Blurred Lines
The assessment of detriment to distinctive character in Europe and the requirement to prove a change in the economic behaviour of the consumer

Author: Buster Sanderson
Supervisor: Stojan Arnerståhl
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Abstract

The extended protection offered to reputed trademarks in article 8(5) EUTMR and in particular the illusive concept of detriment to distinctive character has been causing difficulties for both legislators and courts throughout Europe since the concept was introduced by Frank Schechter in 1927. Detriment to distinctive character, or blurring as it also called, has undergone several changes since its implementation in the first trademark regulation due to case law from the CJEU and no case has had a bigger impact in this area than the Intel judgement. In Intel the court sought to resolve any uncertainties about detriment to distinctive character once and for all by developing the global appreciation test which was to consider all factors relevant to the case at hand. This test was however rather undermined by the introduction of the unsupported requirement that the proprietor had to prove a change in the economic behavior of the consumer. Since Intel, the number of claims regarding detriment to distinctive character has decreased due to the strictness of the requirement and the unwillingness of the court to sufficiently explain what sort of evidence that would effectively prove such change. As it stands, the concept of detriment to distinctive character is in serious risk of becoming redundant due to the current test for blurring not being fit for purpose.

Keywords: European Union, Trademark Law, Reputed Trademarks, Detriment to distinctive character, Change in the economic behavior of the consumers.
## Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>AG</td>
<td>Advocate General</td>
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<td>BGH</td>
<td>Bundesgerichtshof</td>
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<td>CJEU</td>
<td>The European Union Court of Justice</td>
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<td>CTMD</td>
<td>Community Trademark Directive</td>
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<td>ECTA</td>
<td>European Communities Trade Mark Association</td>
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<td>EIPR</td>
<td>European Intellectual Property Review</td>
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<td>EU</td>
<td>European Union</td>
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<td>EUIPO</td>
<td>European Union Intellectual Property Office</td>
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<td>EUTMR</td>
<td>European Union Trademark Regulation</td>
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<td>EWHC</td>
<td>High Court of England and Whales</td>
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<td>GmbH</td>
<td>Gesellschaft mit beschränkter Haftung</td>
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<td>Inc</td>
<td>Incorporation</td>
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<td>LTD</td>
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<td>OHIM</td>
<td>The Office for Harmonization in the Internal Market</td>
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<td>Para</td>
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<td>TM</td>
<td>Trade Mark</td>
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<td>TMR</td>
<td>Trade Mark Review</td>
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<td>TRIPS</td>
<td>The Agreement on Trade-related Aspects of Intellectual property rights</td>
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1 Introduction

1.1 Background
In 1927 Frank I. Schechter’s article, The Rational Basis of Trademark Protection proposed a theory based on trade identity protection instead of the likelihood of confusion principle that was, up until that point, commonly used worldwide. Schechter’s new and rational theory proclaimed a property right in trademarks which should be protected against the tort of “gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods”.

In addition, Schechter limited his proposal by stating that aforementioned protection should be reserved for coined or unique trademarks and held that the “more distinctive or unique the mark, the deeper is its impression upon the public consciousness, and the greater its need for protection against vitiation or disassociation from the particular product in connection with which it has been used”.

Although Schechter never specifically used the term dilution it has been generally accepted that the concept expressed in the article is the forbearer of the modern interpretation in both the US as well as in Europe. Even though the concept of dilution has been around for quite some time there are still contentious issues about the proof of and protection against trademark dilution and blurring. The issues at hand mainly stems from the concepts inevitable correlation with equally important restrictions on competitions. The main problem with interpreting and applying the concept of dilution is that owners of famous marks have a particular interest in creating as wide an exclusion zone as possible around their marks whilst other market participants have an interest in keeping that exclusion zone to the minimum. Simultaneously there is a public interest in protecting such famous marks but also in preventing dominant traders from abusing that protection to the detriment of weaker operators on the market. Needless to say, the courts in Europe still struggle in terms of striking a fair balance between the competing interests.

In the landmark Intel decision the CJEU applied a somewhat confusing approach to the question of dilution or detriment to the distinctive character of the earlier mark. The ruling caught the

2 Schechter- The Rational Basis, p.825.
4 Opinion of Advocate General Sharpston delivered on 26 June 2008, Case C-252/07 Intel Corporation Inc. v CPM United Kingdom Limited, Paragraph 32.
eyes of many as the CJEU concluded that the mere fact that the later mark brings the earlier mark to mind is not in itself sufficient. The CJEU held that there must also exist presented evidence that the later mark causes a “change in the economic behavior of the average consumer of the goods or services for which the earlier mark is registered”\(^5\). Several comments have since been expressing concerns about the level of proof needed to show whether a change in economic behavior has in fact occurred. \(^6\) Some scholars and courts have deemed the requirement of proof of change in consumer behavior to be too strict and maintained that the current requirement doesn’t allow the right holder to take legal action until the damage has been done. On the other hand, in order to no unduly infringer upon the freedom of action of others it has been argued for the necessity to be able to show a serious likelihood of detriment. The thought process seems to be to limit prohibitions to cases in which actual and real commercial detriment may be likely.\(^7\)

1.2 Purpose of the thesis
To evaluate and analyze the relevant factors for detriment to a reputed trademarks’ distinctive character and especially the term change in the economic behavior of the average consumer. The thesis will try to determine the mindset and legal purposes behind the protection against detriment to distinctive character both before and after the Intel judgement and whether or not the global assessment test is satisfyingly fulfilling the purpose intended by the court.

To fulfill the purpose of this thesis, the following question will have to be answered to create a better understanding of detriment to distinctive character and consequently provide useful insight of the dilution area as a whole.

How was detriment to distinctive character dealt with before the Intel judgement and what factors are to be considered when assessing cases of blurring?

What are the problems surrounding the criteria of change in the economic behavior of the consumer and how do proprietors provide evidence of such change?

Is the current European blurring test fit for purpose?

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\(^5\) Judgement of the Court, Case C-252/07 Intel Corporation Inc. v CPM United Kingdom Limited, 27 November 2008, Paragraph 77.


\(^7\) Wolfgang Sakulin, Trademark protection and freedom of expression, An inquiry into the conflict between trademark rights and freedom of expressions under European law, page 99.
1.3 Legal methodology
The methodology of this thesis will be that of a method of evaluation primarily and secondarily a method of analytical studies of how the European courts have handled detriment to distinctive character, or blurring, of reputed trademarks. The thesis will revolve around case law to provide the most accurate view of the problems faced by the European courts when applying the jurisprudence laid down by the CJEU in the Intel decision. The thesis will also use case law from the General court and EUIPO but to a slightly lesser extent as these decisions do not hold the same legal value. The relevant legal provisions, both international and European, will be analyzed and discussed in the light of the aforementioned case law.

The thesis focuses mostly on the Intel decision and the principles established by the court in this case will serve as a baseline throughout the thesis and will be a reoccurring element. Inspiration has also been gathered from multiple articles by various scholars to create a more fluent argumentation throughout the thesis but also to create a better understanding of the main problem of the thesis.

1.4 Delimitation
The thesis will be focused solely on the European legislation on detriment to distinctive character of reputed trademarks and related case law and the thesis will only discuss unfair advantage (Free-riding) and detriment to reputation (Tarnishment) as far as to give a better and deeper understanding of detriment to distinctive character. The thesis is also limited to trademarks with a reputation since reputation in itself is a prerequisite for the application of articles 8(5) and 9(2)(c) EUTMR and related articles in the Trade Mark Directive. The thesis will not discuss, in length, any national legislation of detriment to distinctive character apart from the national regulations of the Benelux countries. The reason that examples from the Benelux countries are discussed is that the trade mark legislation in those countries had a big impact in the adaptation of the first trade mark directive in the EU, as is explained below.
2 Historical overview on dilution and detriment in the EU and international provisions

2.1 International provisions - The Paris convention

The modern concept of the protection and recognition of famous trademarks is embodied in article 6bis of the Paris convention. The convention use the French expression ‘notoirement connue’ which literally translates to ‘notoriously known’ or in more correct English ‘well known’ which is the most commonly used expression. The article states that member states agree “to refuse or to cancel registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation or a translation, liable to create confusion, of a mark considered by the competent authority of the country of a registration or use to be well known in that country as already being the mark of a person entitled to the benefits of this convention”.

It has to be emphasized that article 6bis in the Paris convention merely provided the outline of the protection for well-known trademarks. For example, trade mark use or registration for services are not covered by the article, The protection is also limited to similar or identical goods and the article is therefore ill equipped to deal with dilution in any form. This issue was however addressed by the supplement of article 16(2) and (3) of the TRIPS agreement.

2.2 International provisions - The TRIPS agreement

The TRIPS agreement was adopted in 1994 and provided additional legal standards for the protection of well-known marks. The TRIPS agreement was the effect of several problems surrounding trade and commerce and in particular counterfeit goods and shortcomings in numerous countries regarding the system for protecting well-known marks on a national level. Because of these problems a broadened scope of the protection of well-known marks was required and subsequently implemented in the form of article 16(2) and (3).

Article 16(2) states that article 6bis of the Paris convention shall apply, mutatis mutandis, to services and also states that account shall be taken to the general knowledge of the trademark amidst the relevant section of the public in the assessment of a trademarks reputation.

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8 Paris convention for the protection of industrial property of March 20, 1883 and as amended on September 28, 1979, Article 6bis Well-Known marks.
9 Ibid
10 The Agreement on Trade-related Aspects of Intellectual property rights of 15 April 1994, Article 16 (Rights Conferred).
Article 16(3) addressed the aforementioned issue of only similar goods being included in article 6bis of the Paris convention. The implementation of article 16(3) meant that article 6bis now also applied to dissimilar goods or services in respect of which a mark is registered given that “use of that trademark in relation to these goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use”.

The implementation of article 16(3) in particular provided the potential grounds for anti-dilution protection of well-known marks by prohibiting unauthorized use even in cases where there was no confusion or lost sales. The TRIPS agreement is also significant for the adaptation of dilution in Europe as the EU is seen as a signatory of the TRIPS agreement and that the CJEU is authorized to define and interpret EU’s obligations under the TRIPS agreement. In regards to this, the CJEU has however ruled that the TRIPS agreement does not have direct effect in the member states. This was held in Assco v. Layer where the court held that “in a field to which TRIPS applies and in respect of which the European Union has already legislated the judicial authorities of the member states are required to apply national rules in the light of the wording and purpose of the TRIPS agreement”. This means that, in cases regarding non-confusion infringement, the provisions and EUTMR should be applied in the light of the wording of article 16(3) TRIPS agreement. This means that no formal protection against dilution for unregistered well-known marks can be offered since such marks are not protected in the light of the wording of article 16(3) TRIPS. In practice however, this does not appear to be problematic because most well-known marks are registered as community trademarks and by nature of being well-known will also enjoy reputation which is an essential part of the area of dilution in Europe as will be seen below.

2.3 The basic foundations of the term dilution and its incorporation into the European legal system
The background to protection against dilution in Europe, as will be demonstrated in the thesis, is a complicated matter for several reasons. The drafting of the first Trade Mark Directive in

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11 The Agreement on Trade-related Aspects of Intellectual property rights of 15 April 1994, Article 16 (Rights Conferred).
which dilution is found and managed brought together several national jurisdictions with different attitudes towards trade mark law as well as unfair competition.\textsuperscript{15} In traditional civil law regimes, the most common form of protection against junior use on dissimilar goods was against unfair advantage to the junior user rather than harm to the mark per se.\textsuperscript{16} the form of protection against unfair advantage in these civil law regimes was influenced and inspired by respective states’ attitude towards unfair competition.\textsuperscript{17} In France, for example, it was necessary for the trade mark proprietor to show that he had suffered some sort of harm\textsuperscript{18} though actual free-riding on another mark was categorized as a form of harm. In the German legislation there was a requirement to show that there existed some sort of competition between the parties although it should be noted that the term ‘competition’ was a bit stretched in comparison to modern day interpretation. In Germany the term ‘competition’ included competition for the image of the mark which opened up legal situations where the junior use was on goods that weren’t necessarily similar to which the image of the original mark could be transferred.\textsuperscript{19}

On an early stage, particularly in Germany, there were steps taken towards the recognition of the different kinds of dilution, namely tarnishment\textsuperscript{20} and blurring\textsuperscript{21}, through the use of unfair competition law. The main efforts by the German courts of the time rested on the foundation of creating competitive relationships between undertakings which subsequently gave rise to the notion of dilution.\textsuperscript{22} In the UK, dilution in the form once discussed and applied by Schechter\textsuperscript{23}, namely ‘erosion of distinctiveness’ was recognized but only in cases where it was accompanied by the concept of misrepresentation.\textsuperscript{24}

\textbf{2.4 The Benelux Act and its impact on the implementation of the Trade mark directive}

Upon the drafting of the first trademark directive in Europe, inspiration and experience were collected from various member states. In terms of enhanced protection however, the regulation


\textsuperscript{16} Ilanah Simon Fhima, Trade mark dilution in Europe and the United States, page 10.

\textsuperscript{17} Ibid

\textsuperscript{18} French Civil Code §1382

\textsuperscript{19} In BGH 9 December 1982, I ZR 133/80, IIC 184 240 Rolls Royce the court held that whisky would compete for image of Rolls Royce car in advertising.

\textsuperscript{20} BGH 10 February 1994 I ZR 79/92, IIC 1995 282 which concerned the potential defamation of a mark.

\textsuperscript{21} This was the prominent question in BGH, 02.04.1987, I ZR 27/85, IIC 1988 695 Camel Tours were the court stated that the mere fact of second use by the defendant could cause harm and therefore also infringement.

\textsuperscript{22} Ilanah Simon Fhima, Trade mark dilution in Europe and the United States, page 10.

\textsuperscript{23} Schechter- The Rational Basis, p.825.

\textsuperscript{24} Tattinger SA and others v Allbev Ltd and another, 1993, FSR 641, 678 per Sir Thomas Bingham MR.
and case law from Benelux came to serve as a blueprint for the first trade mark directive. Dr Alexander von Mühlendahl held that “with regard to the enhanced scope of protection, the Benelux experience was particularly valuable”.25

When the Benelux economic union was founded in 1958 one of the main tasks of the union was to harmonize the national trade mark laws within the three member states. This desire for harmonization led to the introduction of the Benelux Trademark Act in 1971.26 Although still maintaining their regimes on unfair competition it is this pre-harmonization of the Benelux Trademark Act which remains one of the landmarks of the European history of dilution.27 According to the acts article 13A, two modes of protection against infringement were now offered. First, where the signs were identical or similar and the goods were similar and secondly, where the signs were identical or similar and the junior user did not have a valid reason to use the marks and the junior user was likely to be prejudicial to the senior user.28

Even though the article only offered protection where the parties’ goods were similar and therefore does not fit the traditional criteria of dilution the act was significant because it was the first act to separate the distinction between trade mark protection and confusion. This meant that protection could be granted without the need for the senior user to show confusion, or any form of harm in fact, as long as it could be proved that consumers would associate the two uses. In not requiring confusion the Benelux act opened up for the possibility that the function of a trademark no longer was limited to indicating origin.29 Consequently, this lead to the recognition of other functions such as the distinguishing function and more controversially, the advertising function. Furthermore, it has been argued that association in itself incorporates a form of dilution.30 The main reason is that when a consumer associates a junior mark with a senior mark, that senior mark will no longer be as distinctive of the senior user’s goods as it was before the existence of the junior mark.31 The main problem is therefore not about the

25 Alexander von Mühlendahl was the head of the division for trade marks and unfair competition law in the Germany Ministry of Justice during the key stages of the drafting of Directive 89/104. This comment is from the ECTA conference of 27 May 1988 in Rome.
28 Uniform Benelux Law on marks (Amended by the protocol of November 10, 1983). Date of Entry into force: 1971, Article 13A(1) and Article 13A(2).
30 S. Casparie-Kerdel ‘Dilution disguised: has the concept of trade mark dilution made its way into the laws of Europe’, 2001 EIPR, page 189.
senior mark loosing distinctiveness altogether but rather the existence of a decrease of the already acquired distinctiveness due to the junior mark.

### 2.5 Adoption of the first Trademark Directive

The adoption of Directive 89/104, as it was at that time, was aimed to remove the disparities between the laws of the member states and approximate said laws. The directive, which marked the start of the European trademark regime, was therefore meant to be a fresh start but even so, those involved in litigation under the directive had been influenced by their respective legal tradition and the contents of the directive was not created in a vacuum.

For example, there were multiple attempts on the part of Benelux to incorporate the protection offered by article 13A(1) into the directive and one of the most debated issues during the negotiations of 1987 was the availability of protection where a junior user uses an identical or similar mark and the parties’ goods are similar but where there is no confusion. As been mentioned above, the original Benelux article required only association in such situations but up until 1986 the draft directive specified confusion and confusion alone, as the necessary condition in cases where the goods are similar which can be seen in the original preamble to the directive. In the preamble, it was repeatedly stressed that the purpose of protection was to guarantee the trademarks’ primary function as an indicator of origin and it was noted that any interpretation should be strictly limited to this function as to not impede the free movement of goods. This meant that the alternative functions of a trade mark considered by the Benelux was initially rejected by the drafters of the trademark directive due to the strict interpretation of protection being limited to confusion to the origin of trademarks.

In 1987 however, a compromise was struck which resulted in the alternation of what became art 5(1)(b) and it was constructed so that infringement occurred where “there exists a likelihood of confusion....which includes the likelihood of association with the earlier trade mark”. Besides being credited for the concept of ‘likelihood of association’ the preamble to the directive was also changed so that it recognized functions other than preventing confusion by stating that “the function of a trademark was, in particular to indicate origin”. In practice

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32 Recital 1 of Directive 89/104
33 Ilanah Simon Fhima, Trade mark dilution in Europé and the United States, page 10.
36 Ibid
however, the CJEU consistently read the provision as requiring confusion and association has only been considered relevant to the degree that it helps to establish confusion.\textsuperscript{38} Ultimately, association without any actual proof of harm or any proven unfair advantage was also rejected by the CJEU in respect of reputed marks under the relevant provisions under the directive.\textsuperscript{39}

2.5.1 Offering special protection to marks with a reputation within the directive
For most of the implementation process of Directive 89/104 there was no provision that provided protection to marks with a reputation.\textsuperscript{40} This might seem peculiar as regulation 40/94, which was the very regulation that created the community trade mark, had included such a protection on at an early stage.\textsuperscript{41} This came to be because the intention of the community legislator at the time was to make the community trade mark regime more attractive in comparison to national trade marks by offering this extra measure of protection.\textsuperscript{42} Therefore, the legislator initially ignored the calls for the addition of such a provision. Particularly the Economic and Social committee was concerned about this and commented in 1981 that “in line with article 8(1)(b) of the regulation article 3 should specify that signs resembling well-known marks may not be used for dissimilar goods either”.\textsuperscript{43} This meant that the implementation process of Directive 89/104 and the increased amount of people that advocated for an extra measure of protection can be said to have paved the way for the subsequent regulation 40/94 which became mandatory for the member states.

The initial proposal was, however, strongly opposed by the Benelux delegation once again who claimed that it was unacceptable for the directive to offer less protection than the Benelux trade mark act as it would mean that a implementation of the directive in the Benelux countries would reduce the protection available to trade mark owners in that geographic area.\textsuperscript{44}

This lead to another compromise which meant that the protection offered to reputed trademarks strongly resembled the protection provided in the draft to the community trade mark regulation. Looking at the finished product in article 5(2) of the directive, it has been argued that the

\begin{flushleft}\textsuperscript{38} Earliest example in Sabel BV v Puma AG C-251/95 [1997] E.C.R. I-6191, para 18.\textsuperscript{39} Intel Corp v CPM United Kingdom Ltd C-252/07 [2008] E.C.R. I-8823, para 32.\textsuperscript{40} OJ NO C 351, 31.12.1980,4.\textsuperscript{41} In the first draft of the regulation in 1980 protection was offered "against junior user where use of that sign is detrimental to that repute if the senior mark was of 'wide repute' and the junior user’s goods or services were not similar to those of the senior user". See Art 8(1)(b) of OJ NO C 351, 31 December 1980,1.\textsuperscript{42} AG Jacobs in his opinion in Davidoff v Gofkid Ltd C-292/00 [2003] ECR I-389, para 35.\textsuperscript{43} Opinion on the proposal for a first Council Directive to approximate the laws of the Member states relating to trade marks and the proposal for a council regulation on Community trade marks, OJ C 310/22, 30 November 1981.\textsuperscript{44} H.R. Furstner and M.C. Geuze 'Scope of protection of trade mark in the Benelux countries and EEC-harmonisation', ECTA Newsletter NO 15, 10, 18 (March 1989).\end{flushleft}
intention was to incorporate the spirit of article 13A(2) of the Benelux act. In fact, it’s hard to argue against this notion as the structure of the articles is quite similar, especially in terms of including the possibility for the junior user to avoid liability by showing that the use of the mark was made with ‘due cause’. That being said, there are several important differences between the articles. Most prominently, article 5(2) of the directive is limited to marks with a reputation whilst article 13A(2) of the Benelux act applied to any senior mark. Furthermore, article 5(2) expressively states that protection is offered against use on dissimilar goods. Finally, there is no mention of unfair advantage in article 13A(2) but it is nevertheless clear that the directive at least partially came to reflect the Benelux law on trademarks. However, the CJEU and its general advocates have deviated significantly from the original intentions of the directive legislators as will be discussed in the next section of this thesis.

2.6 Relevant provisions regarding detriment in the European Union.

According to article 8(5) EUTMR upon opposition by the proprietor of an earlier trade mark within the meaning of paragraph 2, the later mark applied for shall not be registered “where it is identical with, or similar to, an earlier trade mark, irrespective of whether the goods or services for which it is applied are identical with, similar to or not similar to those for which the earlier trade mark is registered, where, in the case of an earlier EU trade mark, the trade mark has a reputation in the Union or, in the case of an earlier national trade mark, the trade mark has a reputation in the Member State concerned, and where the use without due cause of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.”. Furthermore, in the case of the earlier mark being a community trade mark it needs to have a reputation within the community and in the case of an earlier national mark, the trade mark needs to have a reputation in the member state concerned and the use without due cause of the trade mark applied for would take unfair advantage of, or be detrimental to either the distinctive character or the repute of the earlier trade mark.

The wording of article 8(5) EUTMR closely resembles the wording used in articles 9(2)(c) EUTMR and 5(2) TMD which constitutes the provisions determining the exclusive rights of a trade mark proprietor. There is however a slight difference in the way these articles refer to the

45 See for example Ilanah Simon Fhima, Trade mark dilution in Europé and the United States, page 12.
46 This is discussed by the court in Lucas Bols v Colgate- Palmolive 7 IIC 420 (1976). In this earlier Benelux case the court discussed both harm to reputation and harm to distinctiveness.
47 H.R. Furstner and M.C. Geuze ’Scope of protection of trade mark in the Benelux countries and EEC-harmonisation’, ECTA Newsletter NO 15, 10, 18 (March 1989).
condition of detriment. Unlike the conditional form used in article 8(5) EUTMR where use of application “would take unfair advantage of, or be detrimental to” articles 9(2)(c) EUTMR and 5(2) TMD reads “takes unfair advantage of or is detrimental to”.

The main reason for the difference is that registrability is at stake when applying article 8(5) EUTMR which may be decided regardless of any use being made of the later mark while in the case of articles 9(2)(c) and 5(2) the prohibition of use is the main issue.

2.6.1 Protected subject matter according to the Community trade mark regulation

Article 8(5) EUTMR does not provide protection to the reputation of the earlier mark in the sense that the article doesn’t seek to prevent the registration of every mark that is either identical or similar to a mark with a reputation. As can be seen by the wording of the article, there must be a likelihood that potential use of the contested application, without due cause, would take unfair advantage of or be detrimental to either the distinctiveness or the repute of the earlier mark. The court confirmed this in General Motors and held that “once the condition as to the existence of reputation is fulfilled, the examination has to proceed with the condition that the earlier mark must be detrimentally affected without due cause”.

In General Motors, the court also held that for the purposes of article 5(2) the public amongst which the earlier mark must have acquired a “reputation in the public concerned by the products or services covered by the trademark”. The mark must also be known to a significant part of the public concerned. In making this assessment the court stated that all relevant factors of the case must be taken into consideration and in particular “the market share held by the trademark, the intensity, the geographical extent and the size of investment made when promoting the mark”. Lastly the court also held that the assessment of detriment is related to the reputation and distinctive character of the earlier mark.

Although not explicitly stating in detail what would actually be considered detriment or unfair advantage the court maintained the approach stated in Sabel that article 8(5) EUTMR “does not require proof of likelihood of confusion”. This statement clearly shows that the extended

protection of reputed trademarks is not strictly concerned by the marks function of origin unlike trademarks that lack reputation.

There are also other functions of a trade mark that can be worthy of protection. Most prominently, the court has stated in several different cases that a trade mark can also offer a guarantee that all goods provided by a single undertaking have the same quality which is referred to as a trade marks’ guarantee function.\textsuperscript{53} There is also possible for a trade mark to serve as an advertising instrument by reflecting back the goodwill and prestige it has acquired in the market. This describes the trade mark’s advertising function.\textsuperscript{54} It can therefore be deduced that while indicating the origin of a product or service remains a trade mark’s main function, there are alternate functions such as conveying a certain message or image to the consumer. Since the commercial success of a brand is usually based on the quality of the products and successful advertising the courts have made clear that both of these functions are likely to be considered valuable to the trade mark owner.\textsuperscript{55} It is these added values of a reputed mark that article 8(5) EUTMR is intended to protect against undue detriment or unfair advantage. The protection of the functions is integrated in the protection for reputed trademarks. It is, however, not necessary do demonstrate actual damage to these added functions when applying article 8(5) or article 9(2)(c) of the EUTMR.\textsuperscript{56}

Consequently, the notion of encroachment upon reputation applies to all cases where an eventual use of the contested trade mark applied for is likely to have an negative effect on the earlier mark which would lead to the earlier marks attractiveness being diminished (detriment to distinctiveness) or devaluation of the image acquired by the earlier mark among the public (detriment to reputation).

\textsuperscript{53} For example CNL-SUCAL NV v HAG GF AG C-10/89 ECLI;EU:C:1990:359 and Frits Loendersloot v George Ballantine & Son Ltd and others C-349/95 ECLI:EU:C:1997:530.
\textsuperscript{54} Joined cases Bristol-Myers Squibb and others v Paranova C-427/93, C-429/93 and C-436/93 ECLI:EU:C:1996:282.
\textsuperscript{55} Opposition Guidelines, Part 5 , Article 8(5) EUTMR 'Trade marks with reputation', page 46.
2.7 Forms of detriment

2.7.1 Detriment to distinctiveness

The distinctiveness of the earlier mark will be considered detrimentally affected if the relevant public no longer associates the mark with a given range of goods or services originating from a single source and starts associating it with different goods which have different origins.\(^57\) Such an association can be deemed capable of diluting the trade mark’s ability to identify a single undertaking without actually causing confusion as to origin and such associations is likely to diminish the trade mark’s capacity to stimulate the public’s desire to buy the products for which the mark is registered.\(^58\)

Abovementioned situations are commonly referred to as ‘dilution by blurring’ and can generally be described as “when the trade mark is no longer capable of evoking in the mind of the public an immediate association with the product it covers”.\(^59\) Protection against these sorts of situations is therefore meant to prevent the dispersal of the identity of the mark as might occur if a well-known mark began to be used in relation to unrelated goods or services. In the famous example provided by Frank Schechter this protection is necessary because “the unchecked use of a famous mark, such as Rolls-Royce, on unrelated goods such as restaurants, cafeterias and clothing will lead to the eventual destruction of the Rolls-Royce mark as an effective commercial identifier”.\(^60\)

Up until 2008 the conception of blurring had been touched upon by the courts. Although not thoroughly dealt with some of the pieces were in place prior to the Intel decision. In *Adidas v Fitnessworld*, the court established that the application of article 5(2) CTMD did not require confusion.\(^61\) The court also stated that the relevant public must be able to establish a link between the mark and the sign even though it does not confuse them and that such a link must be appreciated globally.\(^62\) The court also established that mere similarity between the conflicting marks is not sufficient for such a link to be established.\(^63\)

\(^{57}\) Opposition Guidelines, Part 5, Article 8(5) EUTMR ‘Trade marks with reputation’, page 37.

\(^{58}\) Ibid.


\(^{60}\) F. Schechter, Statement at Trade Marks: Hearings before the house committee of patents, 1932.


\(^{63}\) Ibid.
2.7.2 Detriment to reputation

Detriment to reputation or tarnishment as it is also called occurs when a junior user is considered to have harmed the reputation of a senior mark. The concept of detriment to reputation revolves around the notion that trademarks have other functions than just indicating the source of the goods or services. Through investment in product quality and advertising a trademark establishes a reputation or image and the concept of detriment to reputation within the trademark provisions seeks to protect these values from being eroded by the use of inferior products or products which image does not comply with that of the senior user.

The first time the CJEU ruled on the meaning of detriment to reputation was in L’Oréal. In the case, the court held that detriment to the reputation of a mark is caused when the goods or services for which the identical or similar sign is used by the third party may be perceived by the public in such a way that the senior marks level of attraction is decreased. According to the court, such detriment may derive from the fact that the goods offered by the third party possess a characteristic or quality that has a negative impact of the mark. In AG Jacobs opinion in Adidas v Fitnessworld the Advocate-General referred to an older case from the Benelux court of justice called Claeryn/Klarein. That particular case concerned the identically pronounced marks Claeryn for a Dutch gin and Klarein for a liquid detergent.

The Dutch supreme court noted in the case “The goods to which this ‘other use’ of the same or similar mark relates appeals to sensations of the public in such a way that the attraction and the capacity of the mark to stimulate the desire to buy the kinds of goods for which it is registered are impaired”. Charles Gielen observed that it wouldn’t be very funny to drink a good glass of Claeryn gin while simultaneously thinking of a cleaning agent.

An even more radical example can be found in Alicia in whom the star of an adult film was depicted using a Coca Cola bottle during a sex act. This was considered detriment to reputation.

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64 Ilanah Simon Fhima, Trade mark dilution in Europé and the United States, page 159.
67 Ibid
69 Claeryn v. Klarein, Case A 74/1, Jurisprudence of the Benelux Court of Justice 1975, 472.
as the court noted that use of a Coca Cola bottle in such situations could cause some customers to have a lesser desire to enjoy a glass of Coca Cola after seeing the film. 71

2.7.3 Differences between detriment to distinctive character and detriment to reputation Schechter did not mention either tarnishment or detriment to reputation in his article from 1927 which was focused solely on the senior marks distinctiveness. 72 According to Simon Fhima this is because when emphasizing harm to the senior marks ability to distinguish, blurring fits the traditional model of trade mark law where the key function of a mark is to indicate the origin of goods and therefore reduce consumer search cost. However, this doesn’t really apply to detriment to reputation because the junior user will sometimes strengthen the link between the senior user and his mark. 73

For example in parodies, even if the parody is a rather inappropriate and distasteful depiction it still relies on consumers recognizing the parodied senior mark user. To simplify it can be said that the strength of the senior mark is necessary for the success of the parody.

Another difference is identified by Klieger. He contemplates that while the damage in blurring is gradual (or whittling away of distinctiveness), detriment to reputation involves immediate and direct injury to the senior mark. 74 There have also been some arguments that detriment to reputation is an example of dilution per se. According to this line of thinking, predominantly used by Smith, detriment to distinctive character focuses on the destruction of the marks ability to distinguish goods based on origin while detriment to reputation takes in the destruction of the marks ability to distinguish goods by reference to their quality or image. 75

As can be seen above, although there are similar elements between detriment to reputation and detriment to distinctive character the harm respective concept protected against is rather different which is why dilution in itself is divided into the two separate terms detriment to reputation and detriment to distinctive character.

71 Alicia 1 IIC 673 (1980).
3 Criteria for detriment to distinctive character and the introduction of a change in the economic behavior.

3.1 The Intel decision - An attempt to resolve the uncertainty of dilution in Europe

As can be seen in the previous chapter, the most difficult aspect of dilution in general, and blurring in particular, is not to define it but rather how to determine if blurring has actually taken place. This issue was identified early in the UK case Daimler Chrysler v. Alavi where Judge Pumfrey observed that basically any second use of a mark would impair its distinctiveness to some extent. However, as also noted by Pumfrey, not every second use is actionable as this would mean that the senior user would, if that were to be the case, be given a monopoly within the limits of his mark. The challenge is therefore to determine which uses will have a sufficiently serious effect on marks distinctiveness to the extent that the way consumers perceive the mark is changed. Intel was a landmark case as it was the first attempt from the CJEU to establish a clear dividing line in dilution cases.

3.1.1 Circumstances and questions of the case

Intel was the proprietor of the national word mark Intel which was registered for computers and computer-linked goods in the United Kingdom as well as in various other countries and was also a registered community trademark consisting of or included the word Intel. CPM United Kingdom LTD registered the national word mark Intelmark in 1997 for marketing and telemarketing services. Intel filed for a declaration of invalidity against the registration of the Intelmark trademark and claimed that the use of the mark would take unfair advantage of, or be detrimental to the distinctive character or the repute of the earlier Intel trade mark. Intel relied upon article 4(4)(a) and article 5(2) of the directive as well as the judgements passed down by the CJEU in Adidas and General Motors. The court of appeal of England and Wales stated that it was uncertain, with regards to the factual circumstances of the case; if Intel was entitled to the protection provided in the articles and concluded that the case raised additional questions concerning the conditions and scope of the protection.

77 Ibid
78 Ilanah Simon Fhima, Trade mark dilution in Europé and the United States, page 140.
79 Ibid
81 Ibid, para 11.
84 Ibid, para 22.
The court of appeal then referred three questions to the CJEU for a preliminary ruling which ultimately boiled down to two key inquiries namely:

1) What is required to establish a link between an earlier mark and a later mark? In particular, if the earlier mark is merely called to mind by the later mark, is that in itself sufficient to establish the necessary link?
2) Can establishing a link ever suffice in itself to show unfair advantage or detriment required to make out a case of reputation based invalidity or infringement?

In its decision the CJEU found, in answer to the first question, that if the later mark calls the earlier mark to mind, that is in itself tantamount to establish the necessary link. However, the mere existence of such a link was not considered enough to establish that any detriment had been caused to the earlier mark. The existence, or risk, of detriment had to be taken into account besides the link itself.

3.1.2 The findings of the CJEU
The CJEU proceeded by indicating several factors which were relevant to prove blurring but not necessarily sufficient either in isolation or combination. The following factors were mentioned by the court:

1) The strength of the earlier marks reputation. If a mark has acquired a significant reputation that stretches beyond the relevant public in terms of goods and services for which the later mark has been registered the court has stated that the relevant section of the public for the later mark could make a connection even though that relevant section is completely different from the relevant section of the public targeted by the earlier mark.
2) The distinctive character of the earlier mark. Although the earlier mark doesn’t need to have distinctiveness as such it is held by the court that the stronger the distinctive character of the earlier mark, the more likely it is that the relevant public will call the earlier mark to mind when faced with the later mark.

degree of uniqueness of the earlier mark will influence the likelihood of a later similar mark causing an association with the earlier mark.\footnote{Intel Corp v CPM United Kingdom Ltd C-252/07 [2008] E.C.R. I-8823, para 54.}

3) The uniqueness of the earlier mark. The criterion is strongly linked with the marks distinctive character and the more unique the earlier mark, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character.\footnote{Intel Corp v CPM United Kingdom Ltd C-252/07 [2008] E.C.R. I-8823, para 56}

4) Likelihood of confusion on the part of the relevant public. While not required for a case of alleged detriment the court stated in *Adidas v Fitnessworld* that a link between conflicting marks is necessarily established when there is a likelihood of confusion and the relevant public could believe that there is an economical link between the proprietors of the earlier and the later mark.\footnote{Intel Corp v CPM United Kingdom Ltd C-252/07 [2008] E.C.R. I-8823, para 42 ff and analyzed and commented by Charles Gielen, *Trademark Dilution Under European Law*, The trademark reporter- The law journal of International Trademark Association, Vol. 104 No. 3, May-June 2014, p 719-720.}

5) The degree of similarity between the conflicting marks. As previously mentioned, the greater the similarity between the marks the more likely it is that a link may be established.\footnote{Intel Corp v CPM United Kingdom Ltd C-252/07 [2008] E.C.R. I-8823, para 66.}

6) The nature of the goods and services for which the conflicting marks are registered, including the degree of closeness or dissimilarity between the goods or services and the relevant section of the public. However, if the goods and services for which the conflicting marks are registered don’t overlap in the eyes of a different relevant public the chances of making a link is decreased. The chances of establishing a link consequently increases if the relevant public targeted by the marks is the same and if it exist overlap between the marks even if the goods or services for which the conflicting marks are registered are very dissimilar.\footnote{Intel Corp v CPM United Kingdom Ltd C-252/07 [2008] E.C.R. I-8823, para 50 and analyzed and commented by Charles Gielen, *Trademark Dilution Under European Law*, The trademark reporter- The law journal of International Trademark Association, Vol. 104 No. 3, May-June 2014, p 719-720.}

Lastly, the court stated that “It follows that proof that the use if the later mark is or would be detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behavior of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a
change will occur in the future”. This statement is the most debated and controversial subject of the court’s judgement and at first it was difficult to predict how big of an impact this requirement would actually have on the global assessment of detriment to distinctive character. However, the importance of this requirement was repeated in Enviromental Manufacturing which further proved that the requirement for the proprietor to show a change in economic behavior was now a vital part of the overall assessment.

3.2 Confirming the outlines of the test of detriment - The Enviromental Manufacturing judgement

3.2.1 Case overview
In Enviromental manufacturing the CJEU confirmed that evidence of change in the economic behavior of the average consumer is required to prove trade mark dilution under article 8(5) of community trade mark regulation the case which concerned the registration of a figurative community trade mark for a sign depicting a wolf’s head for professional wood and green waste processing machines. Société Elmar wolf opposed the registration relying on article 8(5) EUTMR. The opposition division of EUIPO dismissed the article 8(5) opposition finding that Société Elmar wolf had not provided any evidence of detriment to the distinctive character or repute of the earlier mark. The Board of Appeal however overruled the opposition division’s decision under article 8(5) EUTMR and held that the earlier marks were highly reputed in three member states and that there were similarities between the marks as well as the goods covered by the marks. The Board therefore concluded that the mark applied for could be able to dilute the unique image of the earlier mark.

3.2.2 The General Court
The case was later appealed to the General Court which rejected the applicant’s argument that the proprietor of the earlier mark must specifically plead and prove that use of the later mark will have an effect on the behavior of the consumers of the goods covered by the earlier mark or that there is a serious risk thereof in the future since the mere mention of dilution is insufficient to justify the application of article 8(5) EUTMR. According to the General Court,

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96 Enviromental Manufacturing LLP v OHIM- Wolf T-570/10 ECLI:EU:T:2015:76, para 13
97 Ibid
the change in the economic behavior of the consumer, to which the applicant had referred, could be established if the proprietor of the earlier mark had sufficiently shown the marks ability to identify the goods or services for which it was registered and used had been weakened since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark.99

3.2.3 The case before the CJEU

The CJEU sided with the applicant’s argument and, in the process, mercilessly dismissed the argumentation of the General Court by stating that “The general court dismissed the assessment laid down by the Intel Corporation judgement, and, consequently, erred in law”.100 According to the CJEU it was established in Intel that proof of use of the later mark is, or would be, detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behavior of the average consumer of the goods or services for which the earlier mark was registered or, evidence that such change will occur in the future.101

The CJEU pointed out that the wording used by the court in Intel was explicit and that detriment to the distinctive character of the earlier mark cannot be established without the proprietor adducing evidence that the abovementioned condition is met.102 If the approach taken by the General Court were to be followed it could lead to situations in which economic operators “improperly appropriate certain signs which could damage competition”.103 This was the reasoning why the CJEU felt it was necessary to demand a high standard of proof.104 It was however noted that the case law did not require proof of actual detriment and evidence of a serious risk of such detriment would be considered acceptable which allowed the use of logical deductions in the overall assessment.105 Such deductions was however, as stated by the court, not to be the result of mere suppositions and needed to be founded on “an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as other circumstances of the case”.106

The CJEU ultimately did not have any problem with the General Courts application of the other factors relevant to the assessment of detriment to distinctive character but stipulated that the

99 Ibid.
100 Environmental Manufacturing v OHIM (C-383/12 P, ECR, EU:C:2013:741, para 38.
102 Environmental Manufacturing v OHIM (C-383/12 P, ECR, EU:C:2013:741, para 36.
103 Environmental Manufacturing v OHIM (C-383/12 P, ECR, EU:C:2013:741, para 41.
104 Environmental Manufacturing v OHIM (C-383/12 P, ECR, EU:C:2013:741, para 40.
105 Environmental Manufacturing v OHIM (C-383/12 P, ECR, EU:C:2013:741, para 42.
106 Environmental Manufacturing v OHIM (C-383/12 P, ECR, EU:C:2013:741, para 43.
criteria of proof of a change in the economic behavior of the consumer was not to be neglected. If there were any doubts about whether the court would stick to the high standard of proof laid down in *Intel* it was certainly ended by the judgement in *Enviromental Facturing*. The global assessment test and the need to establishing a link between the parties’ marks was not discussed in detail in *Enviromental Manufacturing* but the remaining factors still holds importance in the assessment of detriment to distinctive character which will be discussed in detail in the upcoming sections of the thesis.

### 3.3 Establishing a link between the parties’ marks

In *Intel* the court made it clear that in order to make an assessment on whether the junior mark would be likely to cause detriment to the distinctive character or repute of the senior mark it was deemed necessary to first determine if a link between the signs had been established in the mind of the relevant public. This notion was addressed by the court which held that “The types of injury referred to in article 4(4)a of the directive, where they occur, are the consequences of a certain degree of similarity between the earlier and the later mark”. Furthermore the court issued that the relevant public must mentally make a connection between the two marks or in other words; the relevant public establishes a link between the marks even though the link in itself does not confuse them. According to the EUIPO guidelines and earlier case law it is said that the term ‘link’ can be easily replaced by the term association as these has been interpreted to mean basically the same thing.

In practice, the courts have stated that the mere fact that the marks are similar is not sufficient in itself to automatically conclude that there is a link between the marks. The assessment for such a link must be appreciated globally and take into account all factors relevant to the case. It should however be noted that the more immediate and strongly the junior mark brings the senior mark to mind the more likely its use is considered to be able to cause harm to the senior mark.

In *Intel*, it was opinioned by Advocate General Sharpston that article 4(4)a of the directive should be divided into preconditions and consequences. According to this point of view the

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108 Ibid
110 Opposition Guidelines, Part 5, Article 8(5) CMTR 'Trade marks with reputation’, page 39.
112 Examples of relevant factors to be considered in Intel Corp v CPM United Kingdom Ltd C-252/07 [2008] E.C.R. I-8823, para 42.
preconditions would consist of the existence and similarity between the two marks, the reputation of the senior mark and lack of due cause on the part of the junior user whereas the consequences would consist of the assessment on detriment and unfair advantage. This view may be interpreted as the link being established twice in the assessment of detriment. The first step is to establish the minimum standard link (namely that the junior mark brings the senior mark to mind) and the second step is how strongly the junior mark brings the senior mark to mind.\textsuperscript{113}

Although it’s been made clear by the courts on several occasions that a stronger link between the conflicting marks makes detriment to distinctive character (blurring) more likely it should be noted that the importance of this criteria should not be overemphasized in the general assessment of cases revolving detriment.\textsuperscript{114} The fact that the senior mark is famous and that a link has been shown merely proves that the conditions for potential harm is in place.\textsuperscript{115} Regarding the establishment of a link according to the courts it seems like the mere establishment of the preconditions causes few difficulties to the courts.

In \textit{Botox} the general court found that the relevant public would not fail to notice that the junior marks, namely Botolist and Botocyl, began with ‘Boto’ which comprised almost the entire name of the reputed mark Botox. According to the court, the prefix Boto was not common in any of the relevant fields and the court held that, by taking into account all relevant factors, that the public would naturally be led to establish a link between Botox and Botolist/Botocyl.\textsuperscript{116}

In \textit{Red Bull/Red Dog}, a case that concerned energy drinks, the board of appeal held that “it is reasonable to assume that the average consumer of beverages, who knows the reputed Red Bull mark and sees the Red Dog mark on the same kind of beverages would immediately recall the earlier mark”.\textsuperscript{117}

In \textit{Viagra/Viaguara} the general court found that while no connection between the goods covered by the marks could be made there was still an association between the signs due to the

\textsuperscript{113} Opinion of Advocate General Sharpston delivered on 26 June 2008, Case C-252/07 Intel Corporation Inc. v CPM United Kingdom Limited, paras 39-45.

\textsuperscript{114} As discussed by Neuberger J in Premier Brands UK LTD v Typhoon Europe Ltd & Another [2000] ETMR 1071 where he emphasizes that the junior mark needs to have an effect on the senior mark and that association alone is not enough to determine whether or not blurring has taken place.

\textsuperscript{115} Ilanah Simon Fhima, Trade mark dilution in Europe and the United States, page 142.

\textsuperscript{116} Helena Rubinstein and L’oréal v OHIM C-100/11 P ECLI:EU:C:2012:285, para 95-97 referring to T-345/08 of the General Court.

\textsuperscript{117} T-78/13- Red Bull v OHMI – Sun Mark(Bulldog) ECLI:EU:T:2015:72, para 24.
similarity of the marks and the strong reputation acquired by the earlier mark. This was considered enough to establish a link between the marks.\textsuperscript{118}

While a link in many cases the courts have rarely been able find blurring despite of the existence of such a link.\textsuperscript{119} The main problem lies within the previously mentioned requirement of how that link will lead to a change in the economic behavior of the consumers. It can therefore be concluded that while the establishment of a link is an important starting point in cases regarding blurring it is quite often overruled by the senior user being unable to provide evidence of a change, or risk thereof, in economic behavior.\textsuperscript{120}

3.4 The Global assessment test

3.4.1 Reputation of the senior mark

One of the most important criteria in the assessment of whether detriment has been caused to the senior mark is that of the senior marks reputation. In fact, this criterion is a necessity for the activation of the extended protection granted by the relevant provisions. However, the nature and scope of reputation are not defined by either the EUTMR or the TM directive.\textsuperscript{121} Advocate General Jacobs noted in his opinion in \textit{General Motors} that the term ‘well known’ in article 6bis of the Paris convention should be defined a ‘known by many’, making it a quantitative criteria whilst the term ‘reputation’ in article 4(4)(a) and article 5(2) of the TM directive were more likely to constitute a qualitative criteria. AG Jacobs concluded his opinion on the matter by stating that “although the concept of a well-known mark is itself not clearly defined, a mark with a reputation need not be as well known as a well-known mark”.\textsuperscript{122}

In \textit{General Motors} the court held that the stronger the earlier marks reputation, the easier it will be to accept that detriment has been caused to it.\textsuperscript{123} Furthermore, reputation also plays a vital role in establishing a link between the parties’ marks. This is due to the fact that if the junior and senior mark is used on different products a well-known senior mark is more likely to come to the attention of the same consumers as those of the junior mark.\textsuperscript{124} The findings of the court

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\begin{itemize}
\item \textsuperscript{118} T-332/10- Viaguara v OHMI- Pfizer(Viaguara) ECLI:EU:T:2012:26, para 52.
\item \textsuperscript{119} Examples of this in Mercator Studios/Mercator R-1031/2008-1 (16 July 2009) and Bambuddha/Buddha-Bar R-657/2009-1 (24 March 2010) were the general court dismissed the appeal despite finding a link.
\item \textsuperscript{120} As noted by Ilanah Simon Phima, Trade mark dilution in Europé and the United States, page 142.
\item \textsuperscript{121} General Motors Corp. v. Yplon SA C-375/97 [1999] E.C.R. I-5421, para 25, 26.
\item \textsuperscript{122} General Motors v. Yplon, Opinion of Advocate General Jacobs, Delivered on 26 November 1998, para 35-37.
\item \textsuperscript{123} General Motors Corp. v. Yplon SA C-375/97 [1999] E.C.R. I-5421, para 30.
\item \textsuperscript{124} Ibid, para 23.
\end{itemize}
in General Motors were repeated by the general court in Spa-Finders where the mentioned paragraph 30 in General Motors in the context of the establishment of a link.\textsuperscript{125}

In Intel however the court went one step further by holding that “A trade mark with a reputation necessarily has distinctive character, at the very least acquired through use”.\textsuperscript{126} Although a reasonable approach at first glimpse it gives rise to a couple of questions. For example: why should a reputed trademark with a distinctive character be more susceptible to harm? According to Simon Fhima, it would be more reasonable to assume that marks with these characteristics is more likely to maintain their distinctiveness and therefore be more resilient to eventual infringements. One possible explanation for this is that the courts in Intel and General Motors sought to mimic the approach under confusion-based infringement applied by the court in Canon.\textsuperscript{127} Another possibility is that the courts intended to protect the immediate association between the marks and the goods for which it is registered and considered the reputation to be a vital part as well as the mark’s inherent distinctiveness.\textsuperscript{128}

Regarding the question on how much awareness the earlier mark must attain among the public to pass the threshold for reputation the court stated in General Motors that “the degree of knowledge required must be considered reached when the earlier mark is known by a significant part of the public”.\textsuperscript{129} The court also added that this assessment cannot be “inferred either from the letter or the spirit of article 5(2) of the TM directive that the trade mark must be known by a given percentage of the public”.\textsuperscript{130} This lack of fixed criteria makes sense since such criteria would be incredibly inflexible and ill-suited to deal with any other relevant facts of the case.\textsuperscript{131} Instead, the court installed a litmus test of sorts and held that account should not only be taken to the degree of awareness but also of any other fact relevant to the specific case. Following this case-by-case approach the court continued and mentioned, in a non-exhaustive list, which factors that are considered particularly important namely: The market share held by the mark, the intensity, geographical extent, duration of its use and the size of investment made by the undertaking promoting it.\textsuperscript{132}

\textsuperscript{125} T-67/04 [2005] ECR II-1825 Spa Monopole v OHIM (SPA-FINDERS), para 41.
\textsuperscript{126} Intel Corp v CPM United Kingdom Ltd C-252/07 [2008] E.C.R. I-8823, para 73.
\textsuperscript{128} The issue is indirectly addressed by the court in Intel when discussing blurring.
\textsuperscript{130} Ibid.
\textsuperscript{131} Opposition Guidelines, Part 5, Article 8(5) CMTR 'Trade marks with reputation', page 11.
When applied in practice however, the importance of reputation in relation to detriment in general and blurring in particular has been somewhat neglected by the courts. Although recognizing that the senior users have proved how well known their marks are the courts have ultimately placed little importance on this, arguably to little, and instead referred to the inevitable lack of evidence of a change in economic behavior.\textsuperscript{133} There are of course exceptions to this, most notably in the case Oh!/Ô in which the EUIPO Board of appeal found that it was relevant that the earlier mark enjoyed a high degree of reputation in Spain and France.\textsuperscript{134} The Board of appeal also argued that “the opponent (in this case the proprietors of Ô) enjoys a high degree of reputation in the perfume market and this reputation has been nurtured over many years” and the court actually found blurring to exist in this particular case.\textsuperscript{135}

It can therefore be concluded that a high degree of reputation is certainly helpful when trying to prove that harm by detriment has taken place although it is not sufficient in itself and its importance has been somewhat diminished by the need for the senior mark proprietor to prove change in the economic behavior.

### 3.4.2 The degree of distinctive character of the senior mark

Similarly to reputation the court in Intel’s reference to paragraph 30 in General Motors indicates that a greater inherent distinctiveness of the senior mark may constitute an indication that blurring has taken place.\textsuperscript{136} Likewise it is once again mentioned by the court that the degree of distinctiveness may also help to establish a link between the conflicting trademarks.\textsuperscript{137} Since the concept of blurring is all about diminishing the distinctiveness of the earlier mark, that mark must display at least a certain degree of distinctiveness otherwise there is nothing to protect.\textsuperscript{138} This means that if the same sign, or a variation thereof, is already used in connection with a wide range of different goods there can be no immediate link between any of the goods it distinguishes and leaves no room for any detriment.\textsuperscript{139}

This was explained by the General Court in Vips which held that “the risk of dilution appears to be lower if the earlier mark consist of a term which is very common and frequently used, irrespective of the earlier mark consisting of the term at issue” and concluded that any re-use of such a common term by another mark is less likely to result in dilution of the earlier mark.

\textsuperscript{133} Mercator Studios/Mercator R-1031/2008-1 (16 July 2009).
\textsuperscript{134} Oh!/Ô R-1254/2009-1 (8 July 2010), para 58.
\textsuperscript{135} Ibid
\textsuperscript{137} Intel Corp v CPM United Kingdom Ltd C-252/07 [2008] E.C.R. I-8823, para 69.
\textsuperscript{138} Ilanah Simon Fhima, Trade mark dilution in Europé and the United States, page 145.
\textsuperscript{139} Opposition Guidelines, Part 5 , Article 8(5) CMTR 'Trade marks with reputation’, page 57.
It has also been implied by the General Court that registerable marks with a suggestive of a characteristic shared by a wide range of goods may be more vulnerable to junior marks.\textsuperscript{140} This was the situation in Spa-Finders where the General Court confirmed that the use of the mark Spa-Finders for publications and travel agency services would not blur the distinctiveness of the mark ‘Spa’ for mineral water. The General Court held that the term ‘Spa’ “is frequently used to designate, for example, the Belgian town of Spa and the Belgian racing circuit of Spa-Francorchamps or, in general, places for hydrotherapy such as hammams and saunas and therefore the risk of detriment to the distinctive character of the mark Spa seems to be limited”.\textsuperscript{141} It can therefore be concluded that a strong distinctive character of the senior mark is a prerequisite for detriment to distinctive character.

The importance of a strong distinctive character was confirmed in Camel/Camel Brand in which the latter had applied for the mark Camel Brand for foodstuffs in classes 29, 30 and 32 while the earlier reputed sign Camel was registered for tobacco products. In terms of dilution in general the board made a comprehensive explanation which starts with the board taking into account the very high similarity between the conflicting marks and the high reputation of the earlier mark and stating that the public will be led to believe that the Camel food products originate from or that the mark is used with the consent of the opponent.\textsuperscript{142} The Board of appeals’ closing statement in its entirety was as follows:

“Moreover, the capacity of the reputed Camel mark to arouse immediate association with the opponents business will be diminished by the use of the contested mark. The use of a highly similar mark for food products would be detrimental to the distinctive character of the reputed Camel trade mark for tobacco products making this mark ordinary, which is in essence a diminution of the power of attraction of the mark. This will lead to dispersion of the identity and hold upon the public’s mind of the earlier mark. The earlier mark used to arouse immediate association with the goods for which it is registered, will no longer be capable of doing so. It follows that there is a clear probability of damage to the earlier mark’s advertising function as a vehicle for building up and retaining brand loyalty and that the economic value of the earlier reputed mark will be impaired, in the medium or long term, as a consequence of the use of the contested mark in the sense that consumers of the goods for which the reputed mark is protected and known will be less inclined to associate it immediately with the undertaking that has built

\textsuperscript{141} T-67/04 [2005] ECR II-1825 Spa Monopole v OHIM (SPA-FINDERS), para 44.
\textsuperscript{142} Camel/Camel Brand R 96/2013-4, para 40.
up the trade mark’s reputation which must be considered a change in their economic behavior”.¹⁴³

There have also been cases where marks have been deemed to have an exceptional degree of distinctive character and in those cases; the tribunals have found blurring based on circumstantial evidence alone.¹⁴⁴ This indicates that, while not a completely sovereign criterion, the degree of distinctive character holds significant importance in the total assessment on detriment to distinctive character. It could however be argued that a strong distinctive character in itself might make it more difficult for the trademark owner to prove a change in economic behavior as such marks, regardless of similar existent marks, will be able to fulfill their functions as trademarks.

3.4.3 The uniqueness of the mark and its impact on the assessment of detriment to distinctive character

Regarding the importance of the senior marks uniqueness it was stated by AG Sharpston in Intel that, in relation to blurring, uniqueness didn’t seem to be essential.¹⁴⁵ According to the AG the word unique could be translated to mean ‘Very unusual’ and marks that are truly unique are indeed rare. The AG also held that any distinctive mark is likely to be unique in some regard and that a ‘truly’ unique mark is more likely to have a stronger distinctive character.¹⁴⁶

In the light of the findings of the AG it can be opinioned that even though distinctiveness and uniqueness appear to be somewhat intertwined they are also rather different since the distinctiveness concerns the relation between the senior mark and the goods for which it is registered. In addition, the scope of uniqueness is significantly wider in the sense that it also concerns the senior mark in relation to the entire market. Here it should be noted that just because a mark is perfectly distinctive for the goods for which it is registered doesn’t necessarily mean that the mark is unique.¹⁴⁷ For example if one were to use the mark “Qwerty key” for vacuum cleaners and other household appliances it would be considered distinctive but not unique since both ‘qwerty’ and ‘key’ are often used in relation to keyboards. To simplify it can

¹⁴³ Ibid
¹⁴⁵ Opinion of Advocate General Sharpston delivered on 26 June 2008, Case C-252/07 Intel Corporation Inc. v CPM United Kingdom Limited, para 72.
¹⁴⁷ Ilanah Simon Fhima, Trade mark dilution in Europé and the United States, page 146.
be said that a unique mark will almost always be considered distinctive but a distinctive mark is not necessarily unique.¹⁴⁸

The court in Intel arrived at basically the same conclusion regarding uniqueness and stated that it was not necessary for the earlier mark to be unique in order to establish whether detriment to distinctive character had occurred.¹⁴⁹ This was a direct response to the argumentation laid forward by Intel Corporation who held that the mark ‘Intel’ was both unique and had a strong distinctive character.¹⁵⁰ Although not necessary for determining blurring the court stated that the mark’s distinctive character are all the stronger is the mark is unique and held that “it must be ascertained whether the earlier mark is unique or essentially unique”.¹⁵¹ This statement indicates that uniqueness in itself might not be required but the presence of uniqueness is nonetheless helpful as it indicates a strong distinctive character which in turn increases the likelihood of blurring.

In EUIPO cases the uniqueness of the earlier mark has been given a good deal of weight in the boards’ assessment although, similarly to distinctive character and reputation, it has often been bypassed due to the lack of evidence of a change in economic behavior.¹⁵² There is however a possibility that uniqueness also has a role to play in proving change in the economic behavior of the consumer. If there are multiple marks similar to the senior mark already in the market it might prove harder to provide sufficient evidence that it is in fact the contested junior mark that has been detrimental to the distinctive character of the senior mark.¹⁵³

3.4.4 Likelihood of confusion in cases of detriment to distinctive character
Concerning likelihood of confusion it was stated by the court in Intel that implementation of the protection introduced by article 4(4)(a) of the directive does not require the existence of likelihood of confusion.¹⁵⁴ However, it would be wrong to say that the existence of likelihood of confusion lacks importance altogether in the assessment of detriment of distinctive character. According to the court “a link between the conflicting marks is necessarily established where

¹⁴⁸ Example inspired by Adrian Kuenzler, Restoring consumer sovereignty- How markets manipulates us and what the law can do about it, Oxford university press, 2017. (No side numbering available)
¹⁵² Notable exception from this rule in BOTUMAX/BOTOX R-60/2008-4 (2 February 2009), para 41 where the GC held that “the existence of another mark that appears to be derivative of “Botox” will definitely dilute the distinctive character of the sign” when several other parties had tried to register similar signs as that of Botox.
there exist a likelihood of confusion” following the definition of the term laid down by the court in Lloyd Schuhfabrik Meyer. The reason why likelihood of confusion is not necessary in the assessment of detriment to distinctive character is because of the enlarged protection granted to reputed marks is not concerned with their function of origin and a link or association between the conflicting marks is sufficient for use of the provisions granting the senior mark protection against detriment to distinctive character. This was also confirmed by the court in Ferrero where the court held that “The types of injuries referred to in article 8(5) EUTMR may be the consequence of a lesser degree of similarity between the earlier and the later mark, provided that it is sufficient for the relevant section of the public to make a connection between these marks, that is to say, to establish a link between them”.

In regards to blurring the approach taken by the court regarding likelihood of confusion makes sense. It would be unreasonable for the proprietor of the senior mark if the proprietor had to prove existence of likelihood of confusion. This is due to the fact that article 8(5) CTMR is aimed to protect further functions than the trademarks function of origin.

In conclusion to this, it can be said that likelihood of confusion in cases of detriment works as a ‘shortcut’ to establishing the necessary link between the conflicting marks. If there exist a likelihood of confusion it will almost always exist a link between the marks but detriment to distinctive character may exist even without any likelihood of confusion.

3.4.5 Similarity of the parties’ goods and marks
According to article 8(5) EUTMR it is stated that a trade mark applied for shall not be registered where it is identical with or similar to the earlier mark and is to be registered for goods or services which are not similar to those for which the earlier mark is registered. The underlying assumption, strictly based on the literal interpretation of the provisions, is that the goods or services for which the junior mark is applied for registration need to be dissimilar of those of the senior mark.

It should however be mentioned that the courts have taken a different approach when applying the article in actual cases. In practice the court has therefore found that use on similar or

157 First stated by the court in Puma v Sabel C-251/95 ECLI:EU:C:1997:528, para 20.
158 Ferrero v Tirol Milch C-552/09 ECLI:EU:C:2011:177, para 53.
identical goods is also covered by the provisions. In *Davidoff* the court explained that article 5(2) of the directive (which uses the same wording as article 8(5) EUTMR) must be interpreted not solely on the basis of its wording but also in the light of the overall scheme and objectives of which it is a part.\(^{160}\) According to the court, with the aforementioned factors taken into account, it would be illogical for the article to offer lesser protection in cases where a sign is used for similar or identical goods rather than non-similar goods or services.\(^{161}\)

In the *Intel* judgement the court seemingly took this interpretation one step further than the previous court in *Davidoff*. It is possible, as stated by the court that “the relevant section of the public as regards the goods and services for which the earlier mark is registered is completely distinct from the relevant section of the public as regards to the goods and services for which the later mark is registered and that the earlier mark, despite having a reputation, is unknown to the public of the later mark”\(^{162}\). Moreover, the court stated that if the relevant public of the two marks is never confronted with the other mark a link will not be considered established. Lastly the court pointed out that it is possible that the goods and services provided by the marks is so dissimilar that the later mark is unlikely to bring the earlier mark to mind even if the relevant public for the two marks overlap.\(^{163}\)

According to the authors opinion the stance taken by the court regarding this matter seems like a rather strange and contradictive adaptation in relation to detriment to distinctive character. The original wording or article 8(5) EUTMR states that the article should only be applicable in cases where the goods or services are dissimilar. The phrasing used by the court in *Intel* gives the indication that, contrary to the wording of the article, the goods or services needs to be closely linked, at least in terms of proving a change in the economic behavior of the consumers caused by the junior use. Like it was stated in section 3.1.1: it is enough that the junior mark brings the senior mark to mind in terms of establishing a link between the marks. It therefore makes little sense, considering this fairly low threshold, why the use on similar goods should have any significance on the consumers’ perception on the distinctiveness of the earlier mark.

In regards to the similarity of the marks it has been concluded that the similarity is a part of the assessment regarding association between the marks. However, the fact that the conflicting

\(^{160}\) *Davidoff & Cie SA and Zino Davidoff v Gofkid Ltd C-292/00* ECLI:EU:C:2003:9, para 24.

\(^{161}\) *Davidoff & Cie SA and Zino Davidoff v Gofkid Ltd C-292/00* ECLI:EU:C:2003:9, para 24.


\(^{163}\) *Intel Corp v CPM United Kingdom Ltd C-252/07* [2008] E.C.R. I-8823, para 49.
marks are similar is not in itself sufficient to conclude that the later mark will bring the earlier mark with a reputation to mind in the eyes of the relevant public.\textsuperscript{164}

4  The change in the economic behavior of the average consumer - the ultimate blow against brand owners or the savior of competition?

4.1  The overlying problems with the requirement

The requirement of change in the economic behavior of the average consumer was established by the court in \textit{Intel} and the requirement cannot be found in either the Trademark directive or the regulation. The exact wording regarding this requirement was “\textit{It follows that proof that the use of the later mark is or would be detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behavior of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future}”.\textsuperscript{165} The statement by the court was an attempt to maintain the otherwise flexible approach surrounding the assessment of detriment to distinctive character and while this was at least partially successful the statement have been met with mush criticism from various scholars and has raised several questions that are yet to be answered.

The court decided to take a different approach than the one suggested by AG Sharpston, who’s views on the matter was that “\textit{detriment to distinctiveness need not necessarily involve economic detriment, so that a change in economic behavior is not essential}”.\textsuperscript{166} What can be said with certainty about this requirement is that the intended purpose was to limit the scope of the blurring action and create a robust standard. The main problem was that the court didn’t elaborate their view on the requirement and as an effect the requirement is still surrounded by uncertainty. This uncertainty was clearly visible in \textit{Enviromental Manufacturing} where the general court attempted to ‘soften’ up this requirement\textsuperscript{167} but was overruled by the CJEU which instead re-emphasized the importance of the requirement.\textsuperscript{168}

Given that almost all post-\textit{Intel} detriment to distinctive character claims has been dismissed due to the proprietors being unable to adduce sufficient evidence of change in the economic

\textsuperscript{164} \textit{Intel Corp v CPM United Kingdom Ltd C-252/07 [2008] E.C.R. I-8823, para 44-45.}
\textsuperscript{165} \textit{Intel Corp v CPM United Kingdom Ltd C-252/07 [2008] E.C.R. I-8823, para 77.}
\textsuperscript{166} \textit{Opinion of Advocate General Sharpston delivered on 26 June 2008, Case C-252/07 Intel Corporation Inc. v CPM United Kingdom Limited, para 74.}
\textsuperscript{167} \textit{Enviromental Manufacturing LLP v OHIM- Wolf T-570/10 ECLI:EU:T:2015:76, para 21.}
\textsuperscript{168} \textit{Environmental Manufacturing v OHIM (C-383/12 P, ECR, EU:C:2013:741, para 41.}
behavior of the average consumer\textsuperscript{169}, questions has been raised regarding whether or not this requirement should perhaps be substituted for a less strict and more legally developed requirement.\textsuperscript{170}

4.2 Legal background
The reason why the court in \textit{Intel} decided to implement the requirement of a change in the economic behavior of consumer can be traced back to the questions referred to the CJEU by the court of appeal. In its third referred question the board asked “\textit{In the context of article 4(4)(a), what is required in order to satisfy the condition of detriment to distinctive character?}”.\textsuperscript{171} More specifically, it was the question “\textit{does the element of detriment to distinctive character of the earlier mark require an effect on the economic behavior of the consumers?}”.\textsuperscript{172} It is unclear whether the referring judge Jacob LJ considered the change in the economic behavior as an absolute requirement in his suggested global assessment test of blurring rather than just one of several factors that should be taken into account.\textsuperscript{173}

Jacob LJ:s idea of a test for blurring was most likely derived from Directive 84/450\textsuperscript{174} (The comparative Advertising directive) but similar tests have also been applied in a series of English cases to determine whether there is a link between the marks. In \textit{Electrocoin}, Deputy Judge Geoffrey Hobbs held that “\textit{I think it is clear that in order to be productive of advantage or detriment of the kind proscribed ‘the link’ established in the minds of people in the market place needs to have an effect on their economic behavior}”.\textsuperscript{175} Similarly to what the court stated in \textit{Intel}, Hobbs also held that the presence in the market place of marks and signs which call each other to mind is not, of itself, sufficient for that purpose.\textsuperscript{176}

In \textit{Electrocoin} Judge Hobbs also made comparisons to the CJEU case \textit{Sektkellerei}\textsuperscript{177} which concerned whether article 13(2)(b) required a change in the economic behavior of consumers. At the time, the relevant article 2(2) of the misleading and comparative advertising directive

\textsuperscript{169} There are several examples before OHIM including Bambuddha/Buddha-Bar R-657/2009-1 and R-593/2001-1 (24 March 2010) and Emotions Coffe Colla/Coca Cola et al R-403/2008-1 (26 March 2009).
\textsuperscript{170} This point of view is shared by both Simon Fhima and Colin Davies and the latter states that the requirement places a unsupported and onerous burden on the proprietor of the senior mark.
\textsuperscript{172} Ibid
\textsuperscript{173} This theory is presented by Susie Middlemiss & Steven Warner in European Intellectual Property Review 2009 Case comment: The protection of marks with a reputation: Intel v CPM.
\textsuperscript{174} As by Geoffrey Hobbs Q.C sitting as the Authorised Person in CA sheimer Sdn Bhd:s Trade Mark Applications [2003] R.P.C. 484.
\textsuperscript{175} \textit{Electrocoin Automatics Ltd v Coinworld Ltd} [2004] EWHC 1498, para 102.
\textsuperscript{176} Ibid as well as \textit{Intel Corp v CPM United Kingdom Ltd} C-252/07 [2008] E.C.R. I-8823, para 32.
\textsuperscript{177} \textit{Verbraucherschutzverein EV v Sektkellerei GC Kessler GmbH Und Co C-303/97} [1999] ECR I-513.
defined misleading advertising as “any advertising which in any way deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which, for those reasons, injuries or is likely to injure a competitor”.\textsuperscript{178}

Both instruments are based on the notion of deception but there is a significant difference of the degree of inherent deception within the two instruments. In misleading advertisement a serious likelihood of confusion will in practice serve as a substitute for a change in the economic behavior.\textsuperscript{179} This is due to the fact that deception in the form of misleading advertisement is assumed to guarantee at least some changes in the economic behavior of the consumer.\textsuperscript{180} In terms of detriment to distinctive character however, it has been established that a similar mark and the existence of confusion doesn’t necessarily reduce the distinctiveness of the earlier mark. The courts have had little difficulties concerning likelihood of confusion but since that criteria is not a requirement in the assessment of detriment to distinctive character it has to be concluded that the comparison with misleading advertisement, while tempting, is not really applicable to the subject of detriment to distinctive character due to role of the deception and confusion among the consumers within each legal instrument.

4.3 Criticism against change of the economic behavior in the doctrine

The main problem with blurring in general and the requirement of a change in the economic behavior of the consumers in particular was highlighted by AG Sharpston in Intel. She used an example where the mark Coca Cola was used on goods unrelated to softdrinks. According to Sharpston, this would lead to reduced distinctiveness of the Coca Cola trade mark but people would most likely continue to buy Coca Cola in undiminished quantities.\textsuperscript{181} This example raises two important questions; firstly, why should a proprietor, who doesn’t suffering any harm, have a right of action against the junior user and secondly, what evidence can the proprietor of the senior mark rely on in situations where a reduction in sales can’t be related to the use of the junior mark?. These are the problems that lies within the heart of the concept of blurring and which remain, despite several claims post-Intel, remain largely unanswered.

\textsuperscript{178} Council directive 84/540 of 10 September 1984 (as amended by Directive 97/55 of the European parliament and of the Council of 6 October 1997).

\textsuperscript{179} As theorized by Ilanah Simon Fhima in Trade mark dilution in Europe and the United States, page 150.


\textsuperscript{181} Opinion of Advocate General Sharpston delivered on 26 June 2008, Case C-252/07 Intel Corporation Inc. v CPM United Kingdom Limited, para 74.
Since the *Intel* judgement there has been remarkably few cases where blurring has been found and the majority of the post-Intel claims regarding detriment to distinctive character has been dismissed due to the lack of evidence of a change in the economic behavior of the consumer.\(^{182}\) While this rapid decline in the number of blurring cases probably was intended by the court in *Intel* it could be argued that the reasoning behind the dismissal in these cases has been somewhat flawed. The problem, which has been highlighted by scholars, is that the assessment of detriment to distinctive character, which was meant to be a global appreciation of all relevant factors has been reduced to a mere assessment of the evidence of a change in the economic behavior of the consumer.

Simon Fhima has referred to the requirement as a ‘superfactor’\(^{183}\) which renders all the other factors in the global appreciation test redundant while Middlemiss and Warner has observed that the requirement “is not evidence of detriment but rather the manifestation of detriment”.\(^{184}\)

Another criticism towards the requirement established by the court in *Intel* is presented by Davies. Davies opines that by requiring the proprietors of senior marks to evidence economic change in order to obtain protection against the use of similar marks for dissimilar goods, the court has effectively lost sight of the basic function of a trade mark which that of guaranteeing the origin of the goods.\(^{185}\) If several diverse organizations are permitted the use of that mark, then the origin of those goods is likely to be lost and the marks effectiveness as an identifying source will be eroded.\(^{186}\)

However, the most criticized part about the courts implementation of the requirement in *Intel* and later also in *Enviromental Manufacturing* was the vagueness of the CJEU: s guidance as to the meaning of the term. The court also avoided to identify what might amount to such a change in the economic behavior of consumers and never explained how this might be evidenced. Several different ways of providing such evidence has been tried by proprietors in post-Intel cases but without any guidance the proprietors has been largely unsuccessful in providing such


\(^{183}\) Ilanah Simon Fhima, Trade mark dilution in Europé and the United States, page 151.


evidence. However, there have also been successful claims but the circumstances in those cases have often been unique and circumstantial.

4.4 How to provide evidence of a change in economic behavior
The most obvious suggestion in terms of possible evidence of change in economic behavior is that of loss of sales. However, this possible evidence in itself presents several difficulties. For instance, if the proprietor of the senior mark presents evidence of a loss of sales can it be assumed that the loss of sales are the result of the junior use rather than other factors such as increased competition in the relevant market or consumer awareness in terms of quality or environmental standards?. Moreover, since a serious risk of a change in the economic behavior has been considered sufficient by the courts there might be situations where the courts, in detail, need to consider possible explanations for a loss of sales that has not happened yet and possibly might never happen. This can be considered the biggest drawback regarding the loss of sales argument but according to the authors opinion it would still provide the proprietor of the earlier mark with a higher degree of legal security if it were obvious that he’d have to adduce tangible evidence. The threshold in such cases might be considered a bit strict but it would at least be abundantly clear for the proprietor what evidence is required to prove a change in economic behavior of the consumer which would be preferred to the current approach where the guidance provided by the court is very vague at best.

Considering the wording used by the court in Intel it could be reasonably assumed that credible real world effects must be at least argued but preferably also is shown to exist or be likely in terms of tangible evidence. In Botumax, the earlier right holder successfully appealed by referencing to the ‘floodgate’ principle. The earlier right holder presented evidence of third parties making similar use to the junior applicant in the case which risked of opening the ‘floodgates’ in terms of the erosion of the earlier marks distinctiveness.

The ‘floodgate’ principle would actually constitute a sustainable solution to the current problems regarding detriment to distinctive character in general and proving change, or serious risk, in the economic behavior of the consumer although the principle is dependable on several junior applicants making similar use which means that the principle can’t be used in situations where there is only one junior applicant or one infringer of the distinctiveness of a senior mark.

with a reputation meaning that the proprietor of the earlier mark could still not resort to legal actions until there was at least two or more parties making similar use of the mark.

The same tactic was also used in *Skydrive* where the earlier right holder presented evidence that there were third parties who had developed apps that worked with ‘Skydrive’ and the third parties had also adopted marks that made use of the word ‘sky’ such as Sky manager, sky music and sky player.\(^{189}\)

Another way of addressing the requirement proving a change in the economic behavior of the consumers was applied in the *Pink* judgement. The judge referred to the principle as ‘Swamping’ and it can be used in cases where the junior mark holder is a large concern and its extensive use will do more than just dilute the distinctive character of the earlier mark, it will ‘swamp’ the earlier mark and thereby undermine the distinctive character altogether.\(^{190}\)

The principle of ‘swamping’ falls nicely in line with the courts argument for the implementation of the requirement of a change in the economic behavior of the consumer. In *Environmental Manufacturing*, the court held that a high standard of proof was necessary in order to find detriment to distinctive character because a lower standard of proof could “*lead to a situation in which economic operators improperly appropriate certain signs, which could damage competition*”.\(^{191}\) Situations like this could very well impede competition but the problem with the principle is the same as that of the ‘floodgate’ principle in that is highly situational.

Recent developments in cognitive science, in which the consumer’s response time is measured when the consumers are asked to pick out a well-known brand after being exposed to lookalikes or dilutional marks. This strategy has the potential of being an objective solution but according to Rebecca Tushnet there are still certain problems even with this scientific solution. She points out that even if one accepts that the response time of the consumers is slowed by the exposure of dilutional brands there’s still a problem in regards to whether the consumer’s actual transactional behavior is affected.\(^{192}\) According to the author’s opinion, a test such as the one suggested by Tushnet could be effective in cases where the goods concerned is of everyday nature, that is to say goods that consumers generally don’t reflect over. Consequently, the test

\(^{189}\) British Sky Broadcasting Group PLC & ors v Microsoft Corporation & Anor [2013] EWHC 1826 (ch).

\(^{190}\) Thomas Pink Limited v Victoria’s Secret UK Ltd [2014] EWHC 2631 (ch).

\(^{191}\) Environmental Manufacturing v OHIM (C-383/12 P, ECR, EU:C:2013:741, para 41.

\(^{192}\) Rebecca Tushnet, Gone in sixty milliseconds: Trademark law and cognitive science, 86 Tex. L. Rev. 507-568 (2008).
would be less effective in cases concerning more expensive and exclusive goods that consumers don’t buy spontaneously.

Since Intel, the number of accepted claims referring to detriment to distinctive character has been relatively few but the EUIPO Board of Appeal has found blurring and change in economic behavior on a couple of occasions. In Red Dog/Red Bull, the change in economic behavior was assumed due to the junior mark being seen as a cheaper replica of Red Bull. The Board held that some consumer would deliberately choose the cheaper option even if the consumers knew that the cheaper option was an imitation of Red Bull. According to the Board, this was sufficient to assume that a change in economic behavior was a likely outcome.193

The approach taken by the Board in Red Dog/Red Bull is a sensible one but arguments can be made whether or not the deductions of the Board is more referable to the link between the marks rather than a change in the economic behavior of the consumer. These are two marks that are fairly similar, although not similar enough to cause confusion and the goods for which the marks are registered is identical. If one were to observe the original meaning of detriment to distinctive character and the original wording of article 8(5) EUTMR, nowadays changed in Regulation 2017/1001, it would become clear that the extended protection for reputed trademarks against detriment to distinctive character was never meant to be used on similar marks registered for similar goods. It was certainly not what Schechter envisioned in his article the rational basis where he stated that detriment to distinctive character or blurring was to be defined as “gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods”.194 The change of article 8(5) EUTMR is a reconstruction on the fundamentals of detriment to distinctive character which allows for more cases within the area of detriment to distinctive character while simultaneously trespassing into the area of unfair advantage and likelihood of confusion, which incidentally, was considered a non-factor by the court in Intel.

In Oh!/Ô, the Board recognized that the main problem for the senior mark was the loss of uniqueness since the senior mark, prior to the existence of the junior mark, had been the only undertaking to use the letter Ô for the relevant goods and services.195

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195 Oh!/Ô R-1254/2009-1 (8 July 2010), para 58.
Yet again the board found that there was a risk of change in the economic behavior of the consumers without any tangible proof. The goods are once again similar or identical and the important elements of the marks similar. This has become a reoccurring theme which was enabled by the court in *Environmental Manufacturing* which held that “the Court’s case-law do not require evidence to be adduced of actual detriment, but also admit the serious risk of such detriment, allowing the use of logical deductions.” Although this makes sense in regards to the global appreciation test where all global factors relevant to the case should be considered it may also be considered a somewhat lackluster approach to the aforementioned test. The global appreciation test was meant to be an extensive investigation but, as can be seen by these cases, it has been undermined by the requirement of proof of change, or serious risk of change, in the economic behavior of the consumer.

In *Camel/Camel Brand*, the Board found that consumers of the goods for which the senior is protected would be less inclined to associate it immediately with the undertaking that built the marks reputation which, according to the Board, was considered a change in the economic behavior of the consumers.

Arguably this is likely a case concerning detriment to reputation but it highlights the fact that the original function of a trademarks, namely indicating origin of goods and services, is not as important as it once where. Other functions of a trademark are now given similar importance which is creating difficulties regarding detriment to distinctive character.

The reoccurring factors in these cases are that the senior mark has been very well known and the goods for which the marks were registered have been either identical or closely linked or likelihood of confusion has been present. These cases show that it is possible to demonstrate detriment to distinctive character despite the absence of a loss of sales or other tangible proof of a change in the economic behavior of the consumer but it is certainly the exception rather than the rule. The uncertainty of what should constitute acceptable evidence combined with the relative ease of showing unfair advantage increases the risk that action of detriment to distinctive character may become obsolete.

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196 *Environmental Manufacturing* v *OHIM* (C-383/12 P, ECR, EU:C:2013:741, para 42.
197 *Camel/Camel Brand* R 96/2013-4, para 40.
4.5 The possibility of a misinterpretation the requirement
On the other hand there are another side of the argument presented by scholar which argues that paragraph 77 in Intel should not be read in isolation since it starts with the words “it follows”\(^\text{198}\) which, according to this particular view on the matter, indicates that what is being said in the paragraph follows from the following paragraphs in which the court describes the factors relevant to assess detriment to distinctiveness. According to this argument, the courts answer to the specific question on whether detriment to distinctive character requires an effect on the economic behavior of consumers should be interpreted as “\textit{detriment is caused when the marks ability to identify the goods or services for which it is registered and used is weakened because use of the later mark leads to dispersion of the earlier marks identity and hold on the minds of the public}”.\(^\text{199}\) The main point of this particular argumentation is subsequently that an owner of a reputed mark need only to convince the court that use of the later mark leads to dispersion of the identity in the minds of the public and that this constitutes sufficient proof of a risk of a change in the economic behavior of the consumers. This would mean that the distinctiveness of the mark is diluted if consumers faced with the mark no longer make a direct association with the earlier mark which in turn, causes the consumers to turn away from the original mark and thereby changing and influencing their economic behavior.\(^\text{200}\)

According to Gielen, the court intended the Intel and Environmental judgements to serve as warnings against a too premature establishment of detriment to distinctiveness. Gielens’ interpretation of the requirement is that the proprietor of the senior mark must convince the court that there is at least a serious risk that the marks’ 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. The requirement is therefore most likely fulfilled when the earlier mark, which used to arouse immediate association with the goods and services, is no longer capable of doing so.

The clarification by the CJEU in Environmental manufacturing significantly raised the bar for proving dilution, at least where the case reaches General court level, but EUIPO continues to

\(^{198}\) Intel v Intelmark, paragraph 77.


adopt a more pragmatic approach as can be seen above.\textsuperscript{201} Another example of successful action based on detriment to distinctive character can be seen in \textit{Legaris} which involved the reputed mark ‘Legaris’ for wine and the use of a later sign for agrochemical goods. However, it’s not clear whether a pure detriment to distinctive character claim would have been successful as the EUIPO’s Board of Appeal combined it with detriment to reputation.\textsuperscript{202}

The same tendency can also be found in \textit{Oliospa} where the Board had already decided the case based on unfair advantage but still detriment to distinctive character by holding that the use of the sign ‘Oliospa’ for cosmetics would damage the distinctive character of the earlier reputed ‘SPA’ mark for mineral water because consumers would be less inclined to associate the earlier ‘SPA’ mark immediately with the undertaking that had built up its reputation and therefore the economic value of the earlier mark would be reduced which is comparable to a change in the economic behavior of the consumer.\textsuperscript{203}

Perhaps this is the role that detriment to distinctive character is intended to have in future cases by playing the role of the ‘supporting cast’ to unfair advantage and detriment to reputation. Given the vagueness but also strictness of the requirement of change in the economic behavior of the consumers it would not be surprising if the detriment to distinctive character, with the current evolvement and approach taken by the courts, has started to become a moribund area within trademark law.

5 Closing remarks
The legal concept of detriment to distinctive character, or blurring, has come a long way since the initial theory was proposed by Frank Schechter in 1927. Schechter envisioned a protection that would protect famous trademarks from the gradual erosion caused by junior marks that were used for dissimilar goods and later also services by the addition of the TRIPS agreement. The adoption of the concept into the European provisions saw the legislators using the already established Benelux trademark act as a blueprint as the legislators set out to create a legal distinction between trade mark protection and confusion.

\textsuperscript{203} L’OREAL (Société Anonyme) v S.A. Spa Monopole, Campagnie fermiére de Spa, 6 July 2015, R 2334/2013-4.
It was stressed in the initial implementation process that the purpose of the protection was to guarantee the trademark’s primary function as an indicator of origin, something that arguably have been somewhat disregarded by the increased influence and acknowledgement of a trademark’s guarantee function and advertising function. The case law regarding detriment to distinctive character is an clear example of this as the modern interpretation of detriment evolved and deviated further from Schechter’s famous Rolls-Royce example where he held that “the unchecked use of a famous mark, such as Rolls-Royce, on unrelated goods such as restaurants, cafeterias and clothing will lead to the eventual destruction of the Rolls-Royce mark as an effective commercial identifier”. Before the Intel decision the CJEU had merely touched upon the subject of detriment to distinctive character but some key principles had been established like confusion as a non-factor, the necessity to establish a link between the marks and the requirement of take into account several factor relevant to the case.

However, it was in Intel where the CJEU first attempted to establish a test of predictable factors for when detriment to distinctive character of a reputed trademark could occur. The test included, besides the requirement of a link being established between the marks, several factors which were relevant to indicate detriment to distinctive character such as the strength of the earlier marks reputation, the distinctive character of the earlier mark, the uniqueness of the earlier mark and the degree of similarity between the marks and the goods or services for which the conflicting marks were registered. As a final requirement to further stress the importance of an actual real world effect being present in detriment cases the CJEU introduced the requirement of the proprietor of the senior mark having to show a change, or a serious risk of change, in the economic behavior of the consumer which was later upheld by the court in Environmental Manufacturing and thereby indicating that the requirement now had a permanent place in the assessment of detriment to distinctive character.

This requirement, while an admirable attempt to maintain a flexible approach, has had drastic consequences on the proprietors ability to protect famous marks from detriment to their distinctive character. Being referred to as a ‘superfactor’ by scholars, the requirement has become the embodiment of detriment and the courts’ decision to not clearly explain what evidence that needs to be presented by the proprietor to fulfill the requirement has largely erodes the concept of detriment to distinctive character. This is evidenced by an decreasing number of claims regarding detriment to distinctive character as well as the courts increasing tendency to combine detriment to distinctive character with tarnishment and unfair advantage. Moreover, any successful claims regarding detriment to distinctive character has mostly revolved around
likelihood of confusion and similarity of the parties’ goods which is exactly what the legislator wanted to avoid when the protection against detriment was adopted in the provisions.

It can therefore be concluded that the current test of detriment to distinctive character doesn’t appear to be fit for purpose as it places an unsupported and onerous burden on the proprietor of the senior mark. This conclusion mainly stems from the fact that the requirement of a change in the economic behavior of the consumer is something that was merely mentioned in *Electrocoin* and as such, does not have any legal foundation to stand on. The requirement also relies on the proprietor being able to adduce evidence or at least a serious risk of a damage that has not occurred yet and might never come to pass. Even though evidence of tangible effects regarding detriment makes sense it is the humble opinion of the author that the requirement, in its current form, would benefit from some clarification from the CJEU. This is necessary to actually make claims of detriment to distinctive character possible or the concept runs the risk of becoming obsolete with unfair advantage being relatively easy to prove.
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