

The ECJ's Specsavers decision in the context of national and EU trade mark law.

Introduction

A system of registered trade marks offers great advantages for the market. It creates transparency for all competitors as to what is protected and what is not. We all know that such system also has its drawbacks: its consequences may be unfair. Protection may be denied to a party which uses the trade mark in good faith but neglects to register it. Other parties who only later started to use the sign may file it in good or in bad faith. Of course, the trade mark system tries to correct such undesirable consequences, but it is not possible to entirely avoid them and at the same time keep the advantages of a system of registered trade marks. A compromise must be found.

Today we discuss one of the problems which arise out of this conflict between the demands of a system of registration and the demands of justice. A trademark holder invokes protection. The alleged infringer uses a sign showing similarity with the registered trade mark, but the similarity is much greater if one takes into account that the sign also copies the colour in which the trade mark is used. However, that element has not been registered. Can the use of the same colour nevertheless be relevant for the question whether there is an infringement?

Of course such unregistered elements may take many forms. It may concern the form in which a word mark is used, or the colour of a figurative mark, or the distinctive shape of a package on which the mark is used, or yet other features. The imitation of unregistered elements may considerably increase the *association* made by the relevant public between the trade mark and the sign used by a third party. A weak degree of association between the mark as registered and the sign may turn into a strong degree of association between the mark as used and the sign; so strong that there can be no doubt that there is a danger of confusion. Yet, the confusion would not exist if it were not for those elements which fall outside the registration.

In *Specsavers*, the Court of Justice chose to take the unprotected elements into account. They do matter for the scope of protection of the trade mark. Before, the Benelux Court of Justice and the Dutch Supreme Court (Hoge Raad) had ruled in the same sense.

In a first part, we will introduce the decisions of the different courts. In a second part, the approach *via* the criterion of association will be studied. Further, the question will be raised whether association alone will always suffice as the only condition to take the unregistered elements into account. It will be contended that some additional requirements should be considered.

I. Two approaches of unregistered elements

A. The Benelux Court in *Michelin/Michels*: the unregistered element becomes part of the trade mark

In 1994, the Benelux Court of Justice developed in the Michelin/Michels case¹ a particularly strong defence of the form in which the trade mark was actually used, including its unregistered elements.

The case opposed the French trade mark Michelin and the German trade mark Michelin (pronounced in the German way). (As the words are visually identical, they will be distinguished hereunder by adding (D) and (FR). The oldest registration of the Michelin (FR) trade mark in the Benelux countries dated from 1968. The sign was only registered as a word mark, so that the registration did not cover its characteristic type face in bold-type capitals. “Michelin Besteck und Metallwaren-Fabrikation Werner Michels” had registered a combined word-picture mark “Michelin” (D) with an extension to the Benelux countries in 1975, on the basis of a national German registration in 1966. For years, both trade marks existed side by side. A conflict only arose when Michelin (D) goods were offered for sale in filling stations.

The French firm Michelin claimed an injunction against the use of the German Michelin trade mark in the same characteristic type face as Michelin (FR). But as I said, Michelin (FR) had omitted to register that visual aspect.

The Benelux Court of Justice considered first that it had been the intention of the Governments of the Benelux states that the exclusive right in a trade mark could only be acquired by registration and that this had been laid down in Article 3 of the Uniform Benelux Trademark Law.² Article 12A of the UBTL denied any legal action whatsoever if a distinctive sign for goods or services of an undertaking had not been filed and registered, and the Common

¹ BenCJ 16 December 1994, NJ 1996, 34 = BIE 1995, nr. 64 p. 246, Michelin/Michels

² Nr 7

Governmental Comment of the three Benelux countries which accompanied the Uniform Benelux Trade Mark Law confirmed this had been the clear intention of the legislature.³

Despite this, the Court then went on to consider that the *use* of a word mark in a certain presentation still formed a use of the word mark. This would only be different if the design would acquire such a dominant role that the public would no longer see, in the sign used in practice, a word which had been given a certain shape, but only a graphic design, that is to say: a figurative mark.⁴

The Benelux Court concluded “that the protection derived from a word mark which is registered in that quality also **comprises the forms in which that word mark is in fact used by the trade mark holder**, except if the design played such a dominant role that the public would only see a figurative mark.” The Court further held that this was in accordance with the purpose of the UBTL, to grant the trade mark holder a strong protection.⁵ It followed that, in order to sustain that there was use of a similar sign, the holder of the word mark could invoke the similarity on the basis of the form in which the trade mark was factually used.⁶

The Benelux Court expressed this finding in very strong words. It held that in principle, the form of a word mark used in fact **had to be regarded as an element of that trade mark**, and not as a separate figurative mark to be distinguished from the word mark, and for which protection could only be invoked if it had been filed independently as a figurative mark.⁷

³ Nr. 8

⁴ Nr. 11

⁵ Nr. 12

⁶ Nr. 13

⁷ Nr. 14

That the rule of the Benelux Court in Michelin/Michels was controversial, may be inferred from the comments provoked in the literature by an earlier decision of the Dutch Supreme Court in 1991. It concerned the octagonal shape of a two dimensional figurative mark. It resulted from the simple fact that this two dimensional sign was used on octagonal boxes for chocolates. This element had not been registered as a feature of the two dimensional mark. The Supreme Court ruled that this unregistered element of the sign should not be disregarded as a circumstance of the case. This provoked critical reactions from leading Dutch commentators Verkade⁸ and Brinkhof.⁹

Verkade and Brinkhof had a point. The protection of unregistered elements creates an obvious tension with the rule that registered trade marks must simply be registered. The requirement of registration fulfills an important function. It enables competitors to determine what is protected and what is not. The registration which constitutes the trade mark right also limits its scope.

Article 6 CTM Reg provides that a Community trade mark shall be obtained by registration. In Benelux trade mark law, Article 2.19 of the Benelux Convention on Intellectual Property is particularly adamant as to the registration requirement. It provides that in the absence of a registration, no one may claim in court protection for a trade mark. That means: no protection will be available under any title whatsoever. Not only trade mark protection is withheld, but legal protection in whatever form, with the sole exception of trade marks which are well-known in the sense of Article 6bis Paris Convention.¹⁰

⁸ Verkade, note with HR 2 March 1990, Droste/Baronie, in NJ 1991, 148, also containing references to further literature

⁹ Brinkhof, Comment in BIE 1991, p.3

¹⁰ Article 2.19 Obligation to register

The form in which the trade mark is registered is not binding in every respect. It is true that according to Article 5.C(2) of the Paris Convention, use of a trade mark by the proprietor ‘in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered in one of the countries of the Union shall not entail invalidation of the registration and shall not diminish the protection granted to the mark.’ In the same spirit, Article 15(1) of the Community TMR states that use in a form differing in elements which do not alter the distinctive elements still constitutes use of the trade mark.

However, those provisions only concern the requirement of genuine use of the *registered* mark. They do *not* say that use of the mark in a different form makes the trade mark right itself or its scope of protection extend to that form in which it is used. Indeed, such an extension is far from obvious. When it comes to an infringement case, the interests of the competitors are directly involved, and deserve more diligent attention.

What moved the critical comments was not anymore the concern of the old Benelux legislature to create a complete and reliable trade mark register which was at the foreground. It probably (also) was the mistrust which came up in the 19 nineties against what was felt to be the fierce imperialism and boundless appetites of intellectual property. As soon as the Dutch feel that the dikes will burst, everyone gets alert, and many in academia now feel that IP threatens the dikes.

1. With the exception of the holder of a trademark which is well known within the meaning of Article 6bis of the Paris Convention, and regardless of the nature of the action brought, no one may claim in court protection for a sign deemed to be a trademark as defined in Article 2.1 (1) and (2), unless that claimant can provide evidence of registration of the trademark which it has filed.

B. The ECJ in Specsavers: association and global assessment

Specsavers, the largest chain of opticians in the UK, complained about ASDA using a logo similar in form and in colour. ASDA is owner of a chain of supermarkets; Specsavers is its main competitor. However, there were two problems.

To start with, the mark had only been *used* by Specsavers in conjunction with a word mark which was superimposed over it. If now, Specsavers invoked a trade mark right in the mere element of the form without the word, could that trade mark comply with the requirement of genuine use in Article 15(1) of the directive? The Court of Justice ruled it could. The condition of ‘genuine use’ may be fulfilled where a figurative mark is used only in conjunction with a word mark which is superimposed over it. However, it is on the condition that the differences between the form in which the trade mark is used and that in which it was registered do not change the distinctive character of the trade mark as registered.

After the earlier jurisprudence of the Court in *Colosseum Holding*¹¹ and *Rintisch*,¹² perhaps this result was not too surprising.

Protection of the unregistered colour green

The other question was more open. Specsavers had not registered its trade mark in colour, yet it consistently used the colour green for its logo. The green colour had been used so extensively that Specsaver’s trade mark had become associated with that colour in the mind of a significant portion of the public. ASDA also used the colour green for its sign. Did the use of the same colour by ASDA matter for the global assessment of the likelihood of confusion or unfair advantage

¹¹ CJEU Colosseum Holding, case C-12/12

¹² CJEU Rintisch, case C-553/11

although it had not been registered as an element of the trade mark? The Court of Justice holds that it does.

The global appreciation of the likelihood of confusion (Specsavers)

As to the likelihood of confusion, the Court reiterates its findings in earlier decisions. The existence of a likelihood of confusion on the part of the public must be assessed globally, taking into account all factors relevant to the circumstances of the case (34). The perception of the marks by the average consumer of the goods or services in question plays a decisive role in the global appreciation of that likelihood of confusion (35).

The role of the distinctive character of the sign (Specsavers)

The court now does something which puzzles. It considers:

“Furthermore, according to the case-law of the Court, the more distinctive the trade mark, the greater the likelihood of confusion. Therefore, trade marks with a highly distinctive character, either per se or because of the reputation they possess on the market, enjoy broader protection than trade marks with a less distinctive character.” (36)

Is the colour green highly distinctive per se? It is hard to believe. In general, the colour of a sign will not easily be highly distinctive per se. Has it been established that the trade mark possesses a reputation in the market? That must be supposed, or at least the possibility must be taken into account, for questions have been put concerning goodwill protection which is reserved for trade marks with a reputation in the Community.

However, why insist on the distinctive character? The Court provides an answer in the next paragraph. The colour in which the trade mark is later used affects how the average consumer of the goods at issue

perceives that trade mark. Therefore, it is liable to increase the likelihood of confusion or association between the earlier trade mark and the sign alleged to infringe it (37). Without a highly distinctive character, these features would probably not enhance association between the mark and the sign.

The Court of Justice concludes that in view of this enhanced risk of association or confusion with the average consumer, the unregistered element must *logically* be taken into account. It comes to this important conclusion in a sentence which is somewhat too long to be easy to read:

“38 In those circumstances, it would not be logical to consider that the fact that a third party, for the representation of a sign which is alleged to infringe an earlier Community trade mark, uses a colour or combination of colours which has become associated, in the mind of a significant portion of the public, with that earlier trade mark by the use which has been made of it by its proprietor in that colour or combination of colours, cannot be taken into consideration in the global assessment for the sole reason that that earlier trade mark was registered in black and white.”

The average consumer vs a significant portion of the public

We note one further detail. In para’s 35 and 37, and in earlier jurisprudence, the Court referred to the average consumer. But in para. 38 it suddenly refers to a *significant portion of the public*, “ein erheblicher Teil des publikums.” If a significant portion of the public associates the colour with the earlier trade mark, it can be taken into consideration for the global assessment of the likelihood of confusion.

The criteria of the ‘average consumer’ and ‘a significant portion of the public’ are not the same. And they do not belong to the same

setting. The average consumer is the criterion for the question whether a sign has distinctive power. The criterion of the significant portion of the public figures in the different setting of ‘Marken die in dem betreffenden Mitgliedstaat *bekannt* sind’, the trade marks which have ‘a reputation in the Community’. A trade mark “ist bekannt,” has a reputation in the Community when it is known by a significant part of the public concerned by the products or services covered by that trade mark, in German:¹³ “Der erforderliche Bekanntheitsgrad ist als erreicht anzusehen, wenn die Gemeinschaftsmarke *einem bedeutenden Teil* des Publikums bekannt ist, das von den durch diese Marke erfassten Waren oder Dienstleistungen betroffen ist.”

Whereas therefore, there is a slight difference in the German wording (the “bekannte Marke” is known with “*einem bedeutenden Teil des Publikums*”, and Specsavers refers to “*einem erheblichen Teil des Publikums*”, the English text uses the same term: a significant portion of the public. As the language of the Specsavers decision was English, I think that the identity of the two English expressions may be of relevance.

At this moment, the resemblance of the criterion for trade mark goodwill protection and protection against confusion by copying unregistered elements of the trade mark is only stated. In the second part, it will be elaborated on the potential meaning of these identity in criteria.

The weighing of an unregistered element for trade mark goodwill protection

¹³ ECJ 6 October 2009, C-301/07, PAGO, par. 20-24; Case C- 375/97 General Motors [1999] ECR I-5421 General Motors, paragraph 26

The Court explicitly introduces the *Bekanntheitsgrad* as a criterion under the assessment of the likelihood of *confusion*.¹⁴ As far as the question is concerned whether unfair advantage is taken of the mark's reputation and the degree of distinctive character of the trade mark, in other words: the question whether Specsavers can invoke goodwill protection for its mark, it is answered separately in para's 39-41.

As , the condition that the colour green had become associated, in the mind of a significant portion of the public, with Specsaver's earlier trade mark would seem most obvious. However, the Court does not mention that requirement in this case, which does not mean it would not apply. It only reiterates the factors pertaining to the global assessment of the *mark* as far as registered: it is necessary to undertake a global assessment, taking into account all the factors relevant to the circumstances of the case. Those circumstances include the strength of the mark's reputation and the degree of distinctive character of the mark, the degree of similarity between the marks at issue and the nature and degree of proximity of the goods or services concerned (39).

Interestingly however, the CJEU considers it clear that the similarity between the trade marks of the Specsavers group and the signs used by ASDA was created intentionally in order to create an association in the mind of the public between the two trade signs, and that this is a factor which must be taken into account. This consideration does include the circumstance of the green colour.

What does this mean? It is unlikely that the distinctive power of the unregistered element would lack all importance in the context of the goodwill infringement, even if it is not mentioned in so many words.

¹⁴ Cf. Par. 34

However, the Court puts considerable stress on the circumstance that it was used intentionally by ASDA in order to create an association in the mind of the public. It does not seem excluded that in the presence of such an intention, other factors might become of less pressing importance. Could it mean that a moderate distinctive capacity of the colour green would in that case suffice?

Consequently, even if a trade mark has not been registered in colour, it may be relevant in the global assessment of the likelihood of confusion or unfair advantage. The similarity in colour must be taken into account as a relevant circumstance for the association.

The approach followed by the Court of Justice is essentially different from the Benelux Court of Justice. The colour does not become part of the sign. Despite the difference in approach, the European and the Benelux Court of Justice both, lightheartedly, welcome unregistered elements of distinctive signs under the umbrella of trade mark law.

II. Analysis of the protection of unregistered elements.

In the first part emphasis has been on stating the facts. We now come to the second part of this presentation. In this part an analysis will be attempted. Its main elements, two in number, are clearly provided by the decision. The first element is *association*. It will mainly be sustained that the decision in Specsavers is only one in a series in which association proved to be a highly relevant circumstance. But strong emphasis on association might lure courts away from putting the registered sign central.

In that regard, the second element given by the Specsavers decision is interesting: the *significant portion of the public*. Does it contain any

element which could help to restore the balance between the weight of actual association on the market on the one hand and the requirement of registration on the other hand, in other words the balance between right holders and their competitors?

A. Association as basis for protection.

The public must associate the unregistered elements with the trade mark of the trade mark holder. If it does, those elements are relevant in the global assessment of the infringement.

Confusion and association

As the Court considers in par. 37 of its decision, the unregistered element affects how the average consumer of the goods at issue perceives that trade mark. As a consequence, the imitation of that element is liable to increase the likelihood of confusion or association between the earlier trade mark, and the sign alleged to infringe it. In other words: because the public associates the colour green of the Specsavers logo with Specsavers, it also will associate the green colour of the ASDA logo with Specsavers.

The Court holds that the similarity with the unregistered element increases the likelihood of confusion *or association*. Association is explicitly mentioned. This is not unimportant. After the 1997 PUMA/SABEL decision, quite a number of IP specialists in the Netherlands was of the opinion that the criterion of association was to play no further role in European trade mark law. This was only partly true.

Association as a factual element in the legal notion of confusion

It is true as far as the criterion for infringement is concerned. The directive – and even more unambiguously, the Puma Sabel decision – fixed confusion as the only legal criterion for infringement. However, this legal criterion reflects an end decision, reached on the basis of a number of factual circumstances. The directive also enumerates those, as does Puma/Sabel: the similarity of the signs; the similarity of the goods and/or services; the distinctiveness of the sign. Apart from these however, *also* the association by the public must be taken account of, as well as ‘all other relevant circumstances.’ That makes five factual categories which can help in the assessment whether there is a likelihood of confusion.

The importance of association.

Even so, it is perhaps not always realized how essential a factor association remains in European trade mark law.

The criterion of the average consumer, introduced in Lloyd Schuhfabrik,¹⁵ only makes sense in relation to the criterion of association. Why would the consumer matter if it was not for the association (or confusion) between mark and sign that is caused, in his perception, by the similarity of the signs and the goods, the distinctiveness of the sign and other factors?

Furthermore, as the Court of Justice recalled in Specsavers, trade marks with a highly distinctive character enjoy broader protection than trademarks with a less distinctive character (36). It is the element of association which causes this effect.¹⁶ It can not be explained by the notion of confusion. For as many have observed, the better a trade mark is known, the better the public can tell when an infringing sign shows differences. Consequently, confusion becomes

¹⁵ 22 June 1999, C-342/97

¹⁶ Also: Puma Sabel, 11 November 1997, C-251/95, para. 24

less likely. Conversely, the risk that the public *associates* the sign with a trade mark is certainly increased when the trade mark is highly distinctive.

To mention one more example, the Court of Justice held in *Picaro/Picasso*¹⁷ that the conceptual differences observed between signs may counteract the visual and phonetic similarities between them, so that despite these visual and phonetic similarities, there is no infringement. This also is an effect which shows how prominent the role of association is. The conceptual differences in the *Picaro/Picasso* case could not hide or undo the visual and phonetic similarities. What they did do was that they 'blocked' the *association* which should have resulted from those similarities, because they made the consumers think of something totally different. Without a strong role of the element of association, this particular *negative* effect would not have been possible.

It arguably is in this same spirit that the Court decides to take into account unregistered elements of the trade mark if these increase the association between the mark and the allegedly infringing sign.

Adidas/Marca

All this is not changed by the fact that, as the Court ruled in *adidas/Marca*,¹⁸ association is no alternative to the concept of confusion. That confusion alone is the criterion which governs the question whether there is an infringement, does not mean that factual association cannot be taken account as one of the factual circumstances which, together with the factors of similarity of the signs and the goods, the distinctiveness of the sign and further relevant circumstances, can lead to this end decision of confusion.

¹⁷ ECJ 12 January 2006, C-361/04 P, *Picaro/Picasso*; also see ECJ 23 March 2006, C-206/04 P, *Mulhens/Zirh* ("Sir/Zihr")

¹⁸ ECJ 22 June 2000, C-425/95, *adidas/Marca*

This emphasis on association is in line with the policy of the Court to attach particular importance to a 'realistic' trade mark law, orientated on concrete market situations and not on theoretical constructions or abstractions. Indeed, the degree of association is the criterion which probably predicts best whether there will be concrete damage to the interests of the trade mark holder.

Nevertheless, as observed above, the requirement of registration is still there. It cannot simply be overruled by the criterion of association; there has to be a balance. What interests us now is whether the criterion of the 'significant portion of the public' can be useful in order to find that balance.

B. A significant portion of the public

The Court of Justice further required in *Specsavers* that the extensive use by the trade mark holder must have had the result that the unregistered elements had become associated with the trademark in the mind of a *significant portion* of the public. Why require a significant portion of the public? It was already stated that this condition reminds of the condition for being a mark with a reputation: A trade mark has a reputation in the Community when it is known by a *significant part* of the public concerned by the products or services covered by that trade mark.¹⁹ The plaintiffs in all the cases quoted above certainly were trade marks with a reputation. Michelin is rightout famous, ASDA obviously was considered as a trade mark with a reputation by the courts in the UK, and Droste is a trade mark

¹⁹ ECJ 6 October 2009, C-301/07, PAGO, par. 20-24; Case C- 375/97 General Motors [1999] ECR I-5421 General Motors, paragraph 26

for Dutch chocolate which, as I suppose, everyone in Holland knows, and probably also in Belgium.

Does it follow that only trade marks with a reputation would enjoy special protection for their unregistered elements? At first sight, this seems a wild interpretation. The goodwill protection for trade marks with a reputation has nothing to do with the protection against confusion.

However, there is an analogy. The goodwill protection extends the exclusive right of the trade mark holder to also cover goods and services *not* similar to the goods and services the marks have been registered for. In other words, the trade mark right is extended beyond the field of its registration. It concerns a different aspect: the trade mark right does not extend beyond the sign which has been registered, but beyond the goods or services it has been registered for. Nevertheless, at that moment it stretches beyond its registration.

It is unlikely that a significant portion of the public will associate, in their mind, the unregistered element with the trade mark, if that trade mark is not known itself with a significant part of the public. That might mean that in practice, the extension of the protection to unregistered elements would largely be reserved to trade marks with a reputation in the market. For it is not very likely that the unregistered element would be recognised by a significant portion of the public if the same would not in the first place apply to the trade mark itself.

IT could perhaps be different if the unregistered element is highly distinctive *per se*. Should trade mark law protect unregistered elements which on the basis of their high distinctive capacity *per se*

are recognised by a significant portion of the public, whilst the trade mark itself is not known with a significant part of the public?

In that case, probably the *most* distinctive part of the trade mark would be the unregistered element, leaning for its protection on the *less* distinctive but registered element. This would disturb the balance. For the scope of protection would risk to be determined by a dominant, but unregistered element, thus favouring the right holder over his competitors in a way which cannot be justified in a system based on registration.

Of course, that would not be the case if the trade mark itself also is highly distinctive. But would not that be a rather academic case. It is not so easy to imagine that if both the registered trade mark and the unregistered element are highly distinctive per se, the unregistered element would be known with a significant portion of the public whereas the registered element, also highly distinctive, is not. It might be the result of a conscious media strategy and of advertisements putting all emphasis on the unregistered element. But in that case again, it would be unsound and out of balance to protect an unregistered element which at least as far as the recognition of the sign on the market is concerned, dominates over the registered element in distinctive capacity.

It may have been totally accidental that by the use of the term 'a significant portion of the public', the Court of Justice opened the possibility of linking the protection of unregistered elements to the protection of trade marks with a reputation. To be honest, I think that it was accidental, if not an accident, which could also be the case. But upon closer consideration, that link might not be as odd as it seems. Most of all, it could offer a means – not a perfect one, but a useful one – to limit the risk of undesirable consequences of the

protection of unregistered elements. Such an undesirable consequence produce itself if the registration of elements of low distinctiveness would form an alibi to extend the protection of the trade mark to also cover elements of a much stronger distinctiveness, which however remain unregistered.