⁸²⁹. However, *Lexis* is a very well known mark amongst lawyers and denotes a very useful and effective legal data base, used by a large number of lawyers all around the world⁸³⁰.

It has been made evident that strong marks are the subject of protection of the dilution theory, due to their thoroughly distinctive character which increases their advertising value. However, it is debatable whether well-known or successful marks actually need the extra help of dilution protection⁸³¹. Rather, compared to the weaker ones, they already have the advertising power and market strength to maintain their commercial success. It will be shown what the justification of the protection of famous marks should be. Such a protection is an issue of policy. The detrimental effect on the rights of the mark's owner is opposed to the increase of the dominance that he already has in the market place. Competition and consumer protection arguments could be raised in favour of either sides (establishment or not of the extended dilution protection). On the one hand, competition is increased when the consumer has the opportunity to make a choice based on qualitative criteria emanating from adequate information as to availability as well as qualities of products. On the other hand, competition is restricted when monopoly rights are conferred; regardless of whether this is a result of legal protection of intellectual property or not. The focus, therefore, of trade mark protection beyond the origin function should be more on the psychological function of marks and their role in contemporary societies.

The increased importance of advertising is indisputable⁸³². Advertising on the one hand contributes to the information of consumers, thereby encouraging effective

⁸²⁹ See, *Mead Data Central Inc. v. Toyota Motor Sales Inc.*, rvd 875 F2d, 1026, 10 USPQ 2d , [1961], (CA 1989).

⁸³⁰ Contrast the *Steinway and Sons v. Robert Demars and Friends* 210 USPQ 954 (CD Cal. 1981) in which the unauthorised use of the "Steinway" mark was prohibited on the defendant's clip-on beer can handles, since it was originally used in respect of the plaintiff's pianos known for their good quality. One would not expect consumers that have no musical anxieties to be familiar with the Steinway mark; this mark is nonetheless very famous in the circle of piano-players around the world. The ECJ view on this issue is, as we shall see further below, that a mark suffices to be well known among the circle of consumers affected.

⁸³¹ It is again a different issue whether certain behaviour should be condemned by a legal system, such as the use of unfair means to establish oneself in the market place.

⁸³² See in general, Brown, *Op. Cit. Supra* n. 76; also, A. Psarra, "The Commercial Exploitation of Fame of People or Intellectual Works", *EEmp D* 344, [1993], Chr. Crisanthis, "Free competition, origin function and risk of confusion in trade mark law", *EpiskEmpD* 33, [2007].

competition. On the other hand, it can be used to manipulate the consumers and persuade them to buy a specific product. This would lead the consumer to make a choice based entirely on the wrong criteria. Normally he would be expected to make a choice after considering, primarily, the cost and the quality of the product. Nonetheless, advertising could nullify this process and carry the consumer into a subconscious process of consuming without thinking. While cost and quality do not have any impact whatsoever, factors such as prestige and fashion trends become the decisive parameters of the consumer's choice⁸³³. In such a case it is evident that the origin and the guarantee functions of trade marks are not activated. Trade mark function is merely advertising. On this rational basis lies the proposed extended protection conferred under dilution laws.

An American commentator has noted that: "*It is the "persona" of a trade mark which makes people want to identify themselves with it, such as by wearing T-shirts and displaying bumper stickers and posters bearing the mark*"⁸³⁴. In the USA a Right of Publicity is recognised as protecting the commercial magnetism or publicity values embodied in the identity of a person.⁸³⁵ It has been suggested that an analogous right should also be introduced in relation to trade marks⁸³⁶ justifying their protection as autonomous valuable assets.

⁸³³ The impact that such an irrational choice process is evident. As Brown has noted: "[i]mmoderate regard for entrenched brand-name interests can freeze the pattern of industries...", *Op. Cit. Supra* n. 76 at 1165.

⁸³⁴ See E. Winner, "Right of Identity: Right of Publicity and Protection for a Trademark's "Persona"", 71 TMR 193, [1981].

⁸³⁵ Although the right of publicity was initially an off-shoot from the right to privacy, the courts and commentators came in general to recognise the right of publicity as a property right. See in general on the Right to Publicity, E. Winner, *ibid*; also, M. Nimmer, "The Right of Publicity", 203 Law And Contemporary Problems, S. Murumba, "Commercial Exploitation of Personality", The Law Book Company Ltd., [1986]; Ch. Kruger, "Right of Privacy, Right of Personality and Commercial Advertising", 13 IIC 183, [1982].

⁸³⁶ See, F. W. Mostert, "The Parasitic Use of the Commercial Magnetism of a Trade Mark on Non Competing goods", 11 EIPR 342, [1986]. The author distinguishes between the traditional advertising function and the proposed by him "merchandising" function of trade marks that protects the mark as commercial magnet: "A trade mark can only perform an advertising function in respect of the specific product to which it is attached. A trade mark acts as an advertising device when it calls to mind a specific product and generates a favourable association about the desirability of that product. A traditional legal interest of trade mark can also not perform the source-identifying, distinguishing and quality functions (of which the advertising function is a close complement) by itself and independent of the product. A trade by itself cannot identify and distinguish anything; it also cannot indicate a constant and equal level of quality *in vacuo*. It can only perform these functions in direct relation to a specific product on which it is used. When a trade mark functions as a commercial magnet, it has the effect of drawing the public to the product as an attraction by itself by reason of its inherent popularity and fame." The "merchandising" function was also proposed by N. Wilkof, "Trade Mark Licensing", London, Sweet and Maxwell, [1995], at 2-31. It is what Cornish notes as "[...] a second,

It has been proposed that the advertising function could be construed not only as the ability of the mark to attract consumers due to the extended advertising of the mark itself (a function which is consequently inherent only to famous marks) but also as the ability of the mark to act as a communication tool between the trade mark owner and the consumers to the extent the mark embodies a system of values or life style with which the consumer could align (a function inherent to a mark with a certain “character” albeit not necessarily a famous one)⁸³⁷. This approach has been recognised by the ECJ in *Copad v. Christian Dior*, namely the fact that some trade marks possess an “allure”, “prestigious image” and “aura” worth protecting through trade mark law⁸³⁸.

D. DILUTION WITHIN THE EUROPEAN CONTEXT

Looking at the development of dilution in Europe, before the entry into force of the Directive, one could notice that there has been an increased concern towards that respect by several national courts⁸³⁹. The most renowned cases came not only from Benelux, but also from German and French courts. These decisions incorporated the first elements of dilution theory in Europe. It would therefore be worth mentioning decisions such as *Rolls-Royce*,⁸⁴⁰ *Dimple*,⁸⁴¹ *Rolex*⁸⁴² and *Champagne*⁸⁴³. All of these

“differentiation”, or “identification” (or “communication”) function, which is something more elusive, something as much concerned with the feelings and subconscious appreciations of consumers as with the rational evaluation of information”, *Op. Cit. Supra* n. 45, at 590.

⁸³⁷ Chrisanthis, *Op. Cit. Supra* n. 43 [2007], at 56.

⁸³⁸ C-59/08, *Op. Cit. Supra* n. 128, par. 37. See also Colomer A-G stating in his Opinion in *Arsenal*, par. 46-47, [2003] ETMR 19 that a trade mark “[...] acquires a life of its own, making a statement about quality, reputation and even, in certain cases, a way of seeing life. The messages it sends out are, moreover, autonomous. A distinctive sign can indicate at the same time trade origin, the reputation of its proprietor and the quality of the goods it represents, but there is nothing to prevent a consumer, unaware of who manufactures the goods or provides the services which bear the trade mark, from acquiring them because he perceives the mark as an emblem of prestige or a guarantee of quality”. It is what Griffiths stated as the “psychological hold” on consumers that gives the mark a selling power above the one of the underlying good will, [2001], I.P.Q. 326 at 329.

⁸³⁹ See also the Greek courts decisions that follow.

⁸⁴⁰ Federal Supreme Court (Bundesgerichtshof) BGH, GRUR 247, [1983].

⁸⁴¹ Federal Supreme Court (Bundesgerichtshof) BGH, GRUR 550, [1985].

⁸⁴² Federal Supreme Court (Bundesgerichtshof) BGH, GRUR 876, [1985]. However, protection was denied in the following decision: *Camel Tours*, Federal Supreme Court, (Bundesgerichtshof) BGH, GRUR, 711, [1987]. For a more detailed study of German case law on dilution, See: A. Kur, “Borderline Cases of Trade Mark Protection-A Study in German Trade Mark Law in the Eve of Amendment”, 4IIC 485, [1992]; critical comment by the same author, “Restrictions Under trade Mark Law as Flanking Manoeuvres to Support Advertising Bans-Convention Law Aspects”, 23 IIC 31, [1992]; also, G. Schricker, “Protection of Famous Trademarks Against Dilution in Germany”, 11 IIC

introduced the protection against parasitic participation in the commercial magnetism of other parties' trade marks and esteem products for the promotion of their articles. These decisions promulgated the protection of the interest in the commercialisation of a trade mark beyond the scope of the similarity of goods (*Dimple*) and of the prestige and image of products (*Rolls-Royce* and *Rolex*).

Article 5(2) of the Directive introduced the optional provision of extension of infringement to use of an identical or similar sign in relation to *dissimilar* goods.⁸⁴⁴ The conditions for such protection are, as we have already seen previously: a. The registered trade mark has a reputation in the Member State, b. The use of the sign is without due cause, c. The use of the sign takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the registered trade mark. Likelihood of confusion is not a condition for protection. This provision was at the time implemented in all European Union countries⁸⁴⁵. In order to draw some conclusions on how the issue of dilution is handled by the European legislation and jurisprudence, examples of the UK and Greece are going to be examined in comparison with the ECJ jurisprudence. The question that will be answered in this context is whether, and if so in what form, the doctrine of dilution had been encased in the European Trade Mark law. Let us begin with examining the aforementioned conditions more closely⁸⁴⁶.

It is interesting that the European Court of Justice seemed for a long time reluctant to use the word dilution and even more averse to refer to the theoretical, historical and logical foundations of the dilution concept. The Court mentioned in *Adidas-Salomon*

166, [1980]; J. Pagenberg, "Trade Mark rights at a Discount-Is Trade Mark Law Still Effective?", 19 IIC 638, [1988]; G. Wurtenberger, "*Rolex v. Tchibo; Dimple and Rolls Royce*. Recent Decisions of the Federal Supreme Court on the Exploitation of Reputation", case comment, 8 EIPR 239, [1987]; G. W. Seelig, "Protecting Famous Marks in Germany", 5 EIPR 158, [1989].

⁸⁴³ In a German Supreme Court Case it was found that to advertise IBM Aptiva computers using the slogan "Get Champagne, Pay for Sparkling Water" was unfair competition (33 IIC 991 [2002]) as was in France for Yves St Laurent to use "Champagne" for scent (EIPR D-74 [1994]), See Cornish and Llewelyn *Op. Cit. Supra* n. 45, at 753.

⁸⁴⁴ The text of Art. 5(2) reads as follows: "*Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trademark in relation to goods or services which are not similar to those for which the trademark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark*". The CTM includes a similar provision in art. 9(1)(c).

⁸⁴⁵ See, W.R. Cornish, *Op. Cit. Supra* n. 45, at 711.

⁸⁴⁶ As W.R. Cornish points out correctly the different words used –unfair advantage or detriment, distinctive character or repute – give a broad impact as they should not be read as co-terminous, *Ibid*.

*AG v. Fitnessworld Trading Ltd.*⁸⁴⁷ referring to the arguments of the Commission, that the Directive concerns protection against a likelihood of dilution of or detriment to the mark's reputation. Earlier, in 1998, the ECJ used the word "dilution" when it stated that an accused mark which calls to mind a senior trademark could result in a dilution of the image linked to the senior mark⁸⁴⁸. Advocate General Jacobs in his opinions systematically avoided the word "dilution". Only in 2003 in *Adidas* did AG Jacobs attempt to define what dilution means and got into its history and purpose: he defined dilution as detriment to the distinctive character of a trademark and divided it in the two classic categories used in the United States, namely blurring and tarnishment; AG Jacobs also blended in the concept of free riding, using the example of ROLLS ROYCE whiskey⁸⁴⁹.

For the first time in *Intel*⁸⁵⁰ the Court itself attempted a definition of dilution within the European context, stating that "*detriment to the distinctive character of the earlier mark*" is actually "*dilution*", "*whittling away*" or "*blurring*", in particular, as per the ECJ, 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 so⁸⁵¹. It should be noted that the Court refers to association of the mark with the goods or services for which it is registered not association of these goods with their trade origin.

D. a. Reputation⁸⁵²

Considering in the light of the general scheme and purpose of the Directive the requirement in art. 5(2) that the trade mark have a reputation, the Court has stated that

⁸⁴⁷ [2003] 1 C.M.L.R. 14, para. 37.

⁸⁴⁸ *Sabel BV v. Puma AG*, *Op. Cit. Supra* n. 113, para. 15.

⁸⁴⁹ *Opinion on Adidas Salomon AG and Adidas Benelux BV v. Fitnessworld Trading Ltd* (C-408/01) [2004], F.S.R. 21.

⁸⁵⁰ *Op. Cit. Supra* n. 792, par. 16.

⁸⁵¹ *Ibid*, par. 29, stating "*As regards, in particular, detriment to the distinctive character of the earlier mark, also referred to as 'dilution', 'whittling away' or 'blurring', such detriment is caused when that 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. That 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 tautology here is evident, as the ECJ confuses the notions of "dilution" and "dilution by blurring". Along the same lines followed the ECJ ruling in *L' Oreal* citing this paragraph of *Intel*, *Op. Cit. Supra* n. 126, par. 38-41.

⁸⁵² For a detailed study of the subtle differentiation in the notoriety of a mark See M. Blakeney, "Well-Known Marks", 11 EIPR 481, [1994], also in German law A. Kur "Well-Known Marks, Highly Renowned Marks and Marks Having a (High) Reputation- What's It All About?", 23 IIC 484, [1992].

it is only where there is a sufficient degree of knowledge of the mark, that the public, when confronted with the sign may possibly make a connection between the sign and the mark and that the mark may subsequently be damaged⁸⁵³. It seems obvious that the use of a sign cannot have such an effect unless the sign brings the mark in some way to the mind of the relevant public, i.e. that the mark is already recognisable and known to that public.

As we have already examined in the context of likelihood of confusion, it is generally accepted that the protection of registered marks with a reputation extends to a wider range of similar goods and services than marks which have not been extensively used and therefore have no reputation. However, one consequence of this is that oppositions to applications for registration are brought by the holder of a senior mark registered for different goods. Of course the trade mark Registries (to the extent assigned to effect a search prior to registration) cannot filter applications for possible dilution. The senior trade mark holder should initiate such proceedings as soon as he becomes aware of the filing of the application. This would indeed impose further burden to the registries (to the extent they deal with oppositions in the registration process) and the courts. However, if the result is a better protection of the trade mark owner and a better function of the market, this burden is justifiable.

The ECJ gave the definition of “famous” marks in the context of the Directive stating that “*the degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that mark*”⁸⁵⁴. As we have seen, the mark must be known by a “significant part” of the “public concerned”, i.e. either the general public or a more specialized public if goods and services are produced by a specialized trader. Furthermore, with regard to Community Trade Marks it is sufficient to have a reputation in a substantial part of one member state⁸⁵⁵.

⁸⁵³ Case C-375/99, *General Motors Corporation v. Yplon S.A.*, *Op. Cit. Supra* n. 122, par. 23.

⁸⁵⁴ In its ruling in *General Motors*, *Op. Cit. Supra* n. 122, par. 26. See also C-301/2007, *PAGO International GmbH v. Tirolmilch registrierte Genossenschaft mbH*, par. 17-19.

⁸⁵⁵ *Ibid*, *General Motors*, par. 28.

The ECJ specifically refused to define what is a significant part and refused to adopt a rule that there must be knowledge by a majority or, indeed, any given percentage of the public as being required.

However, the Court did list five examples of factors to be considered: (1) the market share occupied by goods or services sold under the mark; (2) the intensity of use of the mark; (3) the geographic extent of use of the mark; (4) the duration of use of the mark; and (5) the amount of investment in promoting and advertising the mark, while accepting that all relevant facts of the case must be balanced, before determining if a given mark qualifies as having the reputation required by the Directive⁸⁵⁶.

Of course, all of the above five examples are merely circumstantial evidence of the scope of usage of the mark, not direct evidence of the state of mind or knowledge of the relevant public. Direct evidence would appear most often accessible through survey evidence, which is commonly used in common law jurisdictions, in determining if a mark qualifies as famous. However, in other jurisdictions, such as Greece, as we shall see further, such surveys have long been refused as evidence.

The Court clarified that the relevant public for ascertaining whether a mark has reputation is either the public at large or a more specialized public, for example traders in a specific sector⁸⁵⁷.

This purely quantitative (and not qualitative) criterion should suffice to establish a famous mark, but not to grant increased protection thereto. For this, the conditions mentioned below must also be met.

⁸⁵⁶ *Ibid*, *General Motors*, par. 27, *PAGO* par. 25. See also ECJ ruling in case C-108, 109/97 of 4.5.1999 *Windsurfing Chiemsee*, par. 49-51: 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 its use, and the size of investment made . . . in promoting [the mark]*". As we have already examined the 2006 Revision Act the following factors could be taken into account: (i) The duration, extent, and geographic reach of advertising and publicity of the mark, (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark, (iii) The extent of actual recognition of the mark⁸⁵⁶. These are almost identical to the ECJ criteria, apart from the third one which could be considered to result from the other criteria.

⁸⁵⁷ *Op. Cit. Supra* n.n. 122 and 854 respectively, *General Motors*, par. 24 and *PAGO*, par. 22

D.b. Similarity of marks

As aforementioned, art. 5(2) applies in cases where the infringing mark is “*identical with, or similar to*” the trade mark. The question is whether similarity in the context of art. 5(2) should be interpreted in the same way as similarity in the context of art. 5(1) of the Directive. The answer should be negative, as the rationale of protection in these two cases is different. In case of art. 5(1) of the Directive, the aim is to grant protection against risk of confusion, whereas in case of art. 5(2) the aim is to protect against unfair advantage of, or detriment to, the distinctive character or the repute of the trade mark⁸⁵⁸. For this reason, and taking into account the repute of the mark, the Court has ruled that the degree of similarity sufficient to grant protection under art. 5(2) is that having the effect “*that the relevant section of the public establishes a link between the sign and the mark*”⁸⁵⁹. Therefore similarity is also a prerequisite, however the degree of similarity required is different.

Notwithstanding that, Advocate General Jacobs pointed out that the tools for assessing such similarity are exactly the same as those employed in order to assess similarity in a case under 5(1), namely assessment of the aural, visual and conceptual similarity⁸⁶⁰. Of course this poses the problem how all the other rules developed by the ECJ case law concerning confusion (e.g. that the stronger the distinctive character of the mark, the greater the difference must be of the later sign) apply in the context of art. 5(2), where a strong distinctive character is always required⁸⁶¹.

It is highly probable that national courts will not be able to make (in practical terms) the distinction between similarity that leads to risk of confusion and similarity that does not necessarily lead to confusion. The national courts in Greece, for example, as we shall further examine in more detail, already have a difficulty in implementing the

⁸⁵⁸ See also ECJ ruling in case C-425/98 *Marca Mode CV v. Adidas AG and Adidas Benelux BV*, *Op. Cit. Supra* n. 584, par. 34 and 36.

⁸⁵⁹ ECJ ruling in case *Adidas Salomon AG and Adidas Benelux BV v. Fitnessworld Trading Ltd.*, *Op. Cit. Supra* n. 432, par. 31.

⁸⁶⁰ In his exact words “*indeed it is difficult to see on what other basis similarity could be assessed*”, par. 43.

⁸⁶¹ In C-408/01 *Adidas Salomon v. Fitnessworld*, *Op. Cit. Supra* n. 432, the ECJ stated, that the existence of such a link must, just like a likelihood of confusion in the context of Article 5(1)(b) of the Directive, be appreciated globally, taking into account all factors relevant to the circumstances of the case. CFI in case T-47/06, applied General Motors by analogy and ruled that the stronger the earlier mark’s distinctive character and reputation the easier it will be to accept that detriment has been caused to it within the meaning of art. 8(5) of the Regulation, par. 57. Of course what that suggestion practically means, i.e. that increased repute makes it “easier” to establish detriment, is not evident.

above mentioned rule regarding the correlation between distinctive character and confusion, namely that the greater the distinctiveness, the less similarity needed for affirming confusion. Given that, one could be expecting that national courts will not always be able to make the distinction between similarity under national provisions implementing art. 5(2) of the Directive and those implementing art. 5(1) of the Directive.

This would amount (at a national level) to a practical suspension of protection conferred (or at least sought to be conferred as per ECJ case law) under art. 5(2), as such cases shall actually turn into art. 5(1) cases (at least where products are identical or similar).

It should be mentioned though that in the Greek *Adidas* case⁸⁶² the Supreme Court stated that the Athens Court of Appeal was wrong in finding that there was no confusion because of the fact that despite some similarities the differences were such (number of stripes and the imprinting of the word “Strike” and “Adidas” respectively) that precluded confusion. The Supreme Court stated that the Court of Appeal was wrong in finding that there was no “confusion through the creation of a link” and thereby “apomimisi” (imitation)⁸⁶³ when it had found that the claimants’ mark was a famous one and that certain similarities did exist⁸⁶⁴.

It is interesting that according to the ECJ the relevant public to be taken each time in consideration, for the establishment of a link, varies according to the type of injury (dilution) alleged by the trade mark owner; in case of unfair advantage, for example, the relative consumers are the ones (reasonably observant and circumspect) of the later mark⁸⁶⁵. One cannot help but notice the multiple distinctions and categorisations that the ECJ is making: different categories of the public are mentioned in order to establish confusion, to establish fame, to establish the link etc.

⁸⁶² Areios Pagos 1038/2008, DEE 2 [2009], 186.

⁸⁶³ See *infra* Part IV.

⁸⁶⁴ *Op. Cit. Supra* n. 862, at 188.

⁸⁶⁵ C-320/07 P *Antarctica Srl v. OHIM and the Nasdaq Stock Market Inc.*, judgement of 12.3.2009, par. 46 and 48 and *Intel Op. Cit. Supra* n. 792, par. 36. As per the ECJ this is so because what is prohibited is the drawing of benefit by the owner of the later mark (*Intel* par. 36, *Nasdaq* par. 48).

From the application of similarity criteria to find the existence of a link, it could be inferred that when protection is sought under both articles 5(1) and 5(2) or the equivalent in national or Community Trademark legislation, if the court finds that no similarity giving rise to likelihood of confusion exists, then the next step would be to investigate whether there is a possibility that the public links the mark and the sign⁸⁶⁶.

The ECJ clarified in *Intel*, when such a link exists and it confirmed that this occurs when the later mark brings the earlier mark to the mind of the public or when the public makes a connection between the conflicting marks⁸⁶⁷. This definition coincides with the Benelux definition of “association” examined in Part IV above and the problematic remains, in cases where there is a link, whether this under confusion or under dilution provisions. Furthermore, as per the ECJ such a link exists necessarily in the cases of confusion⁸⁶⁸.

The existence of a link must, as per the ECJ, be assessed globally taking into account all the relevant factors of the case, i.e. a) the degree of similarity between the conflicting marks, b) the nature of the goods or services for which the conflicting marks were registered, including the degree of closeness or dissimilarity between those goods or services and the relevant section of the public, c) the strength of the earlier mark’s reputation, d) the degree of the earlier mark’s distinctive character, whether inherent or acquired, and e) the existence of the likelihood of confusion on the part of the public⁸⁶⁹.

It follows that the ECJ uses the same criteria to establish the “link” as to establish “confusion”⁸⁷⁰, except that in order to establish the “link” the existence of confusion

⁸⁶⁶ As Illanah Simon observes, what is meant by the existence of a link is not clear. Is it enough that the consumers are caused to bring the earlier mark into mind when they see the later sign, or do they need to also change their perception of the earlier mark as a result of viewing the later mark? “Embellishment: Trade Mark Use Triumph or Decorative Disaster?”, EIPR [2006], 325. It should further be kept in mind, that this link is different from the “association” (i.e. sub-category of confusion) of art. 5(1) of the Directive. It follows from the above that the notion of the existence of a link is not clear and therefore this notion cannot be easily followed by national courts.

⁸⁶⁷ *Op. Cit. Supra* n. 792, par. 48 and 52, adjudicating on Art. 4(4)(a) of the Directive on relative grounds of refusal, mirroring art. 5(2) of the Directive.

⁸⁶⁸ *Ibid*, par. 57. If it exists in cases of confusion then it should not be described as a mere “coming into mind”, as this does not constitute confusion as per the previous ECJ case law, in particular *Sabel, Op. Cit. Supra* n. 113.

⁸⁶⁹ *Intel, Op. Cit. Supra* n. 792, par. 41, 42, C-320/07 P *Op. Cit. Supra* n. 865, par. 45.

⁸⁷⁰ See *infra* Part IV.

is also a factor to be considered (*sic*). It is obvious that to examine any possible risk of confusion as a criterion to establish infringement in the context of a provision which does not require confusion is methodologically incoherent. It is also impressive that the same criteria are applied to find confusion as to find dilution (on this basis, *inter alia*, the relationship between confusion-dilution and the author's conclusions thereof shall be examined in paragraph F. "Epitomising Dilution" below).

The ECJ approach brings to mind the USA dilution doctrine and in particular that related to dilution by blurring. However, since the ECJ jurisprudence has not so far been in line with the USA case law, namely to consider dilution and confusion so closely linked together, the above mentioned approach of the ECJ seems to be out of context. With its ruling in *Sabel*, as we mentioned above, the Court clarified that confusion and dilution are two totally distinct notions and that association is merely a facet of confusion. By incorporating the notion of a "link" in the dilution framework, this distinction becomes not so clear any more.

The ECJ lastly has ruled that the fact that a sign is viewed as an embellishment does not preclude in itself the application of Article 5(2) where the degree of similarity is such as to establish a link between the sign and the mark (and *vice versa*, if it is viewed as an embellishment it does not necessarily establish a link with the trade mark)⁸⁷¹. 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*"⁸⁷².

D. c. Dissimilar/Similar Goods

The wording of art. 5(2) of the Directive restricts its scope of application only to cases where the goods identified by the later sign are dissimilar to those of the earlier mark. However, the ECJ ruled that art. 5(2) "*cannot be given an interpretation which would lead to [well-known] marks [. . .] having less protection where a sign is used for*

⁸⁷¹ Case C-408/01, *Op. Cit. Supra* n. 432, par. 39.

⁸⁷² Case C-408/01, *Ibid*, par. 40. Interestingly, the Court did not approach the matter from a "trade mark use" point of view. Advocate General Jacobs in its Opinion suggested that since embellishment is not a trade mark use, then art. 5(2) cannot apply, given that trade mark use is a precondition for the application of that article as well.

*identical or similar goods or services than where a sign is used for non-similar goods or services*⁸⁷³. Therefore, Articles 4(4)(a) and 5(2) of the Directive are to be interpreted as entitling the Member States to provide specific protection for well-known registered trade marks in cases where a later mark or sign, which is identical with or similar to the registered mark, is intended to be used for goods or services identical with or similar to those covered by the registered mark. In *Adidas-Salomon and Adidas Benelux v. Fitnessworld*⁸⁷⁴ the Court confirmed that if a Member State, transposes Article 5(2) of the Directive, it must grant protection which is at least as extensive for identical or similar goods or services as for non-similar goods or services. It is therefore obligatory for those member states to provide for protection under 5(2) in case of similar goods or services.

This has been accepted recently in Greece, as well, by a Supreme Court ruling followed by subsequent lower court rulings, stating that the respective national provisions (art. 4 par. 1 ind. C and 26 par. 1 ind. B of the Greek Trade Mark Law) must be interpreted broadly in a teleological way, in view of the ECJ case law, namely its ruling in the Adidas case C-408/2001⁸⁷⁵, so as to include the application of such provisions to cases where the goods are similar. In the UK a change in law was introduced in order to comply with these ECJ guidelines.

Interestingly, this extension of protection to similar goods and services was seen by US scholars as a “*misunderstanding*”. Mc Carthy explains: “Reserving the extraordinary protection of an anti-dilution law to cases of non similar goods or services (as the Directive explicitly states) does *not* give less protection to strong marks with a reputation ... If the mark is so strong as to have a reputation, then in cases of competitive or similar goods or services that mark should have no difficulty

⁸⁷³ Case C-292/00 *Davidoff & Cie SA and Zino Davidoff SA v. Gofkid SA*, ruling of 9.1.2003. The Advocate General Jacobs gave however an opposite Opinion, stating that sufficient protection is provided to the trade mark owner of a mark with repute, even by making a literal interpretation of the article, in view of the provisions of art 5(1) as these have been interpreted by ECJ case law forming a concrete and without gaps legal protection environment (apart from an “insignificant” number of cases, that would remain unprotected). In the same opinion, AG Jacobs stated that it is not justified by the scheme of the Directive for a trade mark owner to be able to prevent a third party from using or registering a sign or mark bearing no similarity to his own, in respect of similar goods.

⁸⁷⁴ Case C-408/2001, *Op. Cit. Supra* n. 432, par. 20.

⁸⁷⁵ *Areios Pagos*, 1030/2008 A Division, DEE [2009], 186, at 187, PolPrAth 585/2010, *Op. Cit. Supra* n. 399, at 181, MonPrAth 2528/2009, *Op. Cit. Supra* n. 392, at 170. The last two cases mention also C-310/07 *PAGO*, par. 17-19, C-487/2007, *L' Oreal*, par. 35, C-102/2007, *Adidas II*, par. 37 and C-292/2000 *Davidoff II*, par. 24 seq.

prevailing under the traditional confusion-based rule of law. There should be no need to switch gears and invoke the extraordinary remedy of an anti-dilution law. It is astonishing that the ECJ should read the word “not” out of the Directive based on the spurious reasoning that the literal wording gives less protection to strong marks with a reputation. The Court is stretching the Directive beyond the concept of what dilution means and why anti-dilution laws were created”⁸⁷⁶.

It would not be easy though under the European application of the confusion test to find confusion in cases where the marks and the goods at issue are similar, but still because of the strong distinctiveness of the senior mark, no risk of confusion is created. As the ECJ stated in *Sabel*, there is no distinct protection held for cases where mere “association” arises, between similar marks used on similar products. Namely, there is no protection if no confusion can be found. It is not enough that an average consumer might be attracted to the junior mark goods because of some loose, non-confusing association with the senior mark⁸⁷⁷. Therefore, as the ECJ correctly pointed out in *Adidas*, the famous marks, if no such extension of the scope of application of art. 5(2) and 4(4)(a) of the Directive was made, would remain unprotected in case of “dilution” occurring by use of similar marks on similar products, because the scope of “confusion” was already narrowly defined by the Court leaving such cases out of its scope. It is obvious from the above that the interpretation and application problems that arise in the European context, lie in the positioning of the words “risk of association” within the confusion provisions of the Directive, i.e. in the systematic drafting of the Directive by the European legislator.

D. d. Without Due Cause

The due cause criterion that should be established by the infringer as a defence can be described as a need to use the mark so that it would be unreasonable to require the alleged infringer to stop that use. This allows the court to consider exemptions on the basis of the defendant’s own rights or trade names and also offers the possibility of weighing the interests of the parties concerned, such as prior use. Despite the fact that cause is a general exoneration, its scope depends on the nature of the interests connected to the content of the monopoly right in the trade mark. Comparative

⁸⁷⁶ McCarthy, *Op. Cit. Supra* n. 766.

⁸⁷⁷ See also Cornish and Llewelyn, *Op. Cit. Supra* n. 45, at 751.

advertising, for example, would constitute due cause use for similar goods, because these forms of use contain both public and private interest aspects⁸⁷⁸.

On the other hand, the “without due cause” criterion could be viewed not as a defense but as a prerequisite for further proceeding with the application of the respective provision. In this context the without due cause requirement must first be found not to apply before one proceeds to examining any unfair advantage taken by the alleged infringer. If the defendant may prove that there is due cause for using the earlier mark then any further examination of the applicability of the respective provisions is not necessary. Similarly, if no due cause may be established for the use by the defendant, then infringement should be found without any need for examination of the other requirements (unfair advantage etc).

D. e. In the Course of Trade

Use in the course of trade has been described as use in the course of business or professional enterprise or any other non-private activity intended to produce economic benefit. This use in commerce requirement (found also in art. 5(1) and 5(5) of the Directive) has been interpreted by the ECJ as use “*in the context of commercial activity with a view to economic advantage and not a private matter*”⁸⁷⁹. Such use was already examined previously in the present thesis.

D. f. Unfair Advantage or Detriment to the Distinctive Character or Repute

These prerequisites allude to the harm made on the advertising function of the mark and are analogous to the categories of dilution developed in the USA as mentioned above. It is sufficient that only one of those three types of injury exists (detriment to the distinctive character of the earlier mark, detriment to the repute of that mark, unfair advantage taken of the distinctive character or the repute of that mark), as the Court confirmed in *Intel* and *L’Oreal*⁸⁸⁰.

⁸⁷⁸ See A. K. Sanders, “Some Frequently Asked Questions About the 1994 UK TM Act”, *Op. Cit. Supra* n. 687, at 71 and ECJ ruling of 12.6.2008 on Case-533/06 *O2 Holdings Ltd., O2 (UK) Ltd. V. Hutchison 3G UK Ltd.* *Op. Cit. Supra* n. 125.

⁸⁷⁹ Case C-206/01, *Arsenal v. Reed* *Op. Cit. Supra* n. 367. See also J. Philips, “Trade Mark Law. A Practical Anatomy” [2003], 7.38, A. Tsoutsanis “The Biggest Mistake of the European Trade Mark Directive and Why the Benelux is Wrong Again: Between the European Constitution and European Conscience”, *EIPR* [2006], 74.

⁸⁸⁰ *Op. Cit. Supra* n. 792, par. 28 and subsequently confirmed in *L’Oreal*, *Op. Cit. Supra* n. 126, par. 42.

Since the first steps in recognising the dilution dimensions in the Directive along the lines of the US doctrine were made by the CFI, it would be interesting to follow the CFI case law on these points and see how these led to the issuance of the ECJ case law (namely *Intel* and *L' Oreal*) clearly incorporating the dilution theory in the European context.

The detriment to the distinctive character lies parallel to pure dilution, namely the blurring of the distinctive character of the mark⁸⁸¹. The CFI had ruled (without justifying its finding) that the risk of dilution appears, in principle, to be lower if the earlier mark consists of a term which is very common and frequently used⁸⁸². It is not clear, however, why a mark like Coca Cola consisting of two very common words would run a lower risk of dilution if competitors used, for example, the same mark on clothes. Similarly, the detriment to the repute of the mark is parallel to tarnishment, namely the harmful impact of undesirable connotations on the repute of the mark⁸⁸³.

The CFI had ruled that the risk of that detriment can occur also where the goods or services of the later mark have a characteristic or quality which may have a negative influence on the image of an earlier mark with a reputation⁸⁸⁴. Would that include also quality or characteristics which are not bad but which are different than those of the earlier famous mark (in case dilution occurs in use on similar goods)? It should also be noted that, since under the Directive the owner of a mark (much more so, the applicant), is not required to use the mark before application or even after registration and for a period of five years, the criterion of goods or services being of bad quality is not very helpful⁸⁸⁵. Lastly, it is evident that the “unfair advantage” borrows from the content of unfair competition law. As per the CFI this occurs in cases where there is an attempt to trade upon the fame of the earlier mark’s reputation, in the sense that the marketing of the third party’s goods is made easier because of the association with the earlier mark with reputation⁸⁸⁶.

⁸⁸¹ Case T-215/03 *SIGLA SA v. OHIM*, ruling of CFI issued on 22.3.2007, par.37.

⁸⁸² *Ibid* par. 38.

⁸⁸³ *Ibid* par. 39.

⁸⁸⁴ *Ibid*.

⁸⁸⁵ This is not the case in the USA though, from where these CFI statements were probably inspired, without, however, being properly filtered so as to be adjusted to the European legal reality.

⁸⁸⁶ *Op. Cit. Supra* n. 881, par. 40.

Detriment to the distinctive character or the repute of the earlier mark according to the CFI “*is usually established where the use of the mark applied for would have the effect that the earlier mark is no longer capable of arousing immediate association with the goods for which it is registered*⁸⁸⁷ and used and detriment to the repute is usually established where the goods for which the mark applied for is use to appeal to the public’s senses in such a way that the earlier mark’s power of attraction is diminished”⁸⁸⁸. It is evident that the CFI was inspired by Advocate General Jacobs’s Opinion in *Adidas*, in which it was stated that there are in principle four types of use which may be caught under art. 5(2) of the Directive: use which takes unfair advantage of the mark’s distinctive character, use which takes advantage of its repute, use which is detrimental to the mark’s distinctive character and use which is detrimental to its repute⁸⁸⁹.

The ECJ confirmed in *Intel*⁸⁹⁰ that such detriment is caused when the mark’s ability to identify the goods or services for which it is registered is weakened and this is the case mainly 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. Such injury must be assessed by reference to average consumers of the goods or services for which the later mark is requester, which are reasonably well informed, observant and circumspect⁸⁹¹.

The CFI had also defined the concept of taking unfair advantage of the distinctive character or the repute of the earlier mark as one that “must be intended to encompass instances where there is clear exploitation and free-riding on the coattails of a famous mark or an attempt to trade upon its reputation”⁸⁹². What is meant by “clear

⁸⁸⁷ As we have seen this definition was adopted also by the ECJ in its subsequent ruling in *Intel*.

⁸⁸⁸ Case T-67/04, *Spa Monopole compagnie fermiere de Spa SA/NV v. OHIM*, ruling of CFI of 25.5.2005, par. 43 and 46, Case T-47/06 *Antarctica Srl v. OHIM and the Nasdaq Stock Market Inc.*, ruling of CFI 10.5.2007, ECR [2007] II- 00042, par. 54, 55.

⁸⁸⁹ Opinion of AG Jacobs on C-408/01 *Adidas Salomon v. Fitnessword*, delivered on 10.7.2003, ECR-12540, par. 36.

⁸⁹⁰ *Op. Cit. Supra* n. 792, par. 29.

⁸⁹¹ *Ibid*, par. 36. See also C-320/07, *Antarctica Srl v. OHIM and the Nasdaq Stock Market Inc.*, ruling of 12.3.2009.

⁸⁹² Case T-47/06, *Op. Cit. Supra* n. 888, par. 55, Case T-215/03 *Op. Cit. Supra* n. 881, par. 40, Case T-67/04, *Op. Cit. Supra* n. 888, par. 51, taking up Advocate General Jacobs’ Opinion in *Adidas Salomon*. AG Jacobs stated that the concepts of taking unfair advantage of the distinctive character or repute of

exploitation” (at some instances referred to also as “manifest exploitation”) of a mark and “free-riding on the coattails of a famous mark” was not however clear⁸⁹³.

Further, if a case of clear exploitation falls within the concept of unfair advantage, a case of non clear exploitation falls outside the concept of it? What are the borders? Apparently what the CFI was trying to denote is the “exploitation” and the infringement of the advertising function of the mark. However, using vague and non standardised legal terms (such as the ones mentioned above) without defining them creates ambiguities. In any case, it is clear from the above mentioned case law that the detriment in the reputation or the distinctive character is distinct from the unfair advantage or detriment caused to the earlier mark because of confusion⁸⁹⁴. The CFI stated that the association with the positive characteristics of the mark is what consists the taking unfair advantage of the mark⁸⁹⁵, thus manifesting the difficulty in drawing the lines between confusion and dilution⁸⁹⁶.

As per the CFI, if the later mark does not “appear at first sight” to be capable of giving rise to one of the three risks mentioned above⁸⁹⁷, then the trade mark owner must provide evidence of the detriment or the unfair advantage.

How does one prove however, this unfair advantage (the definition of which is, as stated above, not even totally clear) or the detriment⁸⁹⁸? As Moskin put it: “*The*

the mark in contrast must be intended to encompass ‘instances where there is clear exploitation and free-riding on the coattails of a famous mark or an attempt to trade upon its reputation’, *Op. Cit. Supra* n. 889, par. 39

⁸⁹³ See, Advocate General Jacobs citing in his Opinion of 10.7.2003 in *Adidas F.W. Mostert, Famous and Well-Known Marks* (1997), p. 62 and the Joint Recommendation Concerning Provisions on the Protection of Well Known Marks adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of WIPO (1999), whereby in the Note in art. 4 (iii) which refers to use of a mark which “would take unfair advantage of the distinctive character of the well-known mark”, comments that “the use in question would, for example, amount to a free ride on the goodwill of the well-known mark”, *Op. Cit. Supra* n. 889, par. 39 and fn 18.

⁸⁹⁴ T-251/03 *Op. Cit. Supra* n. 881, par. 69.

⁸⁹⁵ Would that mean that in cases of detriment to the repute and the distinctive character such association is not necessary?

⁸⁹⁶ Namely, the establishment of a link between the marks without confusing them, T-251/03, *Op. Cit. Supra* n. 881, par. 41 and 72. See also C-408/01 *Adidas Salomon Op. Cit. Supra* n. 432, par. 27.

⁸⁹⁷ In which cases, presumably, no further proof would need to be submitted, T-215/03, *Op. Cit. Supra* n. 881, par. 48. See also further below.

⁸⁹⁸ According to AG Jacobs, par. 43 of the Opinion in *General Motors*, the precise method of adducing such proof is a matter of national rules of evidence and procedure, the same as in the case of establishing likelihood of confusion. This is true. However, if the notions of unfair advantage and detriment are not clearly interpreted by the European court, there is little that national legislation and

*difficulty with dilution . . . is that although the broad conceptual outlines of the theory are readily understood, it is extraordinarily difficult to prove in any given case that a mark has been diluted, or even to know how to go about assembling such proof*⁸⁹⁹.

It is indeed difficult, if not impossible, to prove that the distinctive character of a mark runs a risk of being affected by the use of another mark: one would need to prove a) that there is a risk of whittling away, tarnishment or unfair advantage, b) that this risk would be the causal result of the use of the later sign⁹⁰⁰. The “whittling away” is a slow process and courts deal with it at its early stage since judicial recourse at a later stage would not be of any use to the trademark owner. The trade mark would have by then become generic. On the other hand, the only evidence that could be produced at that early stage would most probably relate to the risk of confusion between the two marks. However dilution should provide protection where the confusion criterion is not met. The onus of proof with regard to the whittling away, tarnishment or unfair advantage of the distinctive character or the reputation, appears in that context to be a parameter that could practically nullify protection against dilution⁹⁰¹.

In *General Motors Corp. v. Yplon S.A.*⁹⁰², Advocate General Jacobs stated that Article 5(2) does not refer to a mere risk or likelihood “. . . [T]he taking of unfair advantage or the suffering of detriment must be properly substantiated, that is to say, properly established to the satisfaction of the national court: the national court must be satisfied by evidence of detriment or of unfair advantage [...]”.

courts can do. It is the duty of ECJ to provide guidelines of what exactly should be proved, so that the provisions can be applied in a way that serves their purpose of existence.

⁸⁹⁹ J. Moskin, “Victoria’s Big Secret: Wither Dilution under the Federal Dilution Act?”, 93 TMR 842, 843 [2003].

⁹⁰⁰ According to Illanah Simon this causal link results from the fact that the consumers make a connection between the two marks, *Op. Cit. Supra* n. 866, 323. So presumably it would suffice for evidence of this “connection” to be produced. See the opposite view on that of USA courts, mentioned above.

⁹⁰¹ An interesting suggestion is proposed by M. Walmsley: even when no reduction of sales or actual damage is caused to the trade mark owner, the trade mark owner would suffice to prove that consumers only buy the goods of the third party because they are sold by reference to the famous marks and that the latter achieved their sales only by taking unfair advantage of the famous mark, see “Trade Mark Dilution: Court of Appeal Waters Down Trade Mark Owner’s Rights” [2008], E.I.P.R. 109, at 108. The author states that there should be some kind of “punishment” of “piggy bagging” even when the trade mark owner cannot show that the reputation of its trade mark or the sales of its products were commercially affected.

⁹⁰² *Op. Cit. Supra* n. 122, par. 43.

The CFI however found that there must not be proof of actual and present harm (how could there be one, the later mark is often merely applied for and not used). However, there must be proof "*of a future risk, which is not hypothetical, of unfair advantage or detriment*"⁹⁰³. This was confirmed subsequently by the ECJ in *Intel*, requiring the trade mark owner to prove actual and present injury to its mark, or a serious likelihood that such an injury will occur in the future⁹⁰⁴.

It is not in these cases self-evident either, how one would prove a future risk. However in practice, through settled national case law, the plaintiff knows what evidence to submit before courts. At the end, in most cases, the most important criterion is the court's subjective view on whether there is any likelihood of dilution or not. It is worth noting Schechter's point: "*Any theory of trade-mark protection which . . . does not focus the protective function of the court upon the good-will of the owner of the trade-mark, inevitably renders such owner dependent for protection, not so much upon the normal agencies for the creation of good-will, such as the excellence of his product and the appeal of his advertising, as upon the judicial estimate of the state of the public mind. This psychological element is in any event at best an uncertain factor, and "the so-called ordinary purchaser changes his mental qualities with every judge."*"⁹⁰⁵.

The CFI noted that the evidence should be "*prima facie*". What is "*prima facie*" evidence? Such a conclusion of future risk "*may be established, in particular, on the basis of logical deductions resulting from an analysis of the probabilities and by taking account of the usual practices in the relevant commercial sector, as well as other circumstances of the case*"⁹⁰⁶. These criteria are in practice not very helpful because of their ambiguity-unless they just mean that the only evidence to be

⁹⁰³ T-67/04, *Op. Cit. Supra* n. 888, par. 40, CFI ruling on case T-477/04 *Aktieselskabet af. 21 November 2001 v. OHIM – TDK Kabushiki Kaisha* [2007], par. 48. The CFI had also stated that one would need to produce evidence of an association of the later mark with the positive qualities of the identical earlier mark which could give rise to manifest exploitation.

⁹⁰⁴ *Op. Cit. Supra* n. 792, par. 71.

⁹⁰⁵ Frank Schechter, "The Historical Foundations of the Law Relating to Trade Marks", 166 [1925].

⁹⁰⁶ T-47/06, *Op. Cit. Supra* n. 888, par. 54. According to CFI ruling in T-215/03, *Op. Cit. Supra* n. 881, one would need to produce evidence of an association of the later mark with the positive qualities of the identical earlier mark which could give rise to manifest exploitation or free riding. However, this association (as to the guarantee and not the origin function) would fall within the legislative framework relating to protection against trademark confusion.

produced is logical deductions, i.e. no evidence. This follows also from the findings of the CFI itself in the above case⁹⁰⁷.

Furthermore, the CFI conclusion that since there is no competition between the goods or services there is no detriment to the repute of the mark is also problematic, in view of the whole notion of dilution theory, examined in detail above. Again with regard to the detriment on the distinctive character of the mark it is indeed hard to produce evidence showing that the trade mark is for example less recognisable by consumers because of the use of the later mark. This issue is similar to the problems arising with regard to damage calculation in cases of trade mark infringement. In the European context this issue was solved with the promulgation of the enforcement directive⁹⁰⁸, in which a plasmatic calculation of damages was introduced in art. 13.1.b., as the best way to overcome the impossibility of calculating (and subsequently proving) damages from third party unauthorised use. Perhaps a plasmatic “calculation” of detriment to distinctive character should also be introduced in the European legislation.

Interestingly, the CFI had ruled that it is possible in some cases that the probability of a future, non-hypothetical risk of detriment to or unfair advantage is so obvious that no other proof needs to be put forward⁹⁰⁹. How one mark could “at first sight” give rise to one of the three types of risk, while another mark could not is not clarified in the ruling.

⁹⁰⁷ CFI found that “[...] *the applicant does not put forward any evidence to support the conclusion that there is a risk of detriment to the distinctive character of the mark SPA by the use of the mark SPA-FINDERS. It infers from that link that there is detriment to the distinctive character. As the applicant acknowledged at the hearing, the existence of such a link is not sufficient to demonstrate the risk of detriment to the distinctive character [...]*” “*In the present case, the applicant has not adduced any evidence, during the proceedings before the departments of OHIM or even before the Court, to establish that registration of the mark SPA-FINDERS would be likely to be detrimental to the repute of the mark SPA. In that regard, as OHIM rightly points out, there is no “antagonism” between the goods and services covered by the marks SPA and SPA FINDERS which might be detrimental to the repute of SPA mineral waters. Similarly, the Court notes that it is unlikely that the mark SPA-FINDERS will tarnish the image of the SPA mark*” T-67/04 *Op. Cit. Supra* n. 888, par. 44 and 48. It is interesting, that CFI uses words that are common in US case law and doctrine, such as “free riding”, “whittling away” and “tarnishment”. Since those notions though are not established in the EU case law or legislation, the court should have provided a definition.

⁹⁰⁸ Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights. It should be mentioned that the provisions of this directive have not yet been implemented into Greek trade mark law. National courts have started however to accept application of the Directive provisions and by analogy the respective provisions of national law implementing in Copyright law n. 2121/1993 the enforcement directive; see case law mentioned *Op. Cit. Supra* n. 392 and 399.

⁹⁰⁹ T-215/03 *Op. Cit. Supra* n. 881, par. 48.

The CFI in a subsequent ruling amplified the meaning of dilution and stated that an unfair advantage is taken or detriment caused when “operators purposely choose signs identical or similar to a reputed mark for use in a different field, in order to divert for their own benefit part of the investments made by the earlier right holder”⁹¹⁰. The court even gave some indications of such conduct: the degree of similarity of the signs, the degree of reputation of the earlier mark, the degree of connection between the goods or services and actually applied the tools of the confusion test (higher degree of similarity of the marks and higher degree of distinctiveness of the earlier mark –lower degree of products’ connection)⁹¹¹.

The CFI in this case proposed a very interesting reversal of onus of proof: it stated that the junior mark applicant must prove that there was “due cause” for choosing that particular sign⁹¹². This is of course extremely and substantially helpful to the trademark owner. If there is indeed no misappropriation and therefore no illegal behaviour, then the one to prove it, should be the one who knows if there was any such purpose: the junior mark applicant. Otherwise, what the senior mark holder is asked to prove, is as already stated, impossible⁹¹³.

One could infer that the CFI alludes to very famous marks and implies that in their case no further evidence needs to be submitted. However, this is also not uncontested. As it has been correctly argued: “No one can seriously suggest that the typicality of the trademark FORD has been significantly diminished by the coexistence in the American marketplace of a modeling agency—or of millions of people, for that matter—with the same name”⁹¹⁴.

Does one need to prove the risks or not? In most jurisdictions the rules of what needs to be proved are very clear. Such an interpretation given by the CFI (i.e. that proof may or may not be put forward for facts applicable to the same legal provision) would

⁹¹⁰ *Emphasis added*. T-47/06, *Op. Cit. Supra* n. 888, par. 24.

⁹¹¹ *Ibid*. The court found that the junior applicant would not have to spend any money on advertising to draw the attention of the public to its goods.

⁹¹² *Ibid*, par. 27.

⁹¹³ Interestingly, the legal basis of dilution appears then not much different than the legal basis of bad faith.

⁹¹⁴ B. Beebe, *Op. Cit. Supra* n. 766 [2006], 1150.

go beyond the court's competence and would affect national civil or administrative procedure laws. It is characteristic of the confusion created by the interpretation and application of art. 5(2) of the Directive (and of the similar art. 8(5) of the Regulation) that so many vague terms are incorporated in the above mentioned case law, so many sub-categories of marks and so many hypothetical circumstances that need to be fulfilled.

The ECJ clarified that in order to benefit from the protection introduced by art. 4(4) of the Directive, one would need to prove that the use of the later mark would take unfair advantage of, or be detrimental to, the distinctive character of or the repute of the earlier mark⁹¹⁵. In line with the above mentioned case law of the CFI, the ECJ confirmed that the trade mark owner is not required to prove actual and present injury, but merely a serious risk thereof⁹¹⁶. But only when such injury or risk of injury is proved, is it for the holder of the later mark to establish that there is due cause for such use⁹¹⁷. The reversal of the onus of proof, seems therefore, not to be a possibility for ECJ.

Along these lines, for example, the CFI in *Nasdaq*⁹¹⁸ confirmed first that the marks at issue were similar, that the senior mark had reputation in an important sub-section of the general public⁹¹⁹, that there was a possibility of detriment because of the inherently distinctive character of the mark, the interest shown by a large part of the general public and the mark's omnipresence⁹²⁰, before it examined whether there was "due cause" for such detriment. The claim put forward by the defendant that the use was made in good faith because the mark Nasdaq it used stood for the initials of "Nuovi Articoli Sportivi di Alta Qualita" did not convince the CFI which found that the link established enables the transfer of the Nasdaq Stock Exchange modern image to the sports equipment of the defendant and that was implicitly recognised by the defendant⁹²¹.

⁹¹⁵ *Intel, Op. Cit. Supra* n. 792, par. 37.

⁹¹⁶ *Ibid*, par. 38.

⁹¹⁷ *Ibid*, par. 39.

⁹¹⁸ T- 47/06, *Op. Cit. Supra* n. 888. The ruling was subsequently upheld by the ECJ, in C-320/07, *Op. Cit. Supra*, par. 55.

⁹¹⁹ *Ibid*, par. 16 and 17.

⁹²⁰ *Ibid*, par. 18. The CFI applied the criteria for establishing a "link", except for the criterion relating to existence of likelihood of confusion, which is in any case contradictory.

⁹²¹ *Ibid*, par. 19.

But what does this proof of detriment consist of? The ECJ attempted to give some guidelines. The proof that the use of the later mark is or would be detrimental to the distinctive character of the mark requires evidence of a change or a serious likelihood of change “*in the economic behaviour of the average consumer*” of the goods or services for which the earlier mark was registered, as a consequence of the use of the later mark⁹²². How is this change meant? Would any change be acceptable evidence? Would the increase as well as the decrease of the products sales constitute in that context adequate proof? A clarification on how the detriment to the distinctive character and causal link is proved was needed to be given by the ECJ. But is the “change in the economic behaviour” indeed a clarification? Not to mention that the ECJ did not state that such change need to be demonstrated vis-à-vis the products in question (this is teleologically inferred). In an economic crisis, where consumers manifest a change in their total economic behaviour, one would expect that in applying the ECJ guideline, a trademark owner would have much difficulty in establishing that the change in the economic behaviour of the consumers, i.e. a diminishing of consumption of the goods in question, was a result of the use of a subsequent mark (*sic*).

A shift from the products distinguished by the earlier mark to the products distinguished by the later mark (which is hardly possible to prove anyway) is not what the Court meant by “change in the economic behaviour”. The ECJ stated that it is immaterial for the assessment of the above, whether or not the proprietor of the later mark “*draws real commercial benefit from the distinctive character of the earlier mark*”⁹²³. However, the problem of establishing a causal link between the appearance of the later mark and the diminution of consumption of the goods of the earlier mark, still remains. It also remains as a “problem” the fact that very rarely is there a diminution in the consumption of the goods in question (of the earlier mark).

Until now, in the national courts of Greece, if a mark was proved to be a famous one, then the detriment and the unfair advantage (even in the form of unfair competition) did not need to be further proved. These were considered as an outcome of the use of

⁹²² *Intel, Op. Cit. Supra* n. 792, par. 77.

⁹²³ *Ibid*, par. 78.

the infringing mark. Now a clear distinction is made. The senior famous mark holder is in a worse position than before.

It appears however, that the ECJ decided to make a dynamic statement with regard to the dilution regime in Europe. In *L' Oreal v. Bellure*⁹²⁴ the Court clarified that the three separate types of infringement falling within art. 5(2) of the Directive are a) detriment to the distinctive character of the earlier mark which as per Intel includes, as we have seen, “dilution”, “whittling away” or “blurring” i.e. when the mark is no longer able to arise immediate connotation with the goods or services for which it is registered, b) detriment to the repute of the mark, which is caused when the goods or services for which the sign is used may be perceived by the third party in such a way that the trade mark’s power of attraction is reduced, in particular when those goods possess a characteristic or quality which is liable to have a negative impact on the image of the mark⁹²⁵ and c) unfair advantage of the distinctive character or the repute of the mark, also referred to as “paracitation” or “free-riding”, which *relates not to the detriment* caused to the mark but to the *advantage* taken by the third party; it covers cases where, by reason of a transfer of image of the mark or of the characteristics which it protects to the goods identified by the identical or similar sign, even though there is no confusion or detriment to the mark or the proprietor, there is “clear exploitation on the coattails of the mark with a reputation”⁹²⁶.

This last category takes as starting point the third party and the advantage that it enjoys from the association created with the earlier mark. And exactly because the central standpoint is not the mark and its functions, but the third party and the unfair advantage it takes, this category falls completely outside the European trade mark law as known so far, and as so far established by the ECJ case law. Either one of those suffices for trade mark infringement to be established⁹²⁷.

This very clear and precise ruling “organizes”, one could say, the ECJ and CFI case law on dilution so far and tries to overcome the problems resulting from the

⁹²⁴ C-487/07 *L' Oreal SA, Lancome parfums et beaute & Cie SNC, Laboratoire Garnier & Cie v. Bellure NV, Malaika Investments Ltd. , Starion Ltd*, Judgement of the Court of 18 June 2009.

⁹²⁵ *Ibid*, par. 40.

⁹²⁶ *Emphasis added. Ibid*, par. 41.

⁹²⁷ *Ibid*, par. 42.

ambiguities and inconsistencies presented at times. It clarifies the three distinct cases of dilution covered by art. 5(2) of the Directive. And taking European trademark anti-dilution law one step forward, it explains that the third type of dilution (the “free-riding”) is all about the benefit that the third party gains from using the sign; not about the harm that the mark itself or the trade mark owner suffer. Even if there is no harm, as per the ECJ, there might still be infringement. This is very important in view of the difficulties analysed above in proving the harm to the trademark or the trademark owner.

The Court states “[...] *an advantage taken by a third party of the distinctive character or the repute of the mark may be unfair, even if the use of the identical or similar sign is not detrimental either to the distinctive character or to the repute of the mark, or, more generally, to its proprietor*”⁹²⁸. This unfairness is what the Directive also wants to eliminate from the harmonized European trade mark regime. It is true that the “unfairness” is not directly related to any specific trade mark function, as these have been accepted so far by the ECJ, however it could be argued that it is related to all three functions seen as a whole and to the essence of what a trade mark is. This does not mean that actually the functions of the trade mark are not impaired—by any unauthorized third party use, the trade mark loses some of its “uniqueness” and all three function could be, more or less, at the end impaired. But this is a fact practically impossible to prove. Therefore, by turning the focus on the gain of the third party from such unauthorized use, the identity of the mark can be effectively safeguarded.

In order to assess whether such unfair advantage exists, a global assessment, as per the ECJ, needs to be effected, taking into account all the relevant factors of the case, such as the strength of the trade mark’s reputation and the degree of distinctive character of the mark, the degree of similarity between the marks and the nature and degree of proximity of the goods and services concerned⁹²⁹. The fact that there is a likelihood of dilution or tarnishment must also be taken into account (and not likelihood of confusion, as the ECJ unfortunately ruled in *Intel*, as we have seen above)⁹³⁰.

⁹²⁸ *Ibid*, par. 43.

⁹²⁹ *Ibid*, par. 44.

⁹³⁰ *Ibid*, par. 45.

A solution suggested in the present thesis is the reversal of the onus of proof, so that infringement is deemed to have taken place, unless the infringer proves that the use was made with due cause; even when there is no harm on the origin function, no risk of confusion or association, no loss of revenues of the trade mark owner, but the infringer obviously (as inferred from the similarity, even in a non striking manner, of the mark he uses, to the earlier mark) takes a “free ride” on the earlier mark, that allows him with much less effort and expenses to establish his own product in the market⁹³¹. This is why, such an unfair advantage must be deemed to exist, unless the third party manages to prove otherwise. It must be deemed that the third party uses the sign intentionally in order to create an association in the minds of the consumers, so that consumers are encountered with something familiar when they see it, which would enable him to effectively market the goods and save much in establishing an image of his own mark from scratch. Or, as the ECJ put it, which would enable him to successfully market the goods or services “without paying any financial compensation”, by exploiting “the marketing effort extended by the trade mark owner in order to create and maintain the mark’s image”⁹³².

E. EXAMINING NATIONAL FRAMEWORKS

E. a. The Benelux Paradigm

The Directive has allegedly been influenced by Benelux Trade Mark law, as already mentioned in Part IV of this thesis. Benelux law was one of the most modern Trade Mark laws in Europe⁹³³. Professor Gielen⁹³⁴ points out that this was largely due to the

⁹³¹ See also the Advocate General’s Mengozzi Opinion of 10.2.2009 on L’ Oreal (C-487/2007), which was followed by the ECJ in C-487/07, par. 49 and 50. See also the OHIM Board of Appeal decision on *Mango Sport System Srl Socio Unico Mangone Antonio Vincenzo v Diknah Sl* stating “As to unfair advantage ... it is taken when another undertaking exploits the ... repute of the earlier mark to the benefit of its own efforts. In that situation that undertaking effectively uses the renowned mark as a vehicle for generating consumer interest in its own products. The advantage of the third party arises in the substantial saving on investment in promotion and publicity for its own goods, since it is able to “free ride” in that already undertaken by the earlier reputed mark. It is unfair since the reward for the costs of promoting, maintaining and enhancing a particular trade mark should belong to the owner of the earlier trade mark in question”. [2005] E.T.M.R. 5 at [19].

⁹³² *Ibid*, par. 50

⁹³³ Art. 5(2) of the Directive depicted not only the Benelux Trade Mark legal tradition but also the manner in which other European countries such as Germany, France and Greece afforded protection to trade mark owners against this type of infringement under unfair competition law rules. In the Benelux, law on unfair competition conferred only limited protection to trade mark owners, see W.R. Cornish

inspiration of companies like *Unilever*, *Philips* and *Akzo*, “owners of many thousands of consumer brands”.⁹³⁵ It is true however that under Benelux law protection for use on dissimilar products also exists for trade marks which are *not* reputed; although the owners of stronger marks have a greater chance of successfully arguing for their case.⁹³⁶ The prerequisites of the Directive for a detriment to the distinctive character or the repute of the trade mark, would certainly fall under the scope of Benelux trade mark law infringement.

A famous case of the Dutch court involved the *Claeryn/Klarein* marks.⁹³⁷ These two have the same pronunciation in the Dutch language. However, the one was used for a famous gin and the other for a liquid cleanser. The court decided that in order for prejudice of the mark to be established it is not necessary that the distinctive power of the mark is affected; nor that there is a risk of confusion. It suffices that there is a detrimental effect on the capacity of the trade mark to stimulate the consumer’s desire to buy the goods bearing that mark. As Professor Gielen aptly remarked: “It is not funny to drink a good glass of Dutch gin while thinking of a cleaning agent at the same time”.⁹³⁸

However, it should be noted that although the case is decided on the basis of dilution resulting from use on a dissimilar product, Professor Gielen’s comment brings forward the notion of association (the coming into mind).⁹³⁹ So long as the consumer “thinks” of the original mark when he encounters the infringing sign, or vice versa, there is *association* under the Benelux interpretation. This is characteristic because Benelux trade mark law does not recognise the notion of confusion - only that of association.⁹⁴⁰ The use on dissimilar goods does not *per se* eliminate the possibility that the consumer will associate the two marks. On the contrary, in the case of famous

Op. Cit. Supra n. 45, at 712. Cornish posed the question whether such protection was necessary to be included in national legislation in Member States where this protection was covered by unfair competition law.

⁹³⁴ Professor Ch. Gielen, renowned academic of the Benelux, has participated in the drafting of the Directive.

⁹³⁵ Ch. Gielen, *Op. Cit. Supra* n. 44, at 246.

⁹³⁶ The issue of reputation will be dealt with later on.

⁹³⁷ Benelux Court Decision of 1 March 1975, NJ 1975, 472.

⁹³⁸ See, *Op. Cit. Supra* n. 44 at 267.

⁹³⁹ This is so, of course, if one accepts the wide definition of the term “association” as this has been used under the Benelux law. This issue will be discussed later on.

⁹⁴⁰ See Part IV above.

marks it is even more likely that such an association will be realised. Therefore it is submitted that the Benelux law encapsulated the doctrine of dilution in the notion of association.

Further examples of infringing use on dissimilar products under Benelux law include *Apple* (for computers) *v. Apple* (for services in the advertising sector)⁹⁴¹; *Marlboro* (for tobacco products) *v. Marlboro Men's Line* (for cosmetic products)⁹⁴² and *Davidoff* (for tobacco products, wines and liquors and several other products) *v. Davidoff* (as name of a bar).⁹⁴³

E. b. The Case of the UK

Under the 1994 UK TM Act, the use of a similar sign in relation to *dissimilar* goods or services will be an infringement of a registered trade mark where that use is, *inter alia*, “detrimental to...the reputation” of the registered mark.⁹⁴⁴ Confusion is not mentioned in the relevant section; instead the plaintiff must show that its mark has reputation in the UK and that the defendant’s use of an identical or similar sign is without due cause. This last term is not defined in the Act. However, it is more likely that it refers to a commercial necessity⁹⁴⁵. In the cases which have focused on section 10(3), it is apparent that UK judges are reluctant to find detriment in the absence of likelihood of confusion.⁹⁴⁶

It is also a matter of speculation what type of marks the UK courts protect against dilution under section 10(3) of the UK TM Act. The White Paper “Reform of Trade Marks Law” spoke of marks which have acquired a “wide reputation” and referred to the practice of using “familiar” marks to decorate T-shirts (par. 3.17). Some propositions would, for example, include the acquaintance with and valuation of the product by the public; the market share of the product; or, lastly, whether the trade

⁹⁴¹ Court of Appeals, Amsterdam, 8 March 1984.

⁹⁴² Commercial Court, Brussels, 6 October 1988.

⁹⁴³ Commercial Court, Antwerp 1 June 1989.

⁹⁴⁴ Section 10(3) 1994 UK TM Act.

⁹⁴⁵ *e. g.*: in the context of comparative advertising. See, A. K. Sanders, [1995], *Op. Cit. Supra* n. 687.

⁹⁴⁶ *e.g.*: *BASF plc. v. CEP (UK) plc* [1996], 19 IPD 19030; *Baywatch Productions v. The Home Video Channel*, *Op. Cit. Supra* n. 689.

mark proprietor has taken action to add value to the mark, in order to acquire a reputation.⁹⁴⁷

Whether sections 10(2) and 10(3) taken together introduce a fully-fledged dilution rationale into UK law is open to question.⁹⁴⁸ It can be ascertained however that dilution as defined in the US Federal Trademark Act may occur regardless of the existence of confusion or competition. If such a doctrine is now part of UK law, the interpretation of “likelihood of association” in section 10(2) must be appropriately wide.

The fact that the UK has implemented Art. 5(2) of the Directive creates ambiguity in the area of trade mark law. Some British commentators suggested that the dilution doctrine brings significant obstacles in the arena of competition and makes it difficult for new-coming producers to register their products with a “safe” mark (i. e: that would not be held liable for infringing another registered mark)⁹⁴⁹. Courts seem to be in accord with this conviction. The *Wagamama*⁹⁵⁰ decision did not make the breakthrough that the dilution supporters were hoping for⁹⁵¹. This decision was given in a case where similar marks⁹⁵² (*Wagamama* and *Rajamama*’s) were used on *similar* goods. However, the court expanded for the first time on a general evaluation of the dilution approach to the Directive only to eventually reject it. In another case, namely *BASF plc. v. CEP (UK) plc*,⁹⁵³ the court stated that there was no evidence of the defendant having taken or threatening to take unfair advantage of the plaintiff’s registered trade mark in the absence of relevant confusion. The same was held in the *Baywatch*⁹⁵⁴ and *Intel*⁹⁵⁵ cases. The reluctance of the English courts to grant

⁹⁴⁷ See, A. K. Sanders, “Some Frequently Asked Questions About the UK Trade Marks Act”, *Op. Cit. Supra* n. 687, at 74.

⁹⁴⁸ See, for example, E. Gredley and Sp. Maniatis, *Op. Cit. Supra* 241 at 420; also, A. K. Sanders, *Op. Cit. Supra* n. 716 in an exchange of opinions with P. Prescott, *Op. Cit. Supra* n. 714.

⁹⁴⁹ See P. Prescott, *Ibid.*, at 318. Also, Cornish and Llewelyn, *Op. Cit. Supra* n. 45.

⁹⁵⁰ *Wagamama Ltd. V. City Centre Restaurants plc.(UK) Ltd*, [1995], FSR 713. A very important decision, since it was the first one to examine the issue of infringement under the new UK TM Act

⁹⁵¹ We have already examined this issue in the context of confusion, in part IV *infra*.

⁹⁵² See, A. K. Sanders, “The Return to *Wagamama*”, *Op. Cit. Supra*, n. 716, at 521. The commentator was clearly rejecting the rationale followed by the court, although he did not find any objections as to the final outcome of the decision.

⁹⁵³ [1996], 19(4) IPD 19030.

⁹⁵⁴ *The Baywatch Production Company v. Home Video Channel Ltd*, *Op. Cit. Supra* n. 689.

⁹⁵⁵ *Intel Corp Inc v CPM United Kingdom Ltd* [2007], EWCA Civ 431, CA.

protection to merely the advertising function has been criticised by commentators⁹⁵⁶. The relationship between consumer confusion and the detrimental effect on the plaintiff's mark will be examined later⁹⁵⁷.

It is submitted that decisions on passing off could give guidelines for the legal framework of protection in dilution cases⁹⁵⁸. The tort of passing off however, will not be considered in the present thesis. Suffice to say that because it protects the businesses goodwill⁹⁵⁹, it is akin to the attempt of extending trade mark protection to include the advertising function. Moreover, it has been submitted that passing off cases seem to promulgate dilution claims⁹⁶⁰. The *Lego* case⁹⁶¹ can be mentioned as a characteristic example. There the plaintiffs, the famous toy building bricks company, successfully prevented the defendants using the trade name "Lego" for their garden equipment (even though it had been legitimately used for many years by them abroad) on the basis of *lost licensing opportunities*, *loss of expansion potential* and *loss of control of reputation*. These claims could indeed be dilution claims "in disguise."⁹⁶²

E.c. The Case of Greece

In Greece there was no legal protection of the advertising function *per se* before the Directive on the harmonisation of trade mark law was introduced. This function was protectable only indirectly under the Greek TM Act (Emergency Act No.

⁹⁵⁶ See, for example, Bonita Trimmer, *Op. Cit. Supra* n. 448 [2009].

⁹⁵⁷ See, for example, A. K. Sanders, *Op. Cit. Supra* n. 687; also, A. Firth, *Op. Cit. Supra* n. 45, at 78; Annand and Norman *Op. Cit. Supra* n. 45, at 156.

⁹⁵⁸ See, Bonita Trimmer *Op. Cit. Supra* n. 448, at 198 and H. Carty, *Op. Cit. Supra* n. 742, in which he claims that an incorporation of the dilution rationale in the tort of passing off, will undermine the rationale of the tort by shifting the focus away from consumer protection and misrepresentation towards protection of trade values *per se*. The author argues that recent passing off cases (namely from 1981 onwards) seem to accept dilution as a head of damage.

⁹⁵⁹ The classic definition of goodwill is contained in Lord Macnaghten's speech in *CIR v. Muller and Co.'s Margarine Ltd*, [1901] AC 217, at 223, as "the benefit and advantage of the good name, reputation and connection of a business."

⁹⁶⁰ Note also that in New Zealand, in *Levi Strauss and Co. v. Kimbyr Investments Ltd*, [1994], 1 NZLR 332, the court accepted that there were three types of damage for passing off: diversion; damage to reputation; and *dilution*. The Court of Appeal in this case accepted "that in some cases it is legitimate to infer damage from a tendency to impair distinctiveness" citing the *Lego* decision as an example, at p. 37.

⁹⁶¹ *Lego System A/S v. Lego M. Lemelstrich Ltd*, [1983], FSR 155.

⁹⁶² See, H. Carty, *Op. Cit. Supra* n. 742, at 642.

1998/1939)⁹⁶³. However, an increasing discussion on introducing the possibility of an autonomous legal protection had taken place long before the implementation of the Directive⁹⁶⁴. The development of the dilution theory in the USA and the relative legislative fragments that were presented in the European context (in particular the aforementioned German courts' decisions, as well as Benelux Trade Mark Legislation) gave the incentive. Other legal bases, outside the scope of Trade Mark Law were used, in cases where there could be no protection given within the existing provisions requiring distortion or imitation and use of the mark on similar goods (see above in the second part of the present thesis). These bases included unfair competition law and civil law provisions. However, the attitude towards granting legal protection outside trade mark law was quite reserved. There was always the fear that the preconditions of protection for trade marks would be nullified and the legislative choice prejudiced⁹⁶⁵. In particular, it was submitted that protection against use of the mark on dissimilar goods would contradict the "relativity principle"⁹⁶⁶. In that context legal scholars, as well as courts, proposed and applied extended legal protection, only under specific prerequisites and circumstances. The principal condition of extended protection was the mark to be *famous*⁹⁶⁷.

However, no coherent view on what a famous mark was could be said to exist in Greece (as in the UK or the USA, shown earlier). For example, it was held that the mark «Apple» used for computer hardware, *was not famous*⁹⁶⁸. It was submitted that the mark could not be considered as famous because: a. it was not original since it was inspired by a natural object (the apple); b. it was not unique, as the same mark (especially the design of an apple) was registered for many other dissimilar goods as

⁹⁶³ This was the existing legal framework before the implementation of the Directive.

⁹⁶⁴ See Liakopoulos, *Op. Cit. Supra* n. 63, at 138.

⁹⁶⁵ *Ibid*; also, M. Minoudis, "Well-Known Trade Marks. A Greek Perspective", NoV [1995], at 150.

⁹⁶⁶ This principle pertained Greek trade mark law *in toto*. An important facet of this principle is the fact that the use of an identical or similar mark on dissimilar goods was not prohibited. Accordingly, the use of a similar mark on a similar product was not prohibited unless there is enough evidence of likelihood of consumer confusion. It follows from the above that the focus of trade mark protection under the relativity principle was held towards balancing consumer interests and effective competition. The interests of the trade mark owner seemed less important in comparison and this was much less so (even non existing) for the inherent value of the trade mark *per se*. For a description of this principle, see *inter alia*, MonPrAth 9077/1992, EEmpD 660, [1992], at 661.

⁹⁶⁷ See N. Rokas, "Exploitation and Protection of Advertising Value", EEmpD 1, [1999], K. Pampoukis, "The Famous Trade Mark as a new Notion in Trade Mark Law", EpiskEmpD 347, [1999], Antonopoulos, *Op. Cit. Supra* n. 63, at 400, M. Kosmopoulos, "Famous Mark", EEmpD [2006], 144, Marinos, *Op. Cit. Supra* n. 351.

⁹⁶⁸ MonPrAth 9077/1992, *Op. Cit. Supra* n. 966.

well. The fact that the brand «*Apple*» is well-known world wide for computer hardware of high quality was not even considered by the court.

The Greek Supreme Court has also found that the mark “*Camel*” for cigarettes was not a famous one⁹⁶⁹.

The legal bases for the protection of famous marks under Greek law were:

i. Article 3(2) of the Greek Trade Mark Act.

Greek trade mark courts often cited Art. 3(2) of the previous Greek TM Act (promulgating good faith) as a basis for the protection of famous marks against dilution⁹⁷⁰. In a number of decisions the courts granted protection over and above the context of related goods. Most of them required that a likelihood of confusion of the public was created⁹⁷¹. However, in a case decided in 1984, regarding the registration of the mark “Mercedes” for roses, the court granted protection without taking any regard to the likelihood of confusion. Instead, the main issue was whether the distinctive character and marketing power of the famous mark were likely to suffer damage⁹⁷².

*ii. Article 1 of the Greek Act Against Unfair Competition*⁹⁷³

This legal basis is analogous to the protection given in Common Law jurisdictions against passing off. Under unfair competition law a famous mark could be protected against exploitation of its good reputation and dilution of its distinctive and marketing power from products in different branches. The claim was actually based on opposition to *bona mores* and good faith. This was established in particular when the third party used the mark in order to promote its own products to the detriment of the

⁹⁶⁹ StE 2812/98 EEmpD [2000], 372, with comments by Chr. Chrysanthis.

⁹⁷⁰ Art 3(2) reads: “A mark the registration of which violates *good faith*, will not be accepted for registration». Along these lines Art. 15(1)(h) of the Greek TM Act also provided that the a registered mark could be revoked on application of any party with a legal interest in the mark, as well as any industry or trade association, «if among other reasons the application for registration of the mark was made in *bad faith*”. *Emphasis Added*.

⁹⁷¹ See, for example, *Omega* (for ball point pens), StE 1102/1960, EEmpD 224, [1960]; *Claus* (for shirts) Court of Trade Mark Appeals Decision 254/1959, EEmpD 323, [1959]; *Bacardi* (for clothes) MonPrAth 19410/1991, EEmpD 647, [1992]. This is interesting because if the goods are not similar then no confusion is normally created.

⁹⁷² See A. Sinanioti, “The Protection of Famous Marks in Greece”, 18 EIPR 214, [1987].

⁹⁷³ Unfair Competition Law 146/1914.

goods of the original trade mark owner. However, this legal basis was severely criticised in Greek literature with the argument that competitive trade did not arise in the absence of a similarity of goods, and hence the Act against Unfair Competition was inapposite.⁹⁷⁴

It would be worth mentioning that Unfair Competition law was a significant tool against parasitic exploitation of a mark's good reputation in other European Countries as well. The German Courts' decision (examined below) did not require particularly strict conditions for the granting of protection. The fact that the mark was famous sufficed for the establishment of a (broadly understood) competitive relationship.⁹⁷⁵ The act of exploitation of another mark's repute was an infringement in itself.

Several Greek decisions were also drawn along these lines⁹⁷⁶. In the "*Bravo*" case, the court prohibited the use of the mark "*Bravo*" (a very famous Greek coffee brand) for use on bicycles. The protection was given under the aforementioned Unfair Competition Law provision (Art.1), despite the fact that no convincing argument as to the existence of competition between the goods was put forward. The court's focus was merely on the fact that the mark was well-known and that the defendant was trying to exploit its reputation⁹⁷⁷. After the implementation of the Directive, art. 1 of law 146/1914 remains a complementary legal basis for protection of famous marks⁹⁷⁸.

*iii. Other Possible Legal Bases*⁹⁷⁹

⁹⁷⁴ See, among others, Pelekanos, "The Famous Mark: Function, Protection, Policy", EEmpD 438, [1985]; Alexandridou, "The Protection of Trademarks Beyond the Area of Related Goods", in the publication of honour of K. Rokas, 421 *et seq.*, [1985], Liakopoulos, *Op. Cit. Supra* n. 63, at 140.

⁹⁷⁵ See, among others, G. Wurtenberger, *Op. Cit. Supra*, n. 842, at 240. In this article the author explains the notion of *Competitive Individuality* established under German trade mark case law (*e.g.*: *Rolex*, mentioned above). Following from this notion, goods which have no features significant for competition are competitively neutral and can therefore not even substantiate the unfairness of an act of imitation.

⁹⁷⁶ MonPrAth 12209/1981, EEmpD 134, [1982].

⁹⁷⁷ The inadequacy of the arguments justifying the claim based on unfair competition was also evident in MonPrAth 8032/1984, EEmpD 493, [1984], regarding the registration of the mark "Marlboro" on cassettes and records.

⁹⁷⁸ N. Rokas, *Op. Cit. Supra* n. 619, at 131, PolPrAth 1225/06, EEmpD [2006], 469, MonPrAth 4982/2000 EEmpD [2001], 354, MonPrAth 9485/2000 EEmpD [2000], 1094. *Contra* Marinou, "Trade Mark Law", *Op. Cit. Supra* n. 351, at 324.

⁹⁷⁹ See, N. Rokas "Trade Mark Law", Sakkoulas, Athens, [1978], at 226; also Alexandridou *Op. Cit. Supra*, n. 974, at 437, with case law references.

A further possibility of protection in the case of use of a famous mark on dissimilar products included certain provisions of the Civil Code. Article 281 prohibits any use against *bona mores* and could apply in conjunction with Articles 914 and 919 of the Greek Civil Code governing tort⁹⁸⁰. Moreover, when a famous mark alluded not only to the origin of a product from a particular business, but also encompassed the commercial concept of the corporation as a whole, it enjoyed concurrent protection as a corporate trade name in terms of Art. 58 and 59 of the Greek Civil Code,⁹⁸¹ as well as Art. 13(1) of the Greek Act on Unfair Competition. Protection under the latter provision does not require a competitive relationship or a similarity of goods. It is sufficient for the granting of protection that the plaintiff establishes the existence of a risk of confusion.

E.d. Is Greece in harmony with the European anti-dilution trademark case law?

The conditions for providing extended trade mark protection are also under Greek trade mark law the following:

a) that the mark is a famous mark in Greece⁹⁸²

This follows from the territoriality principle. However, it is exceptionally accepted that a mark may have acquired fame abroad and be well known in Greece even though still not used in Greece⁹⁸³. Whether a mark is famous or not is a matter of fact and is proved through a number of “indirect” means of proof, such as advertising expenses, affidavits of brand or market experts, advertising material, market share etc.

⁹⁸⁰ PolPrAth (District Court of Athens) 19/1982, EEmpD 506, [1983]. See, also, A. Sinanioti, “The Protection of Famous Marks in Greece”, 18 IIC 214, [1987], at 217.

⁹⁸¹ Establishing the protection of the right to one’s name against any infringing (illegal) use of his name by third parties. This legal base was also accepted in German theory. The German Civil Code incorporates a similar provision for the protection of names including trade names (BGB German Civil Code Art.12). This protection was of course denied when a mark and not a name was involved. See, Shriccker, *Op. Cit. Supra* n. 842, at 168. An analogy could be drawn between this right and the publicity right under the USA legislation. This will be discussed later on.

⁹⁸² StE 3669/77, StE 726/2005, EEmpD [2006], 463, PolPrAth 1225/2006, EEmpD [2006], 466, EfAth 4008/2006, DEE [2007], 183, PolPrAth 194/1997, *Op. Cit. Supra* n. 613, at 391.

⁹⁸³ StE 678/79, StE 3085/81, StE 2812/1998 EEmpD [2000], 377 with remarks by Ch. Chrisanthis. It should also be noted that according to C-357/97 *Op. Cit. Supra* n. 122 (*General Motors*) it is sufficient that the mark is recognisable in a specific part of a member-state and it is not necessary that it is recognisable in the whole community. In view of the above, even if a mark is famous in another member state, this should be sufficient for it to be considered as a “famous mark” even in Greece.

However, merely the wide commercialisation in many countries of the products distinguished by the trade mark was found by the Conseil d' Etat not to be sufficient criterion of the notoriety of the mark⁹⁸⁴.

As we have examined before in the present thesis, the Greek case law set a number of criteria for a mark to qualify as famous (originality, uniqueness, special and positive appreciation by the consumers⁹⁸⁵). After C-375/97 (*General Motors*) however, where it was stated that for a mark to be famous it suffices that it is known by a significant part of consumers, and after *Intel*, where it was stated that the famous mark does not need to have any uniqueness (par. 72), these qualitative and quantitative criteria should be considered as contrary to European law. There have been instances in Greek case law where trade marks that by general knowledge are famous marks were not recognised as such because they lacked the characteristic of originality or uniqueness (e.g. the mark Apple for computers, or Camel for cigarettes mentioned above), because of lack of uniqueness or originality. Many brands however that are famous indeed lack uniqueness or originality (e.g. 501 for blue-jeans, 4711 for perfumes, even Coca Cola). As per the most recent case law, the factors to be taken into account for such an assessment are *inter alia* the market share, the intensity, the geographical coverage, the amount of investment undertaken by the trade mark owner, but not the increased degree of establishment in the market, as such establishment is given if the mark is famous and not the individuality or originality of the mark⁹⁸⁶.

b) use of the mark in the course of trade.

c) identity or similarity of the trade mark with a junior sign.

In a recent case the Supreme Court stated in its *obiter dicta* that a “certain degree” of similarity must exist for the “dilution” provision to apply, not such though that would amount to creation of confusion, but one which would make it possible for the

⁹⁸⁴ StE 2812/1998, EEmpD [2000], 372, with comments by Ch. Chrisanthis. The Court for this reason found that the fact that Camel cigarettes were widely sold in many countries, this did not suffice for ascertaining that Camel is a famous mark. Some recent cases of lower courts seem to move however from this position, as shall be analysed below.

⁹⁸⁵ For the exact meaning of these criteria and extensive analysis, see above.

⁹⁸⁶ MonPrAth 2528/2009, *Op. Cit. Supra* n. 392, at 172.

consumers to establish a connotation link with the senior mark ⁹⁸⁷. Interestingly the Court connected the degree of similarity of the marks with the risk of confusion and confirmed that only a certain degree of similarity is required, even though in adjudicating the facts of the case it did not specifically state that the degree of similarity is less than the one required to establish risk of confusion.

In any case, the protection is relative, because it is not granted always but only if use is made “without due cause”.

According to Greek legal doctrine and case law, it is not enough that the mark is a famous one for extended protection to be granted⁹⁸⁸. The cases in which protection is granted are the cases where the junior mark takes without due cause unfair advantage of the repute or the distinctive character of the famous mark or is detrimental to those⁹⁸⁹.

It has been found that taking unfair advantage of a mark includes the case where the connection between the two marks results to the transfer of the increased recognition by consumers of the mark and its good image, on goods or services that are distinguished by another sign, with the result that the junior mark holder takes advantage of the strong advertising power of the earlier mark (“image transfer”)⁹⁹⁰.

As to the detriment to the distinctive character of the mark it has been found that it occurs, when by the use of the similar sign the basic function of the mark is infringed, that is the origin function, with the risk that the mark becomes generic⁹⁹¹.

⁹⁸⁷ Areios Pagos 1030/2008, *Op. Cit. Supra* n. 733, at 186.

⁹⁸⁸ See Kosmopoulos, comments in MonPrAth 8066/2005, EEmpD [2006], 150. See also PolPrAth 194/1997 *Op. Cit. Supra* n. 613, at 391.

⁹⁸⁹ It has been argued that the vague legal term of lack of due cause provides a balance to the interests of the trade mark owner, the infringer and society (i.e. freedom of expression, press, art or freedom of circulation of goods, M. Th. Marinos *Op. Cit. Supra* [2007], n. 351, at 196.

⁹⁹⁰ Areios Pagos 1030/2008, *Op. Cit. Supra* n. 733 at 187, Marinos, *Op. Cit. Supra* n. 612 [1995] at 1225, Pampoukis, *Op. Cit. Supra* n. 612 [1999], at 357. Similar wording was used by CFI “[...] risk that the image of the mark with a reputation or the characteristics which it projects are transferred to the goods covered by the mark applied for, with the result that the marketing of those goods is made easier by that association with the earlier mark with a reputation”, T-215/2003, *Op. Cit. Supra* n. 881, par. 40.

⁹⁹¹ Kosmopoulos [2006], *Op. Cit. Supra* n. 966, at 150, Selekos, comments in MonPrAth 31785/1995 EpiskED [1996] 180 (BRAVO/ BRAVA), see also Areios Pagos 1030/2008 *Op. Cit. Supra* n.733.

As to the detriment to the repute of the mark it has been found that it usually occurs when the junior mark distinguishes products that are of lesser quality or when the famous mark is ridiculed (to the extent of course it is used as trade mark)⁹⁹².

Greek case law is not clear as to what exactly the scope of extended protection of famous marks is. It has been described as encompassing the following two cases: a) cases where by use of the junior mark there is a whittling away of the distinctive power of the senior mark or b) cases where the junior sign user manages to survive competitively due to the use of the famous mark, thereby enjoying a competitive (unfair) advantage without due cause, i.e. without giving anything in return⁹⁹³. What existed until now was mostly *obiter dicta* and no actual extended protection had been granted beyond the risk of confusion, meaning that courts found that there was risk of confusion and unfair advantage and detriment to the distinctive character at the same time⁹⁹⁴.

However, the following conclusions can be drawn in relation also to the European Courts' rulings mentioned above: a) no distinction is made between harm to the repute and harm to the distinctive character of the mark, b) a certain part of Greek case law considers unfair advantage and detriment to the distinctive character and repute of the mark as two distinct but coinciding cases of infringement, in the sense that when a third party is using the famous mark, not only does he take unfair advantage, but also the mark is harmed because of such use and c) the harm caused to the repute and the distinctive character of the mark does not need to be further proved, as this follows as a "*sine qua non*" element of the wide usage of the mark by third parties.

⁹⁹² There are cases even under the previous law: MonPrAth 8032/1984 EEmpD [1984], 493 (Marlboro/Malaka).

⁹⁹³ MonPrAth 4982/2000, EEmpD [2001], 355 regarding use of the Olympic symbol and trade mark "Athens 2004" as the name of a mutual fund. The court found that there was risk of confusion. PolPrAth 1225/06 EEmpD [2006] 468. In this case it was found that even though the word elements of the two marks were totally different, there was trade mark infringement because the product get ups were confusingly similar. In Greece the concept of "parasitic competition" exists also as a form of unfair competition and it is submitted that the "unfair advantage" covers these cases. In MonPrAth 2034/2006, DEE [2007] 310, it was stated that the deliberate behaviour of the third party substantially weakens the possibility of commercial exploitation of the trade mark, as the wide and unauthorised usage deprives them of their uniqueness and their distinctiveness with an "obvious" serious financial and ethical damage of the trade mark owner.

⁹⁹⁴ See, for example, PolPrAth 194/1997 (Bodyline/New Body) EEmpD [1998], 394. This case is interesting also because it states that the unfair advantage and detriment from the use of the above marks in similar services follow mainly from the way the advertising of the two marks was similar. The court found also that the risk of confusion was another means of achieving unfair advantage.

Another interesting particularity (obviously relating to the fact that protection of famous marks was provided under the pre-existing trade mark law regime via “good faith” provisions) is that Greek courts have found that there is confusion even in cases where the goods or services are not similar⁹⁹⁵. And that, mainly in earlier cases, the taking unfair advantage of was considered as a state of mind (the purpose of the infringer) and not as a fact to be proven⁹⁹⁶. This is very much in line with the approach the ECJ took in *L’Oreal* where it put in the center of the interpretation the infringer and what the infringer sought to achieve (par. 50).

In other cases the courts found that risk of detriment to the repute of the mark, encompassed only one case, i.e. where the junior mark’s products are of lesser quality and undermine the good name and reputation of the senior mark⁹⁹⁷.

However, it is not quite established yet that Greek trade mark law actually protects also the advertising function, i.e. protection even in cases where there is no risk of confusion⁹⁹⁸. Some case law exists in favour of such protection⁹⁹⁹ and, in particular, parallel import cases where the right of the trade mark owner was recognised as

⁹⁹⁵ MonPrAth 4982/2000, EEmpD [2001], 355

⁹⁹⁶ PolPrAth 194/1997, *Op. Cit. Supra* n. 613, at 394.

⁹⁹⁷ EfAth 3746/2001 DEE [2001], 853.

⁹⁹⁸ See *obiter dictum* in EfAth 4008/2006 DEE [2007], 185, and comments by L. Lefakis. See however, MonPrAth 12242/1994, EEmpD [1995], 316 (Polar/Aquapolar) decided under the pre-existing trade mark law, where the court stated that when the similarity to an earlier mark is made with the aim to exploit another trader’s fame, i.e. with the aim to compete unfairly and in a way that is contrary to bona mores, then, the trade mark owner is protected, even if there is no risk of confusion (unfair competition law provisions are applicable).

⁹⁹⁹ MonPrAth 8150/91 EEmpD [1992], with opposite comment of Tzouganatos, PolPrAth 194/1997 EEmpD [1998], 389, where it was explicitly stated that a famous mark enjoys greater protection because of the advertising function it has and that the broad protection is justified by the investment of the trade mark owner towards the fortification of the mark’s image. See also MonPrAth 1653/99, EEmpD [1999], 813, EfAth 866/2004 EllDni [2005], 596, StE 2812/1998 EEmpD [2000], 372, MonPrAth 4982/2000 EEmpD [2001], 354, EfAth 3746/2001 DEE [2001], 853, PolPrAth 4304/2005. See also, Minoudis, “Contracts of exclusivity or choice”, DEE [1997], 669, Soufleros, “Parallel trade and trade mark rights under Directive 89/104/EC” EEmpD [1999], 431, Pampoukis, “The Famous Mark as a new notion of trade mark law” EpiskED [1999], 347, Liakopoulos, *Op. Cit. Supra* n. 63, at 331. See however *contra*, DES 5056/1998 EEmpD [1999], 398 (*Valentino*), DES 5568/2000 Asterix-Asterikios, which is the Greek translation of Asterix, (not published) where it was stated that since the products were different there was no risk of confusion and no unfair advantage or detriment to the distinctive character of the mark Asterix, M. Th. Marinou, “*Unfair Competition*” [2002] 550, EllDni 41, 1445 ind. III under MonPrAth 4982/2000 according to whom “*the existence of fame [...] contributes to overcoming the dissimilarity of products but not of the risk of confusion as a basic parameter that defines the scope of protection of every distinctive element*”. Of course the position that risk of confusion needs to be established even in these cases is contrary to European law.

granting him the right against the parallel importer, who creates the false impression that belongs to the network of the trade mark owner¹⁰⁰⁰.

The fact that famous marks are granted extended protection even in cases of similar products has also been accepted by at least one Greek court ruling¹⁰⁰¹.

The criteria introduced by Greek case law to indicate a famous mark, relate to the criteria used for conferring the special protection to famous marks according to the CFI and ECJ¹⁰⁰². However, there is an important discrepancy. The originality and the uniqueness of the mark are as per the ECJ elements used for the evaluation of a possible harm on the distinctive character, e.g. the more common the mark is, the more improbable is that detriment is caused to its distinctive character¹⁰⁰³. The Greek courts however refuse *a priori*, as we have seen above, to recognise as famous marks, those marks that are not unique and original *per se*. The positive view of the consumers also could be a criterion used for evaluating the unfair advantage of the mark or the detriment to the repute¹⁰⁰⁴.

It follows from the above that whereas in Community case law it is relatively easy for a mark to qualify as “famous” (since it suffices to be known by a significant part of consumers), it is hard for its owner to prove that a third party is taking unfair advantage of it, or that detriment is caused to its repute or distinctive character; in

¹⁰⁰⁰ See MonPrAth 12209/93 (*Mercedes*) EEmpD [1992], 313, EfAth 6414/96 EEmpD [1997], 113, MPA 16353/99 (*Fiat*) EEmpD [1999], 148, EPatr 1058/98, DEE [1999], 860. See in particular, “*BMW*” case, PolPrAth 9364/1994, EEmpD 495, [1995]; “*Mercedes II*” case, PolPrAth 8393/1995, EEmpD 497, [1995]. Both these decisions refer to distribution agreements with regard to famous brands. Although the cases were not considering the use of a mark on dissimilar products, it would be worth mentioning that the courts emphasised the fact that the advertising function is protected. Any exploitation of it amounts to a trade mark infringement. An important remark that should be made regards the fact that the courts in both cases made explicit reference to the “*high standard*” of the products in issue. This brings into mind the positive qualities referred to in the CFI case T-251/03, *Op. Cit. Supra* n. 881, with which association must be made in order for infringement to be established.

¹⁰⁰¹ Namely the Supreme Court ruling on an Adidas case (proceedings brought before Greek courts by Adidas relating to the use of a four stripe logo with the word “Strike” on sport shoes by a third party), Areios Pagos 1030/2008, *Op. Cit. Supra* n. 733.

¹⁰⁰² It should be noted that each one of these criteria separately must be proven by the trade mark owner who claims to have a famous mark.

¹⁰⁰³ T-251/03 *Op. Cit. Supra* n. 881, par. 62, *Intel Op. Cit. Supra* n. 792, par. 74. In *Intel* the Court states explicitly that even if an earlier mark does not have an inherent uniqueness (is not e.g. an imaginary word) the use of the later mark could weaken the distinctive character of the earlier mark (par. 73).

¹⁰⁰⁴ Kosmopoulos, *Op. Cit. Supra* n. 966 [2006], at 151. However, such an approach might be problematic to the extent it restricts the protection that the legislator and ECJ case law aimed to grant to famous marks.

Greek case law the opposite occurs: it is hard to establish that the mark is famous¹⁰⁰⁵, however, once you do, namely once you prove that all the case law conditions are met (enhanced public awareness, uniqueness, originality, positive appreciation by the consumers), it follows that the unfair advantage or detriment criterion, is automatically met (this is why, as we have seen, Greek rulings do not extend beyond the fulfillment of the latter condition)¹⁰⁰⁶.

This position must not be confused with the CFI position that in certain cases the unfair advantage and the detriment are so obvious that no evidence needs to be submitted¹⁰⁰⁷. The CFI position concerns certain cases of famous marks, whereas the Greek case law concerns all cases of extended trade mark protection, as in order to enjoy such protection, the mark must be well-known, unique and original.

In view of the above, one wonders whether the approach of the Greek and the Community courts to famous marks' protection is only dogmatically different and that when applying the law, the result is the same. However, the answer should be negative. A very significant aspect in applying such strict criteria for the mark to be found famous in Greece, is that the similarity test of the marks is also affected. As per established Community case law examined in Part IV of the present thesis, the stronger the distinctive character of the mark, the easier it is to find similarity between the marks and grant protection against infringement. Also, "uniqueness" cannot be a criterion to limit protection against an infringer, as this infringer would himself be part of that lack of "uniqueness", through use of the senior mark¹⁰⁰⁸.

¹⁰⁰⁵ This position is similar with the US position: a famous mark is normally one that is a household mark, i.e. one known by the general public, one that is even more well known than the Paris Convention Article 6 bis notorious mark.

¹⁰⁰⁶ Cf. the 2006 US Anti dilution Revision Act where the definition of famousness now restricts very much the scope of application of the law. As we have seen at the beginning of this part, marks need to be "widely recognized" by the "general consuming public" of the entire country. As we have also seen the criteria mentioned in the law for characterizing the mark as famous, are the amount of sales and the amount of advertising made of the mark. However, there is no criterion of inherent distinctiveness.

¹⁰⁰⁷ See T-215/2003, *Op. Cit. Supra* n. 881, par. 48

¹⁰⁰⁸ Note however, that in US legal doctrine loss of uniqueness is not the same as blurring: "While two identical marks coexisting in the same marketplace will by definition negate each other's uniqueness, they need not blur each other, i.e., they need not increase consumer search costs or otherwise require consumers to "think for a moment" before recognizing the respective sources", see B. Beebe *Op. Cit. Supra* n. 766, [2006] at 1150.

Therefore, the application of strict criteria at the stage even of determining whether a mark is famous or not, affects not only dilution but also confusion protection and results to an equalization of famous marks with “common” marks protection, a result which is totally *contra* European legislation and case law.

The acknowledgement and recognition of the advertising function impaired by the Directive was welcomed by Greek courts and legal experts. The Greek TM Act 2239/1994 has implemented Art. 5(2) of the Directive in Art. 18(3) which is to be read in conjunction with Art. 4(1) of the same Act. The expansion of trade mark protection on dissimilar goods should be considered as an indisputable step forward for the Greek trade mark law. Some Greek decisions have already dealt with the advertising function (although not with the issue of dilution itself). This does not mean, of course, that the acceptance of the advertising function could be found in all Greek courts decisions. A large part of the Supreme Court’s decisions refused in the past to acknowledge any other function besides the origin function¹⁰⁰⁹.

It is characteristic that no established Greek translation of the word “dilution” existed in Greek legal doctrine and case law. The most interesting element that can be found in these decisions is the shift in the wording: in the past the importance of the protection of famous marks and allusions to the advertising function were often made in courts’ decisions.¹⁰¹⁰

However, even in cases where the advertising function is validated by Greek courts, no express statement of what this function actually protects is yet made by them¹⁰¹¹. Furthermore, a conclusion that can easily be drawn, after the above analysis, is that neither Greek case law nor theory had so far embraced a categorisation of dilution. Most of the existing literature is restricted to the issue of the protection of famous marks without examining the doctrinal basis in respect to that protection¹⁰¹².

¹⁰⁰⁹ See, A. Psarras, “The Restrictions of Trade Mark Protection”, 3 *Deltion Ellinon Nomikon* 227, [1996].

¹⁰¹⁰ See above mentioned case law, *Op. Cit. Supra* n.n. 999, 1000.

¹⁰¹¹ By contrast, the CFI ruling T-251/2003, where the court explicitly stated that “the mark has an inherent economic value which is independent of and separate from that of the goods and services for which it is registered” *Op. Cit. Supra* n. 881, par. 35.

¹⁰¹² Namely under what rational should the advertising function be protected.

However, Greek courts have started to mention mainly in their *obiter dicta*, the ECJ case law on dilution and the protection of trade marks against dilution, which in Greek was translated as “κίνδυνος υπόσκαψης”¹⁰¹³. The following wording has been used to describe the dilution categories: «εξασθένηση», «απίχναση» to indicate the whittling away, «αμαύρωση», «απαξίωση» to indicate the blurring and tarnishment¹⁰¹⁴.

In a recent ruling, a Greek court applied the above mentioned ECJ case law on dilution and found that because of the similarity of the marks at issue, the similarity of the products and the intense distinctive character of the earlier mark, it is certain that the average consumer, coming into contact with the later product shall bring into his mind as a connotation, the earlier famous mark; that by this act the defendant sought to take advantage of the attraction, the repute and the prestige of the earlier mark and exploit it, without paying anything for that and without himself making any effort to that respect, an effort that the plaintiff made in order to build and establish the fame of his mark. The court found that no parallel detriment to the distinctive character or the repute of the mark existed, however that did not hinder the court to assert infringement by the mere finding of the unfair advantage¹⁰¹⁵. It is indeed an exceptional ruling to the extent it fully applies the ECJ case law in finding that the mark is famous and that infringement in the form of dilution has occurred.

The specific points of this recent case law in Greece accepting the main aspects of community case law on dilution, invoking in the *obiter dicta* the relevant ECJ rulings, are as follows:

- Application of dilution provisions not only on dissimilar but also on similar goods

The respective national provisions must be interpreted in a teleological way, in view of the ECJ case law, so as to allow application of the dilution provisions on similar goods as well¹⁰¹⁶.

¹⁰¹³ See Areios Pagos, 1030/2008, *Op. Cit. Supra* n. 733.

¹⁰¹⁴ PolPrAth 585/2010, *Op. Cit. Supra* n. 339, at 183, 184.

¹⁰¹⁵ PolPrAth 585/2010, *ibid*, comments by N.Rokas, EEmpD [2010], 180 at 191.

¹⁰¹⁶ Areios Pagos 1030/2008 A Division, DEE [2009], 186, at 187, PolPrAth 585/2010, *Op. Cit. Supra* n. 399, at 181, MonPrAth 2528/2009, *Op. Cit. Supra* n. 392, at 171.

- Legal relationship between confusion and dilution

Protection may be sought under both articles 5(1) and 5(2) of the Directive or the equivalent in national or Community Trademark legislation. The two legal bases shall both be included in the same legal document (law suit, interim measures petition etc), in a way that if the first one is dismissed, and the court finds that no similarity giving rise to likelihood of confusion exists, then the next legal base shall be examined, namely whether there is a possibility that the public links the mark and the sign, in the context of the dilution provisions¹⁰¹⁷.

- Sufficient similarity for creating a link

The marks at issue need not be as similar as to cause confusion. Mere creation of a link suffices for finding infringement through dilution¹⁰¹⁸.

- Three distinct types of dilution infringement

There are three distinct types of dilution and it is sufficient that only one of them is found to exist in the case at issue. These are a) detriment to the repute of the mark, b) detriment to the distinctive character of the mark and c) unfair advantage of the distinctive character or the repute of the mark, all three interpreted as per the definitions given by the ECJ¹⁰¹⁹.

- Need to prove actual or possible dilution

The trade mark owner needs to prove either present actual infringement through dilution of the famous mark or the serious likelihood of such infringement occurring in the future¹⁰²⁰.

- Definition of famous mark

¹⁰¹⁷ MonPrAth 2528/2009, *Op. Cit. Supra* n. 392, at 172.

¹⁰¹⁸ Areios Pagos 1030/2008 *Op. Cit. Supra* n. 733 at 187, PolPrAth 585/2010, *Op. Cit. Supra* n. 399, at 181, MonPrAth 2528/2009, *Op. Cit. Supra* n. 392, at 171.

¹⁰¹⁹ PolPrAth 585/2010, *Op. Cit. Supra* n. 399, at 185.

¹⁰²⁰ PolPrAth 585/2010, *Op. Cit. Supra* n. 399, at 184.

Famous mark is the one that is sufficiently known by the relevant public namely by a substantial part thereof. The factors taken into account for such an assessment are *inter alia* the market share, the intensity, the geographical coverage, the amount of investment undertaken by the trade mark owner¹⁰²¹.

- Relevant consumer for finding of famous mark

The relevant consumers would be either the consumers in the broad sense or the specialized consumers, depending on to whom the trade marked products at issue are directed, without any specific percentage thereof being a prerequisite¹⁰²².

- Relevant consumer for finding infringement of famous mark

This depends on the type of dilution infringement at issue. In case of detriment to the distinctive character or the repute of the mark, the relevant consumer is the average consumer who is reasonably informed and circumspect to whom the earlier trade mark products are addressed. In case of unfair advantage of the earlier mark's distinctive character or repute, the relevant consumer is the average consumer who is reasonably informed and circumspect to whom the later trade mark products are addressed¹⁰²³.

It remains to be seen whether such consistency with the ECJ case law shall be followed by other Greek court rulings, especially of the Conseil d'Etat and the Supreme Court which until now have been reluctant to abstain from the traditional case law and follow the ECJ guidelines.

E.f. Concluding Remarks

What does detriment to the distinctive character actually entail?¹⁰²⁴ How is the advertising function of the mark affected and, respectively, its role as a stimulant of the purchasing desire of the specific product through dilution infringement? The most

¹⁰²¹ MonPrAth 2528/2009, *Op. Cit. Supra* n. 392, at 172.

¹⁰²² *Ibid* and PolPrAth 585/2010, *Op. Cit. Supra* n. 399, at 186.

¹⁰²³ PolPrAth 585/2010, *Op. Cit. Supra* n. 399, at 186.

¹⁰²⁴ This issue is directly linked with the rational basis of trade marks which has already been examined. The perspective that one adopts as to the legal nature of trade marks and their functions is decisive in that respect.

probable answer would promulgate that the consumer is likely to be discouraged from a future purchase of the product on which the original mark is used. The requirement of “detriment” should therefore be read likewise. However, such a proposition would seem rather extreme. It cannot be supported that the consumer is in reality expected to react in this manner¹⁰²⁵.

If a famous brand name, particularly an inherently distinctive one, were to appear on nearly any product, regardless of its nature, would it be likely that consumers would assume that that product originated from the same company responsible for all the other products bearing the brand name? If not, would the trade mark owner (or the trade mark) suffer any economic or other loss because of such use?

A distinction should be made here. Trade mark law grants protection to the trade mark owner, in cases of confusion, even if no damages are suffered. However, under the dilution regime that we have examined, it appears that damages (likely to be) suffered is indeed a prerequisite for protection (taking unfair advantage etc). If no damages are suffered, then protection cannot be granted under any other legal provisions, as for example, unfair competition, either. This means that the confusion protection is inherently linked to the origin trade mark function, the harm on which is automatically protectable; whereas the harm on the advertising function needs to be further accompanied by damages, in order to be protectable. This “discriminating” legislative handling of the two functions is not justified, but indicates that even for the legislators the two functions were not equal.

Another question that arises is the following: Are strong marks really most fragile than the weak marks? It has been argued that the very marks which are so famous as to deserve anti-blurring protection are essentially immune to blurring on account of

¹⁰²⁵ However, as Advocate General Jacobs observes “*The essence of dilution in this classic sense is that the blurring of the distinctiveness of the mark means that it is no longer capable of arousing immediate association with the goods for which it is registered and used*”, par. 37 of the Opinion in *Adidas*, par. 39 of the Opinion in *Sabel*. In its ruling of 10.5.2007 in case T-47/2006, *Antarctica Srl v. OHIM*, the CFI found that “*Taking account of the fact that the financial and stock market listing services supplied by the intervener under its trade name NASDAQ and therefore the trade mark NASDAQ itself undeniably present a certain image of modernity, that link enables the transfer of that image to sports equipment and, in particular, to the high tech composite materials which would be marketed by the applicant under the mark applied for, which the applicant appears to recognise implicitly by stating that the word “nasdaq” is descriptive of its main activities*”, par. 60.

their overriding fame. In 2000, Morrin and Jacoby reported the results of a study they designed to assess the accuracy and speed of subjects' memory retrieval of brand information after subjects were exposed to potentially brand-diluting marks. One of their findings is quite striking: "It appears that very strong brands are immune to dilution because their memory connections are so strong that it is difficult for consumers to alter them or create new ones with the same brand name."¹⁰²⁶

It has also been argued that the marks which are so famous as to deserve anti-blurring protection already receive the same scope of protection from confusion-based protection¹⁰²⁷. Since the scope of confusion based protection expands with the strength of the mark, famous brands should enjoy an extraordinarily broad scope of protection. Thus, for the famous marks, anti-blurring protection would be unnecessary¹⁰²⁸. However, the wording of the Directive (and the national legislations we have examined) does not extend such protection across all product categories. A prerequisite of confusion protection is identity or similarity of goods or services. Should the wording of confusion provisions change so as to include use on dissimilar goods¹⁰²⁹? Should such protection be granted under bad faith provisions¹⁰³⁰?

The issue of misappropriation or "free-riding" comes also into play. The argument is that when a court enjoins a third party from using a variation of a famous brand, the court seeks to prevent not so much the blurring, as the misappropriation of the "selling power" of the famous brand. Thus, though the infringer's use may itself cause little or even no harm to the brand name, still, he is reaping where he has not sown and should be prevented from doing so¹⁰³¹.

The antidilution article of the Directive explicitly prohibits conduct that "takes unfair advantage of . . . the distinctive character or the repute of the trade mark". However,

¹⁰²⁶ Maureen Morrin & Jacob Jacoby, *Trademark Dilution: Empirical Measures for an Elusive Concept*, 19 J. PUB. POL. & MARKETING 265 [2000].

¹⁰²⁷ Beebe, *Op. Cit. Supra* n. 766, [2006] at 1161.

¹⁰²⁸ The attitude of Greek courts is characteristic; as we have seen some courts have found both confusion and dilution provisions applicable on the same case.

¹⁰²⁹ The ECJ already expanded the wording of art. 5(2) to similar goods. It could respectively expand the application of 5(1) to non similar goods!

¹⁰³⁰ The subjective elements that need to be proved in these cases (i.e. the purpose of the junior mark user) make these provisions hard to apply. However, a solution could be given with the reversal of onus of proof, as mentioned earlier in the present chapter.

¹⁰³¹ Cf the US case law and doctrine mentioned above, as well as the recent ECJ case law.

as already pointed out above, only these uses (that impair the distinctiveness or harm the reputation of the famous mark) will be enjoined. Misappropriation per se is not as per the grammatical interpretation of these provisions actionable. And it is not actionable under Unfair Competition legislation either, because in that framework as well, at least in Greece, damage must be suffered for these provisions to apply. This is why the *L' Oreal* ruling of the ECJ could be very useful to trade mark owners, by confirming that no damage to the mark or the proprietor is needed, thereby filling the lacuna of protection that existed so far.

And certainly, in establishing the further requirement of “association,” the European case law appears to recognize that some similarity or identity will not lead to “association.” Therefore, Directive anti dilution provision requires trade mark owners to present evidence beyond the mere fact of the “similarity” between the parties’ marks to show that this “similarity” actually produces or is likely to produce “association” in the minds of consumers.

The question that arises in view of the *L' Oreal* ruling is to what extent the plaintiff is required to present evidence (beyond the mere fact of “association” arising from “similarity”) to show that the junior mark “impairs the distinctiveness” of the senior mark. After all, as above, if a showing of association arising from similarity were enough, then there would be no need to include this further requirement for unfair advantage etc.

Here, the term “distinctiveness” means apparently distinctiveness *of source*. It does not mean uniqueness. The Directive establishes a cause of action for “blurring” in the minds of consumers, not for loss of uniqueness in the marketplace. Thus, the senior mark holder must show, as an empirical matter, that consumers who are exposed to both the senior and the junior marks are less competent to make a “mental connection” between the senior mark’s owner as source of the goods or services. This is not an easy task, as, for very strong marks, this loss of consumer competence is unlikely.

Could there be cases in which a famous mark is being used by another in a way that constitutes free riding or unfair competition, but which would *not* be captured by even

an expansive form of the test of a likelihood of confusion? Would such instances cause an indisputable and clearly demonstrable harm to the famous trade mark?

One could at the end even raise reservations with regard to the detriment actually imposed on the first mark through dilution. Why is it detrimental for a connotation, a link, to arise? Is it not true that even bad advertising is better than no advertising? And what is ultimately the use of the mark by third parties, if not free advertising of the earlier mark?

F. EPITOMISING DILUTION

In the closing part of the argument on dilution, the logical defaults of the theory will be epitomised. It is not suggested however, that dilution theory has no rational basis whatsoever. On the contrary, it is submitted that the legal interest it seeks to protect is totally justified throughout. The “commercial magnetism” or “reputation” (or any other term used to denote the valuable asset that a mark can constitute for its owner) is beyond any doubt in need of protection from unauthorised use by third parties. As we have examined in Part I of the present thesis, trade mark is a sign. The sign acts as signifier and as such the sign sells the goods. Trade mark law, as opposed to unfair competition, passing off or even civil law, should be able to offer this kind of protection to the trade mark owner. Protection that cannot be enjoined through any other legal basis, because all other provisions are based on the subject of the right (the trade mark owner); protection in cases where the trade mark owner has suffered no material or any other kind of harm, protection of the sign as such.

It is argued however, that certain pre-conditions should be met and certain clarifications should be made before the aforementioned protection is absolutely legitimised. The issue will be discussed in the light of the Directive; a proposal for an effective legal interpretation will be made.

F. a. The Rational Limits of Protection

As already mentioned, confusion is a factor not to be taken into account when the court is considering a case of dilution. However, is it possible for no likelihood of

confusion to arise (either when the use is on similar or on dissimilar products) when the two opposing marks are identical or sufficiently similar? If one is to adopt the notion of likelihood of association as a new (broader) reading of the notion of confusion, then it is highly probable that such confusion *will* arise. In particular, this is so if the first mark is well known: the association in the mind of the consumer is unavoidable. However, no such mention is made neither in the Directive in the case of use on similar goods, nor in the Benelux trade mark law. It should be kept in mind that association is *not* likely *unless* a mark has a strongly distinctive character, namely the ability to remain in the consumer's mind and be recalled whenever a stimulation is given.¹⁰³²

F. b. Same/Similar Marks¹⁰³³ - Similar Products

The question that arises primarily in this context is whether this association should be condemnable in the case of similar goods. On the one hand, the Benelux law (which is said to accept the dilution doctrine) regulates this result as infringing the trade mark's distinctive character despite the fact that there might be no detriment to the origin function (the consumer is not likely to believe that the two products emanate from the same source). On the other hand, the widely accepted broad definition of confusion in most continental European countries includes the likelihood that the consumer mistakenly believes that there is an economic or other connection between the two sources¹⁰³⁴. It follows that although the prevailing view in Europe has been that trade mark law should not expand beyond the threshold of the origin and the quality function, the aforementioned semantic version of likelihood of confusion is very akin to the extended protection given under the Benelux trade mark law. It has up to now been established that the notion of likelihood of association and likelihood

¹⁰³² It has been also submitted that stronger marks may be better able to withstand the diluting effects of at least certain unauthorised uses.

¹⁰³³ The tendency that prevails in trade mark law literature and jurisprudence is to treat these two notions interchangeably. However, the validity of such an attitude can be questioned. It is certainly not the same for a third party to use an identical mark on his own products than to use only a similar one. It could be argued that in the former case, the likelihood of confusion is much stronger than in the latter case. The same is true for the diminution of the advertising function. It is characteristic to that respect that Fr. Schechter in his seminal article on dilution (*Op. Cit. Supra* n. 4) refers solely to the unauthorised use of the *same* mark on dissimilar products. However, in the present thesis the terms will be used interchangeably according to the prevailing practice, with the aforementioned reservations in mind.

¹⁰³⁴ See *infra* Part II.

of confusion are not as rivalry as they were presented to be¹⁰³⁵. The inclusion of the likelihood of association in the Directive is therefore compatible with the judicial practice followed throughout the past years in continental Europe.

It will be argued thereof, that the dilution theory has *indeed* been incorporated into the Directive under the form of the words: “likelihood of association”. The dilution theory does not limit itself in cases regarding use of a mark on dissimilar goods. The mark could easily be “whittled away” of its distinctive character, even when used on similar products¹⁰³⁶. What causes the detrimental effect on the mark is the loss of uniqueness when the same or a similar mark is encountered very often in the market (it should be noted that this is quite different from arguing that the often encounter of goods in the market could create the impression that all goods emanate from the same source). However a line must be drawn. Otherwise the registration for certain classes would prove to be meaningless. The most inherent danger is to accord trade marks a protection similar to that of copyright, giving the trade mark owner a monopoly right to object to any copying of his mark¹⁰³⁷. The fact that confusion *does not* necessarily arise in that context; the fact that sufficient protection *must* be given to the advertising function of the mark; and the fact that the likelihood of association is likely to arise only as a facet of infringement of the advertising function, inherent mainly in well-known marks, leads to the conclusion that likelihood of association is a notion that has incorporated the dilution rationale in the European context.

F. c. Same/Similar Marks - Dissimilar Products

It could even be argued that the dilution theory has introduced the confusion test in the case of use of a mark on dissimilar goods. For it is difficult to imagine a situation where no likelihood of confusion exists when unauthorised use of famous marks is at

¹⁰³⁵ As it is evident throughout the course of this thesis, the opposition of British academics and courts towards any infringement that does not directly emanate from the origin theory has been and still is quite vivid. However, this is not the case with the continental trade mark law commentators and courts (e.g.: in Germany or Greece).

¹⁰³⁶ It has even been argued that dilution is more likely to occur in *similar* products. However, it is the proliferation of uses of a well-known mark on unrelated goods that is generally regarded as the threshold of dilution. Professor McCarthy has made an interesting remark: “The dilution concept presumes that defendant’s use of the mark does not cause such a strong mental link that confusion is likely. On the other hand, if a reasonable buyer is not at all likely to think of the senior user’s trade mark in his or her own mind, even subtly or subliminally, then there can be no dilution”. See, J. T. McCarthy, “Trade Marks and Unfair Competition”, 3rd ed., [1992] at 24-109.

¹⁰³⁷ One of the basic principles of trade mark law is the “relativity” of protection.

issue. When the consumer, for example, sees the name *Kodak* on the piano he is interested to buy, there is no possibility that he will not *automatically* think of the famous camera brand. He might even believe (and this possibility does exist for the average consumer) that the owner of the famous mark has expanded his business in the field of musical instruments. Where does this leave the original producer? His right to expand his business is undoubtedly prejudiced. Apart from that, the depiction of the famous mark on the piano will (maybe only subconsciously) create a positive connotation to the mind of the buyer as to the quality of the product. All the above consequences are in effect quite probable. Thus they are prohibited by the Directive referring to the use that takes “unfair advantage of the distinctive character or the repute of the mark”.

However, the other case of infringement resulting to the detriment of the distinctive character or the repute of the mark accordingly, needs further clarification. The detriment to the distinctive character is akin to the notion of pure dilution, as described earlier.¹⁰³⁸ Nevertheless, the possibility that in some cases there will be no weakening effect of the advertising function of the mark could be put forward. What is more, the opposite may occur. The mind may be able to retain both marks without drawing any particular conclusion or may simply be reminded favourably of the first mark, in a way that strengthens the original owner’s mark. This could be a kind of free advertising. With regard to the detriment on the repute of the mark, this is the analogous of tarnishment, also described earlier. Again it would be difficult to find a case where no association is made with the infringed mark¹⁰³⁹. It would not be an understatement to mention that negative advertising is still considered to be promoting the popularity and the sales of the product.¹⁰⁴⁰

F. d. Empty Controversy

It is suggested that what Schechter’s theory of dilution protected, was ultimately the origin function. This is so, because the trade mark functions may not be regarded separately, in the sense that the protection of the advertising or the guarantee function

¹⁰³⁸ See above in par. A. c.

¹⁰³⁹ The issue was also examined earlier.

¹⁰⁴⁰ Negative advertising is very common with regard to celebrities. Hollywood scandals are notorious and they manage to be known throughout the global sphere! This analogy is not farfetched if one considers that American trade mark literature proposes the introduction of a “Right to Publicity” for the protection of the Trade Mark’s “Persona”. See E. Winner, *Op. Cit. Supra n.* 834, at 260.

results to the protection of the origin function and vice versa. It is also suggested that the advertising function is inexorably linked to the other two functions. The trade mark does in all instances act as signifier. It is therefore suggested that the protection to be given to trade marks should be one that takes as main standpoint the mark *per se* as sign. No harm to the trade mark owner or to the trade mark should be required. The mere use of the trade mark by another party without authorisation should be considered as infringement.

The detraction of the selling power is the result of the consumer's coming to mind of more than one goods when seeing the mark. Not only the selling power (advertising function), but also the ability to distinguish the origin of the products (origin function) is impaired. Both trade mark origins come into mind, that of the senior and that of the junior mark. However, this in fact regards strictly the origin function: not the guarantee or the advertising one. These are affected necessarily if the origin function is affected. When a consumer sees a trade mark, not one single origin but more come to mind. This means that the origin function is impeded, that the identity of the product is not clearly distinguished. Therefore, even in dilution cases the function that is harmed is the origin function, the ability to singly identify the product. The guarantee and advertising functions are harmed as a consequence of damage on the origin function. To go one step further: the risk of confusion or dilution is not the basis of protection, they merely serve for a systematisation of the legislative framework. What is actually infringing is the situation where not one but more meanings come into mind when the consumer encounters a certain trade mark. Where the signifier loses the unique connection to the signified¹⁰⁴¹. When the trade mark is not any more able to clearly convey one meaning, to act as a sign. Whether this happens through confusion or dilution is of no importance. The outcome of both is the same: the impediment of the trade mark's function as a sign. A sign denoting the source of origin and the quality and attracting consumer interest. Namely a sign which encompasses all three trade mark functions.

At the end of the day, dilution theory suggestions can be drawn in very simple terms. Most importantly they will unveil the disguise of the "alien intruder" and prove to be

¹⁰⁴¹ See Part I C of the present thesis on the analysis from the perspective of semiotics.

absolutely compatible with the needs of trade mark law as it has been presently formed.

The advertising value of trade marks must be protected. The advertising value is diminished, thus the trade mark infringed, when there is a proliferation of same or similar signs in the market. So is the origin function. This is the general basis of infringement. Furthermore, a limitation in accordance with the acceptable trade mark functions must be safeguarded. In this context two cases should be distinguished: a. use on similar goods, b. use on dissimilar goods. In the former case the marks have adequately been protected by trade mark laws prohibiting the unauthorised use of identical or similar signs on similar goods. The precondition of confusion has functioned as the necessary limitation mentioned above. Not every use was infringing, but only that which amounted to consumer confusion. The balance between the interests of the trade mark owner and the consumer, on the one hand; and the interests of the trade mark owner and his competitors on the other, were thus maintained. In the latter case, namely when the use was on dissimilar products, the rationale remaining the same, a different limitation should be introduced, since it was difficult therein for a likelihood of confusion to be proved. That limitation was the requirement that the mark be famous. This is how trade mark protection under the dilution theory can be explained.

If one chooses to interpret this protection under the traditional origin theory, one is expected to reach more or less the same conclusions albeit following a different logic path. The use on similar goods is prohibited since it causes the consumers to be confused as to the origin of the product. The use on dissimilar products is, exceptionally, prohibited in the case of famous marks because the consumer might mistakenly think that the first producer has extended his business to new market areas. The right of the producer (and his respective legitimate interest) to expand his business is worth of protection by trade mark law. It then follows from the above that *no* substantial parting of ways exists between the traditional trade mark protection and the dilution rationale.

EPILOGUE

We have examined in the present thesis the theoretical framework of trade mark protection and the application of it in European legislation and case law. Following the historical evolution of trade marks and trade mark theory, we passed through the categorisation and systematisation of trade mark functions in the framework of European harmonisation. Making a presentation of the applicability of semiotics on trade mark law, we proposed an analogy of signs to trade marks.

After establishing the theoretical framework we moved on to the practical implementation of trade mark theory in the EU. We analysed the Directive provisions and ECJ case law on certain core matters, all related to the standpoint of trade mark functions: registrability, trade mark use, confusion, famous marks and dilution. In parallel, we examined, in comparison to the European jurisprudence, the national legal framework and case law of Greece on the same issues, whereby drawing also from the UK and the US jurisprudence. The similarities and differences were spotted and analysed. The prevailing tendencies and weaknesses, at the author's opinion, at a European and national level (Greece) were presented.

The theory of dilution in the context of the European trade mark framework and national legislation was analysed against developments in the USA. The controversial doctrine of Schechter was seen, in view of the above, under a new light, whereby the origin function is actually impaired and not the advertising one. The confusion and dilution rationales were considered as not substantially different. Finally, it was proposed that trade mark protection should be based on solutions considering the three trade mark functions as a whole and conferring protection against any use, which would result in the nullification of the trade mark's ability to function as a sign.

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