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May You Live in Interesting Times - European Trademark Law in the Wake of Sabel BV v. Puma AG

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MAY YOU LIVE IN INTERESTING TIMES - EUROPEAN TRADEMARK LAW IN THE WAKE OF SABEL BV V. PUMA AG

John A. Tessensohn*

PART I - BACKGROUND

A. AN INNOCENT PHRASE

Since the enactment of the Directive1 for the Harmonization of the Trade Mark laws of the Member States of the European Community,2 a protracted debate3 has raged as to the extent of

* Ancient Chinese proverb "May You Live In Interesting Times." One view is that when the Chinese wish misfortune on someone, they say, "May you live in interesting times." It is thought by some to be a blessing and by others to be a curse.


2 In 1992, the Treaty of European Union (TEU) was renamed the EEC treaty to the European Community Treaty. The TEU that established the European Union (EU) stands as a separate treaty, but this treaty is largely political in nature. Therefore, when considering issues of intellectual property law, the short-hand reference should be the European Community (EC), and not the European Union. GUY TRITTON, INTELLECTUAL PROPERTY IN EUROPE 3-4 (1996).

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the rights granted to registered marks. This controversy stems from the uncertain meaning and effect that the seemingly innocent phrase, "likelihood of confusion which includes likelihood of association," has within the context of trademark registration and infringement under Article 4(1)(b) of the Directive. This phrase appears in several other important pieces of EC trademark legislation. It was hoped that after nearly three years of debate, the European Court of Justice (ECJ) would be able to resolve the uncertainty surrounding this phrase. However, it seems likely that the long-awaited case, Sabel BV v. Puma AG & Rudolf Dassler Sport, is merely a prelude to forthcoming ECJ decisions that will shape the contours of the scope of trademark protection in Europe.

In Sabel, the ECJ unequivocally held that "association" was but a subset of "confusion" and thus, gave a narrow interpretation to the provision "likelihood of confusion which includes the likelihood of association." This holding confirmed that the mere association which the public might make between two trade marks as a result of their analogous semantic content is not in itself a sufficient ground for concluding that there is a likelihood of confusion, thus

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4 Article 4(1)(b) of the Directive provides that:

A trade mark shall not be registered or, if registered, shall be liable to be declared invalid: . . . (b) if because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.

Directive, supra note 1. This phrase is also found in Article 5(1)(b) of the Directive. Id.

5 Council Regulation 40/94 on the Community Trade Mark, arts. 8(1)(b), 9(1)(b), 1993 O.J. (L 11) 1, 4-5 [hereinafter Community Trademark Regulation] (using the phrase for the relative ground for refusal and for the rights conferred by registration 550, respectively); see also INTELLECTUAL PROPERTY LAWS OF EUROPE 550-89 (George Metaxas-Maranghidis ed., 1995) (providing the regulation); TRITTON, supra note 2, at 145 (stating that most of the substantive provisions of the regulation mirror those in the Directive).


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indicating that the terms of the provision itself prevent its application where there is no likelihood of confusion on the part of the public.

This Article will critically analyze whether or not Sabel clarified the "likelihood of association" ambiguity. This Article will briefly sketch the background of the Directive's enactment, as well as the general policy, objectives, and functions of trademark law in the EC.

This Article will also describe the diametric pre-Sabel judicial positions expressed by the various national courts in Europe. One such camp, championed by the Benelux courts, argued that confusion was not required, holding that it was sufficient if one trademark "call[ed] to mind" another trademark even though the consumer was aware that the goods sold under the sign did not relate or originate from the registered trademark holder. 7 Under this view, infringement was present if the use of the mark brought to mind, even subconsciously, the memory of an "association" with the registered mark. 8

Fortified firmly in the other camp, United Kingdom (UK) courts consistently criticized the Benelux approach. These UK courts unwaveringly held that, despite Directive-initiated amendments to the respective national laws, it was still necessary to show a likelihood of confusion in order to prove infringement. 9 This camp has adamantly asserted that mere association will not suffice.

This Article will also provide the factual and procedural background of Sabel and will appraise the ECJ's analysis to discern the impact of Sabel in European trademark law and practice. It will critically assess whether Sabel vindicated the UK courts' interpretation of the Directive and whether or not the case settled the issues raised by the vigorous debate. This Article will examine whether Sabel is consistent with the functions and objectives of trademark law under EC law. More importantly, this article will examine whether death reports of the Benelux-inspired "non-origin association" infringement were greatly exaggerated or whether the

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8 Id.
9 Wagamama Ltd. v. City Centre Restaurants plc, [1995] FSR 713.
ECJ recognized the Benelux viewpoint and preserved it. This Article will also examine whether Sabel supports the view that a reasonable interpretation of "likelihood of association" under Article 4(1)(b) involves some dilution aspects in view of the ECJ's approval of the distinctiveness element. In addition it will examine Sabel's impact on look-alikes or supermarket brands that have sprung up in Europe. Finally, this Article will give some insight into the very interesting docket of upcoming trademark cases where the ECJ will decide on issues of famous marks, marks with reputations, and distinctive marks for infringement and registration purposes.

B. "ASIA MAKES THE HEADLINES, EUROPE MAKES THE MONEY"¹⁰

The reality of the U.S.-EC economic relationship, the Transatlantic Marketplace,¹¹ may surprise those who parrot the fashionable belittling of Europe's inextricable economic woes and unemployment problems in the mainstream media.¹² The Transatlantic Marketplace is the world's largest economic market. The EC has over 370 million consumers, and together the U.S. and the EC account for fifteen trillion U.S. dollars of Gross Domestic Product, or nearly half the goods and services produced in the entire world. It should be noted: (a) that most international business is done by investing and producing in foreign markets, and not by exporting to them; and (b) that the EC dominates U.S. international investment.¹³ The EC is the U.S.'s largest commercial partner, her

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¹¹ The EC is the biggest economic entity in the world, its eight point six trillion U.S. dollar economy exceeds the size of the U.S. economy and is even larger than the North Atlantic Free Trade Agreement. In fact, the EC produces about one-third of all the world's goods and services outside the United States. Transatlantic Trade: Testimony Before the Subcommittee on International Economic Policy & Trade of the House Committee on International Relations, 105th Cong., 1st Sess. (1997) [hereinafter Statement of Franklin J. Vargo] (Acting Assistant Secretary of Commerce For International Trade, U.S. Department of Commerce) available in WESTLAW 1997 WL 14150572.


¹³ Over half of the overseas production of U.S. firms globally takes place in Europe. Affiliates of U.S. firms produce close to one trillion dollars in Europe annually, and European affiliates in the United States produce well over $800 billion annually. Adding together the
largest commercial customer, and her largest supplier in the world—each year buying over one trillion dollars worth of goods and services from U.S. companies and accounting for nearly half of all of America’s international business. Recognizing the importance of Europe, U.S. companies have embraced the new Community Trade Mark (CTM) system with open arms and continue to provide the largest percentage of CTM applications. Clearly, U.S. business interests have a great deal at stake in protecting their trademarks in the EC, and it is worthwhile to examine important EC legal developments, like Sabel, which impact the scope and the extent of the protection afforded the trademarks which U.S. companies register in the EC.

C. THE GENESIS OF EUROPEAN COMMUNITY TRADEMARK LAW

In the early years of the EC, there was concern that the national enforcement of trademarks could be and was used as a barrier to trade between Member States. Fortunately, the protection of registered trademarks in the EC has become more uniform as the direct result of harmonization efforts enacted between the late 1980s and early 1990s by the European Council. The chief production of U.S. and European firms in each other’s markets and trade flows across the Atlantic shows that transatlantic trade is about two trillion dollars annually, 50% larger than transpacific commerce. Moreover, three million Europeans work for U.S.-owned companies in Europe, and three million Americans work for European-owned firms here. In fact, European investment in the United States has created so many jobs that now one out of every twelve U.S. factory workers is employed by a European-owned firm. Statement of Franklin J. Vargo, supra note 11.

14 The U.S. files about 29.5% CTM applications, followed by Germany (16.7%), the UK (13.25%) and Spain and Italy (5.9%). Update on the Community Trade Mark (CTM), 53 Int’l Trademark Ass’n Bull. at 1 (1998).

15 TRITTON, supra note 2, at 144.


17 Four EU governmental institutions have the power to adopt legally binding acts on the Union: The European Parliament, the European Council, the European Commission, and the European Court of Justice. The Council, however, is the primary legislative body for the EU. The European Parliament and Commission have more supervisory and advisory roles, respectively, while the Court of Justice serves to interpret the treaty and legislation in disputes. The European Commission issues non-binding recommendations and opinions which are often enacted by the European Council to become binding legislation. TRITTON,
instruments of this harmonization include the Directive\textsuperscript{18} that was enacted in 1988 and the 1993 Regulation\textsuperscript{19} that established the CTM. A two-prong approach was adopted—"the Regulation to provide the unitary community-wide mark, and the Directive to harmonize as far as possible national trade mark laws."\textsuperscript{20}

The Directive was enacted "to approximate the laws of the Member States relating to trade marks" and to resolve the differences in trademark laws between the Member States.\textsuperscript{21} By approximating the laws of the Member States, the Council intended to reduce disparities, thereby eliminating impediments to the free movement of goods and granting the freedom to provide services within the common market.\textsuperscript{22} The Directive provides specific direction as to the contents of the laws that the Member States must adopt to obtain harmonization of the trademark laws.\textsuperscript{23} In particular, the "likelihood of association" criteria contained in the Directive has been implemented into the respective national Trademark Acts of nearly every Member State in the EC.\textsuperscript{24}

\textit{supra} note 2, at 4-6. The European Council may further the goals of the EU Treaty through three different forms of legislative acts: Regulation, Directive and Decision; these are legally binding on the Member States. E.C. INTELLECTUAL PROPERTY MATERIALS xii (Anna Booy & Audrey Horton eds., 1994).


\textsuperscript{19} Community Trademark Regulation, \textit{supra} note 5. A Regulation is an act of general application on the Member States that normally requires no further action by a Member State. Regulations are binding in their entirety and are directly applicable in all Member States without the need of further enactment. TRITTON, \textit{supra} note 2, at 6.

\textsuperscript{20} AMANDA MICHAELS, A PRACTICAL GUIDE TO TRADE MARK LAW § 1.15 (2d ed. 1996).

\textsuperscript{21} Directive, \textit{supra} note 1, at 1.

\textsuperscript{22} Id.

\textsuperscript{23} Id. The European Commission had confirmed that all 15 Member States have incorporated into their national law Council Directive No. 89/104/EEC. Written Question E-2609/96 by Noël Mamère (V) to the Commission, 1997 O.J. (C 83) 36.

\textsuperscript{24} See ANSELM K. SANDERS, UNFAIR COMPETITION LAW: THE PROTECTION OF INTELLECTUAL AND INDUSTRIAL CREATIVITY 21 (1997) (indicating that Austria appears to be the sole holdout).
By removing practically all territorial restraints on trademark rights, the CTM intends to be "the ultimate in harmonization of trademark laws" within the EC, entitling trademark protection across all Member State borders independent of the individual national laws that govern trademarks. The CTM allows for a single registration which covers all Member States and the grounds for refusing to register a trademark are identical in both the Directive and the Regulation. Therefore, the interpretation of the "likelihood of confusion including the likelihood of association" grounds for rejection should be the same in the Regulation and Directive. Before going on it will be useful to examine the general policies and functions of trademarks and the ECJ's views on the function of the trademark which have an impact on the interpretation of the Directive.

D. POLICY FUNCTION OF TRADEMARKS IN THE EC

Trademark law is the regulation of marketing efforts by traders. Under the origin function, a trademark enables a consumer to distinguish between (a) goods from differing sources and (b) marks deserving of protection because they operate as indicators of the trade source from which goods and services come or to which goods and services are in some other way connected. A trademark is essentially an indication of the commercial origin of products. As such, trademarks allow the public to distinguish between goods of varying sources at the point of sale and thereby prevent consumer confusion. As an identifier of products and their sources, the protection of trademarks ensures that the consumer can make purchasing decisions.

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25 Ron Wheeldon, The Community Trademark and the Concept of Dilution, TRADEMARK WORLD at 12 (Nov. 1994).
26 TRITTON, supra note 2, at 145.
29 See Sidney A. Diamond, The Public Interest and the Trademark System, 62 J. PAT. [& TRADEMARK] OFF. SOC’Y 528, 529 (1980) (noting that "[t]he consuming public is an unnamed third party in every action for trademark infringement" since the interest of the consuming public lies in the ability of the trademark to facilitate choice on the basis that a trademark
costs, thereby providing the producer of the trademarked good an incentive to maintain a consistent quality over time.

Closely related to the origin function of trademarks is the notion that trademark protection performs a guarantee or quality function. Essentially this notion posits that marks deserve protection because they symbolize qualities which consumers associate with certain goods and services. As such, the marks operate as a guarantee that the goods or services measure up to expectations. This guaranteed quality function complements the origin function: trademarks are necessary for the owner of the trademark to have the exclusive right to market specified goods or services under that mark and to safeguard this guarantee of the origin. Conferring exclusive rights on registered trademark owners gives the owners the incentive to promote the reputation of the mark and goods or services sold under the mark, since the owners know that others will not be able to exploit or "free-ride" the mark's reputation. This protection is essential, since the free-rider's cost of copying and applying a similar version of the senior user's mark would be minimal in view of the widely available technology to create labels, designs or packages.

The free-rider would otherwise capture some market share because the consumer, in the short run at least, will be confused and assume that the free rider and the original trademark owner's marks are from the identical or similar origin. If the consumer can no longer trust the quality that the mark conveys, there would be a market breakdown. Confusingly similar marks that free-ride on the original mark may eventually destroy goodwill reposed in the trademark, and a lack of protection against such free-riding guarantees uniform quality at a consistent level).

32 CORNISH, supra note 27, § 15-21, at 527.
33 Id.
35 See George A. Akerlof, The Market for "Lemons": Quality Uncertainty and the Market Mechanism, 84 Q. J. ECON. 488, 500 (1970) (stating that brand name goods "not only indicate quality but also give the consumer a means of retaliation if the quality does not meet expectations").
may therefore diminish the incentive of producers to develop a valuable trademark in the first place.\footnote{Landes & Posner, supra note 28, at 270.}

The dominance of the origin function in EC trademark jurisprudence could be traced to the seminal Terrapin case.\footnote{Case 9/93, Terrapin (Overseas) Ltd. v. Terranova Industrie CA Kapferer & Co., 1976 E.C.R. 1039, [1976] 1 C.M.L.R. 620 (1976).} That case endorsed the view that a trademark proprietor is entitled to exercise his trademark rights to prevent the importation of similar goods produced independently and marketed under a confusingly similar mark of completely independent origin. Therefore, it is clear that the ECJ gave great emphasis to the prevention of consumer confusion. The developmental history of the ECJ's theory regarding trade mark functions in the EC\footnote{INGE GOVANE, THE USE AND ABUSE OF INTELLECTUAL PROPERTY RIGHTS IN E.C. LAW 89-96 (1996). See also TRITTIN, supra note 2, at 320-38 (discussing recent case law); Andreas Reindl, Intellectual Property and Intra-Community Trade, 20 FORDHAM INT'L L.J. 819, 847-54 (1997) (discussing recent case law).} is lengthy and complex. It may be appropriate to refer to the dominant position which has recently been confirmed as confined to the protection of consumers against confusion.\footnote{Case C-9/93, IHT Internationale Heiztechnik GmbH v. Ideal-Standard GmbH, 1994 E.C.R. I-2789, [1994] 3 C.M.L.R. 857 (1994). See Guy Tritton, Articles 30 to 36 and Intellectual Property: Is the Jurisprudence of the ECJ Now of an Ideal-Standard?, 16 EUR. INTELL. PROP. REV. 422, 426 (1994) (arguing that the ECJ in Ideal-Standard recognized solely consumer interest in source of products).} By taking steps to safeguard this protection,\footnote{Trittin, supra note 2, at 320-38.} the ECJ enables the consumer to distinguish a particular trademarked product of another provenance.\footnote{Case C-10/89, S.A. CNL-Sucal NV v. Hag GF AG, 1990 E.C.R. I-3711, I-3739, [1990] 3 C.M.L.R. 571, 572 (1990).} The ECJ's definition of the function of a trademark is reflected in the Recitals to both the Directive and Regulation as being "in particular to guarantee the trademark as an indication of origin."\footnote{MICHAELS, supra note 20, § 1.14.}

However, it has been pointed out that the guarantee of origin and quality functions are just two of the many functions of trademarks\footnote{Directive, supra note 1, at 2 (stating that the function of the protection afforded by the registered trade mark is in particular to guarantee the trade mark as indication of origin).} in the EC. Several provisions in the Directive and the
Regulation reflect a broader understanding of trademark rights\textsuperscript{44} which also encompasses property-like rights, not just indications of origin.\textsuperscript{45} That association of rights gives a scope to trademark law far wider than under a classical notion of likelihood of confusion. This is the \textit{investment or advertising function}:\textsuperscript{46} marks are akin to a property right, a symbol around which investment in the promotion of a product is built. Investment is a value which deserves protection as such, even when there is no abuse arising from misrepresentations either about origin or quality: "The result of the negotiations between the Member States was clear recognition that nowadays a trademark not only functions as an indication of origin but can constitute a valuable asset in and of itself."\textsuperscript{47}

\textsuperscript{44} See Charles Gielen, Harmonization of Trade Mark Law in Europe: The First Trade Mark Harmonization Directive of the European Council, 14 EUR. INTELL. PROP. REV. 262, 264 (1992) (emphasizing that the Directive and Regulation's statement of the origin function is not decisive). The recitals to the 1980 and 1985 drafts of the Directive provided: "The purpose of protection is to guarantee the trademark's function as an indicator of origin." The final text (see Recital 10 of the Directive and Recital 7 of the CTM Regulation), however, reads: "the protection afforded by the registered trade mark, the function of which is in particular to guarantee the trade mark as an indication of origin . . . ." Directive, supra note 1, at 2. Note the words "in particular." The Directive had to leave other functions open since it provides for the possibility of wide protection of reputed marks even if no confusion arises. Such protection can only be granted if it is accepted that the trade mark has functions other than an indication of origin.

\textsuperscript{45} Reindl, supra note 38, at 855, 859.

\textsuperscript{46} CORNISH, supra note 27, § 15-21.

\textsuperscript{47} Charles Gielen & Benoit Strowel, The Benelux Trademark Act: A Guide to Trademark Law in Europe, 86 TRADEMARK REP. 543, 564 (1996). It was also noted that [t]he function of a trademark is twofold: identification and communication. The change from the classical origin function to these functions has been brought about by factors such as the increasing importance of retail trade, the decrease in quality discrepancies among products and services and the development of lifestyle marks together with the resultant shift in the character of the mark from the rational and physical to the emotional and psychological. The origin of a product is of no importance to consumers. Leaving aside the question of whether the origin as such is disclosed, consumers are not interested in whether company A or B manufactured the product. A consumer expects the product to fulfill certain demands which can, and often will, be of both physical and psychological nature. He is not interested in knowing who fulfills these demands. His interest lies with the brand, not with the owner of the brand. He is not concerned whether the owner or manufacturer changes, as long as his brand (understood as the conglomerate of all the consumer's demands and expectations) does not change. If the product no longer fulfills these demands, it will lose its appeal; if damage is caused, the
A prime agent of this investment/advertisement function is the concept of association. Association triggers liability based on speculation about the possible psychological impact of the marking or trade dress of a social group in the same way that trademark serves as a means of communicating information, both rational and emotional. In other words, it is a messenger. These assets are collectively referred to as brand equity. It is very important that brand equity be protected.48 Besides association, it has been argued that the Directive protects registered trademarks in Europe against dilution, and this protection emphasizes the trademark owner’s private interest by preventing damage to goodwill or the lost sales that result from such damage.49

The rationale stems from the proverbial idea that one should not reap what one has not sown. This idea has been transformed into a property right where the trademark owner is rewarded for the sustained investment in the time, advertising value and reputation of his mark, giving trademarks a communicative value which concerns the feelings and arouses the subconscious appreciation of the consumer, distinct from the origin function of trademarks.50 This expansion of the function of trademark law beyond the exclusive right to indicate the origin of products to consumers may represent a significant economic value for the right holder.51

Therefore, trademarks are designed to encourage and protect the right holder’s investment and advertising function in the goodwill of a trademark beyond the quality-function and guarantee-function. Support for this function has been gleaned from the repackaging cases where the ECJ recognized that, under EC law, trademark rights protect goodwill in the trademark independent of the source guarantee, holding that the parallel importer’s use of packaging materials that damaged the trademark’s reputation permitted the consumer will, with the help of the retailer, be able to find the company responsible. Thus, the origin of a product is of no relevance to him.

Id. at 564 n.69.

48 See Jerre B. Swann & Theodore H. Davis, Jr., Dilution, An Idea Whose Time Has Gone; Brand Equity as Protectible Property, The New/Old Paradigm, 84 TRADEMARK REP. 267 (1994) (stating that brand equity is a property right entitled to its own protection).


50 SANDERS, supra note 24, at 103-04.

51 Id.
trademark holder to oppose parallel imports of the repackaged products.\textsuperscript{52} Trademarks are used to make the product more attractive, not to identify the manufacturer of the product.\textsuperscript{53}

It should be noted that, in \textit{Renault v. Audi}, the ECJ ruled that, in the absence of harmonization, national trademark law determines the criterion for deciding whether or not there is a risk of confusion.\textsuperscript{54} However, the enactment of the Directive provisions into national laws may achieve harmonization in the letter of the law. There was hardly any harmonization as to the effect of such statutory changes in view of the torrent of divergent judicial opinions from the respective Member States' national courts concerning the concept (confusing similarity between marks). These were the same problems described in \textit{Terrapin}.\textsuperscript{55} Therefore, the pre-Harmonization trademark disorder—where the concept of confusion varied from one Member State—continued into the post-Harmonization period. Since the Directive was enacted to harmonize national trademark laws and to obviate the "confusion" over the differing national standards of "confusing similarity," the ECJ's determination in \textit{Sabel} of what constituted "likelihood of association" was a major step in the harmonization of the interpretation of national legislation implementing the terms of the harmonizing Directive.

Therefore, it may be timely and useful to examine the respective pre-\textit{Sabel} national courts' interpretation of "likelihood of associa-


\textsuperscript{53} Neil J. Wilkof, \textit{Same Old Tricks or Something New? A View of Trade Mark Licensing and Quality Control}, 18 EUR. INTELL. PROP. REV. 261, 268 (1996). See also Reindl, supra note 38, at 857 (stating that a trade mark may be protected from a use that takes unfair advantage of the trademark's reputation).


\textsuperscript{55} Case 9/93, Terrapin (Overseas) Ltd. v. Terranova Industrie CA Kapferer & Co., 1976 E.C.R. 1039, [1976] 1 C.M.L.R. 620 (1976). It is worthwhile to note that Advocate General Jacob mentioned that it was questionable whether an English court could have found a danger of confusion, like the German courts did, in the \textit{Terrapin} case; if not, the result would be that a German manufacturer would be allowed to export to the UK but not vice versa. Case C-10/89, S.A. CNL-Sucal NV v. Hag GF AG, 1990 E.C.R. I-3711, I-3739, [1990] 3 C.M.L.R. 571, 591 (1990). This was also an issue in the \textit{Tanabe-Bayer} case where complaint was made of the strictness of the German rules, as compared to the rest of the EC, concerning confusing similarity. [1979] 2 C.M.L.R. 80 (1978).
tion," which covers a spectrum from high protection to low protection for marks. The Benelux approach reflects a high watermark of trademark protection in the EC with its association in the strict sense infringement doctrine whereas the UK classic confusion as to origin approach marks a much more conservative protection paradigm amongst the Member State national courts. From the cases that will be discussed, it is clear that there is not a harmonized trademark view among the Member States.

PART II - E PLURIBUS UNUM?56

A. BENELUX - AS GOOD AS IT GETS

The logical starting point is to examine the Benelux courts' development of the "likelihood of association" standard because it was suggested that certain parts of the Directive were based on the Uniform Benelux Trademark Law.57 The basis for this proposition is that "[w]hen the [European] Council adopted the texts of the Trade Mark Harmonisation Directive in its meeting of 21 December 1988 and the Regulation on the Community Trade Mark in its meeting of 20 December 1993, it also approved a series of statements for entry in the minutes of these meetings."58 For the purposes of this article, the most important statement was: "The Council and the Commission note that 'likelihood of association' is a concept which in particular has been developed by Benelux case-law."59 On the face of such "documentary evidence," it was not

56 The Latin motto meaning "From many, one".
57 SANDERS, supra note 24, at 19-22. See also Gielen, supra note 44 ("The texts of both the CTM Regulation and the Directive were to a great extent inspired by the Benelux Trademark Act"); Gielen & Strowel, supra note 47, at 564-65 (noting the resolutions surrounding the adoption of the CTM Resolution and the Directive); and Ruth E. Annand, Lookalikes Under The New United Kingdom Trade Marks Act 1994, 86 TRADEMARK REP. 142, 154-55 (1996) ("It is widely thought that the Benelux example was influential in drafting the Directive. . . .").
59 Gielen, supra note 58, at 88. This Statement appears in Article 4(1)(b), 5(1)(a), and 5(1)(b) of the Directive. Directive, supra note 1. The Statement also appears with Article 8(1)(b) and 9(1)(b) of Community Trade Mark Regulation. Gielen, supra note 58, at 87.
surprising that many believed that the "likelihood of association" had a Benelux genesis, leading to a heated debate as to whether or not these minutes can be used as an aid to the interpretation of the concept of "likelihood of association" as formulated in the Directive. Even though the European Court of Justice has the power to call for minutes of Council meetings in its deliberations, at least from the UK perspective, the position is that "no regard can be had such statements." However, it appears that this view has been undermined in view of the subsequent publication and public dissemination of these Minutes in an Official EC journal.

60 TRITTON, supra note 2, at 168-69. See also Gielen, supra note 58, at 87 ("[statements] can certainly be used to say that the words 'likelihood of association' originated from Benelux trade mark law"); Gielen & Strowel, supra note 47, at 567 ("[L]likelihood of association' is a concept which in particular has been developed by Benelux case law"); Annand, supra note 57, at 154 (same).

61 The status of these minutes is subject to some controversy. There is ECJ case law which has held that when construing the meaning of a directive, it is wrong to use the minutes of Council meetings as an aid to interpretation. See, e.g., EC Commission v. Belgium, [1988] 2 C.M.L.R. 865 (1988); Case C-292/89, Regina v. Immigration Appeal Tribunal ex parte Antonissen, [1991] 2 C.M.L.R. 373 (1991); Case C-310/90, Conseil National de L'Ordre Des Architectes v. Egle, [1992] 2 C.M.L.R. 113 (1992); Case C-306/89, re Transport Workers: EC Commission v. Greece, [1994] 1 C.M.L.R. 803 (1994). See also Case T-194/94, Carvel and Guardian Newspapers Ltd. v. EU Council, [1995] 3 C.M.L.R. 359 (1995) (describing the freedom of public access to Community documents). See also TRITTON, supra note 2, at 169 (stating how the United Kingdom High Court has rejected the use of council meeting minutes as interpretive tools); Prescott, supra note 3, at 100 (arguing that a "nature democracy" should not be "ruled by minutes"). But see Gielen, supra note 58, at 83, 86 (arguing, with references to some other ECJ case law, that the statements in the minutes can be used as a guide to the interpretation of Community legislation).

62 Annand, supra note 57, at 154.

63 Abbe E.L. Brown, The Increasing Influence of Intellectual Property Cases on the Principles of Statutory Interpretation, 18 EUR. INTELL. PROP. REV. 526, 530 (1996). See Wagamama Ltd. v. City Centre Restaurants plc, [1995] FSR 713, 725-26 (believing that they were confidential and unpublished, Mr. Justice Laddie concluded that the court could not use the minutes for interpretation purposes "when the minutes themselves are closed for inspection"). See also Prescott, supra note 3, at 100 (remarking that it would be "an abomination, and more appropriate to a novel by Kafka for 'a mature democracy' to be 'ruled by minutes, the complete text of which nobody (was) able to produce in court'").

The Benelux approach to "likelihood of association" is well documented. However, it should be noted that the exact phrase "likelihood of confusion" was not expressly used or stated in the national Benelux Trademark Act until the Benelux implementation of the Directive that came into effect on January 1, 1996. Notwithstanding this absence, under Benelux trademark law, "likelihood of association" means whether a mark or sign is "similar" to the mark to be protected or registered. The landmark decision was delivered by the Benelux Court of Justice in Union. There, the court held that there is similarity when, taking into account the particular circumstances of the case, such as the distinctive power of the mark, the mark and the sign, each considered as a whole and in correlation, show such a resemblance phonetically, visually or conceptually that by this resemblance alone, associations between the sign and the mark are evoked.

The Benelux concept encompasses cases in which the mark complained of merely "brings to mind" the more famous, established mark, but does not necessarily lead to the traditionally recognized type of confusion, e.g., the belief that the two marks are linked in some way, or have some common owner or source, or that the goods that are marked with the two marks are the same. The possibility of conflict between the two marks includes not only the concept of direct confusion or indirect confusion (as to the origin of the goods or the existence of a relationship between the owners of the two signs), but also any other case of possible conscious or

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65 Gielen & Strowel, supra note 47, at 564-71. See also Gielen, supra note 44, at 266 (noting the example that "Nissan Tercel" under Benelux law would be held to be associated by the public with "Toyota Tercel" where the registered mark is "Tercel" even where there is no risk of confusion on the public as far as origin exists).

66 Charles Gielen, Benelux, in FAMOUS AND WELL-KNOWN MARKS, AN INTERNATIONAL ANALYSIS 199 (Frederick Mostert et. al., 1997).

67 Id. See also Gielen & Strowel, supra note 47, at 566 (paraphrasing the court's interpretation of "similarity"); Gielen & Strowel, supra note 47, at 568 (citing Union/Union Soleure, Decision of May 20, 1983, Nederland Jurisprudentie 72 (1984)).

68 MICHAELS, supra note 20, § 2.120 (discussing the need for the similarity causing the confusion).
subconscious association made by the public between the third party's sign or mark and the earlier trademark.\textsuperscript{69}

This kind of association does not mean that there is direct confusion about the trademarks, their origin or the likelihood of a relationship between the marks' owners. Instead, it deals with the possibility of a consumer looking at the third party's sign and automatically making a conceptual link with the earlier trademark.\textsuperscript{70} Such linking, on the one hand, would influence choice. For example, it would subtly insinuate into the consumer's mind the perception that some specific qualities or characteristics of the goods or services of the earlier trade marks are also likely to be present in those on which the later sign or mark is used. It is important for the trademark owner to preserve the unique association that exposure to that owner's mark brings about in the consumer's mind. This is the case even when the consumer is not confused, since the linking of the sign with diverging associations undermines the advertising function of the mark.\textsuperscript{71}

Another illustrative example is the Dutch Supreme Court's holding that likelihood of confusion was not a criterion of Benelux trademark law when the Court granted trademark protection to the famous trademark MONOPOLY. "In a game that showed some similarity with the MONOPOLY game, but was totally anti-capitalistic, the trademark ANTI-MONOPOLY was used. It could be argued that there was no risk of confusion in this case because ANTI-MONOPOLY is the reverse of MONOPOLY. Under the likelihood of association-concept in the Benelux, however, the simple fact that the public would think of MONOPOLY when seeing or hearing ANTI-MONOPOLY is sufficient to result in trademark infringement."\textsuperscript{72} In assessing whether there is likelihood of association, the Benelux courts have generally applied the following basic principles:

1. the mark as registered is compared to the sign as used; elements that are not registered may be taken

\textsuperscript{69} Gielen & Strowel, \textit{supra} note 47, at 567-68.
\textsuperscript{70} \textit{Id.}
\textsuperscript{71} Sanders, \textit{supra} note 3, at 524.
\textsuperscript{72} Gielen & Strowel, \textit{supra} note 47, at 566 (citing the Decision of June 24, 1977, Nederland Jurisprudentie 83 (1978)).
into account as particular circumstances of the case;\textsuperscript{73}
2. the mark and the sign should be looked at as a whole.\textsuperscript{74} They may not be analyzed, and any detailed differences that may exist may not be considered. This follows from the fact that the public only perceives distinctive signs fleetingly; and
3. more attention should be paid to the similarities than to the differences between a mark and sign, since it is mainly through such similarities that associations are made.\textsuperscript{75}

In any event, the infringement language of the national Benelux Act has recently been amended to comply with the Directive, the “likelihood of association” language is now expressly stated in the relevant provision,\textsuperscript{76} and the Benelux legislature considered this to have merely codified the Benelux-judge-made concept of likelihood of association.\textsuperscript{77}

B. UNITED KINGDOM - NO ASSOCIATION PLEASE, WE’RE BRITISH

Before the \textit{Sabel} decision, the UK courts took a different tack in interpreting the “likelihood of association” criteria. These courts challenged the wisdom, usefulness, and correctness of the Benelux approach, as evidenced in \textit{Wagamama Ltd v. City Centre Restaurants plc.}\textsuperscript{78}

\begin{itemize}
\item \textsuperscript{73} \textit{Id.} at 567 (citing Droste/Tjoklat, HR 2 March 1990, Nederland Jurisprudentie 148 (1991)).
\item \textsuperscript{74} \textit{Id.} at 568 (citing \textit{Union/Union Soleure}, Decision of May 20, 1983, Nederland Jurisprudentie 72 (1984)).
\item \textsuperscript{75} \textit{Id.} (citing Campari/Longoni, Court of Appeal-Hertogenbosch, August 19, 1982, 1983 Nederland Jurisprudentie 204).
\item \textsuperscript{76} Section 13(A)(2) of the Benelux Trademarks Act (1996) provides that the owner of the registered trade mark may oppose “any use made in the course of trade of the mark or of a similar sign for goods for which the mark is registered or for similar goods where there exists a likelihood of association on the part of the public between the sign and the mark.” Gielen, \textit{supra} note 66, at 203.
\item \textsuperscript{77} \textit{Id.}
\item \textsuperscript{78} [1995] F.S.R. 713. A Japanese restaurant in London trading as WAGAMAMA sued to prevent another London restaurant trading as an “American theme restaurant with Indian decor and food” under the name RAJAMAMA. The WAGAMAMA restaurant succeeded in establishing both infringement of its registered trade mark (the word WAGAMAMA) for
\end{itemize}
The Wagamama High Court considered the interpretation of § 10(2) of the UK Trade Marks Act 1994 that implemented Article 4(1)(b) of the Directive. The plaintiff (a) argued that § 10(2) imported into UK law a concept of actionable “confusion”, (b) stated that the concept derives from Benelux law, and (c) tried to adduce the minutes as documentary evidence on the point. The judge rejected the documentary evidence, stating that it was inconclusive, and came to his own interpretation of the words in question. He rejected the argument that UK law should be brought into line with Benelux law (where the “call to mind” concept of the likelihood of association originated). He also rejected the plaintiff’s argument in the alternative that, assuming no confusion as to source, there was a likelihood of association in the wider Benelux sense. In the judge’s view, § 10(2) was limited to “classical infringement” which included a likelihood of origin confusion or origin association but nothing else.

80 An example of actionable origin association given by Laddie, J., was the mistaken belief of consumers that the alleged infringer’s goods were an extension of the proprietor’s range of goods. Ravenhead Brick Co. v. Ruabon Brick & Terra Cotta Co., 54 R.P.B. 341, 349 (1937).

81 Justice Laddie’s forceful conclusion was as follows:

The rights of the proprietor against alleged infringers may be limited to classic infringement which includes association as to origin or, following the Benelux approach, it could cover not only classic infringement but also non-origin association. In my view the former construction is to be preferred. If the broader scope were to be adopted, the Directive and our Act would be creating a new type of monopoly not related to the proprietor’s trade but in the trademark itself. Such a monopoly could be likened to a quasi-copyright in the mark. However, unlike copyright, there would be no fixed duration for the right and it would be a true
The court found that the wording of § 10(2) clearly requires the existence of a likelihood of confusion in the minds of the public, and included in, but not separate to that test, was a likelihood of association. The judge held that the test for infringement under § 10(2) was in essence no wider than it had been under the 1938 UK Trade Marks Act. The Wagamama Court held that under the 1938 Act "the confusion that was looked for was confusion as to source or origin of the goods." Nevertheless, the Wagamama Court concluded that there was confusion in the minds of the public as to the origin of the trademark, since it was shown that the public thought that the Rajamama restaurant might be connected with WAGAMAMA. The judge decided that "association" in this context meant "association as to origin," thus closing the door to a broadening of UK trademark law to include the Benelux "non-origin association." However, the Wagamama approach expressly "discounted external added matter or circumstances... [and] the comparison is mark for mark." In British Sugar Plc v. James Robertson & Sons, Ltd., Mr. Justice Jacob was equally eager to disabuse those who had notions of seeking to apply the Benelux non-origin association infringement to look-alikes in the United Kingdom. Although British Sugar did not consider the likelihood of confusion criteria of § 10(2), it was clear from his initial comments on the judgment that he

monopoly effective against copyist and non-copyist alike.


The 1938 Act had used the words "likely to deceive or cause confusion [and] nearly resembles [the plaintiff's mark]."


"[T]hat confusion is likely to take the form that some members of the public as a result of imperfect recollection will think the marks are the same while others will think that they are associated in the sense that one is an extension of the other... or otherwise directed from the same source." Wagamama, [1995] F.S.R. at 733.


The plaintiff had been selling a series of syrups since 1986 under the name TREAT as part of its SILVER SPOON range. It registered TREAT as a trademark for "dessert sauces and syrups all included in class 30" in 1992. In September 1995 the defendant introduced a sweet spread with the words TOFFEE TREAT on the label accompanied by the Defendant's ROBERTSON'S mark. The plaintiff alleged that the defendant's use of the word TREAT was an infringement of its mark.

Mr. Justice Jacob had already concluded that the goods were not similar.
endorsed the Wagamama approach. He expressed that it would be "surprising" if there were any confusion between the two products because the goods "have different primary purposes (topping rather than spread), different presentations and both products are sold with their house trade marks, Silver Spoon and Robertson's, prominently displayed," thereby implicitly endorsing the Wagamama origin confusion approach. The Judge further remarked, in dictum, that the Dutch Claeryn/Klarein case fell within the ambit of §10(3) which is the UK equivalent to the Directive's dilution provisions, e.g., Article 5(2). This dictum will be discussed later in this article's examination of the reputation of marks and dilution in the EC.

Reaffirming this restrictive interpretation of Article 4(1)(b) of the Directive was United Biscuits (UK) Ltd v. Asda Stores Ltd., another look-alike case. The Judge followed the Wagamama and Origin approaches, deciding that the court should satisfy itself as to whether or not there is any likelihood of confusion to the public, therefore considering whether the similar mark, PUFFIN, infringed the registered trade mark, PENGUIN. The judge should only compare mark with mark, disregarding the surrounding circum-

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90 Heidi Hurdle, Jacob J Treats Us All!, 18 EUR. INTELL. PROP. REV. 299, 301 (1996).
91 Claeryn/Klarein, Benelux Court of Justice, March 1, 1975, Nederland Jurisprudentie 472. See Gielen, supra note 66, at 201-202. In a case opposing the registration of the trademark CLAERYN for Dutch gin and the trademark KLAREIN (phonetically identical in the Dutch language) for a cleaning agent, the Benelux Court was asked to rule on the meaning of "prejudice." The Court decided that one of the advantages of a mark is its capacity to stimulate the desire to buy the kind of goods for which the mark is registered and that this capacity can be adversely affected by the use of the mark or a similar sign for non-similar goods. Id.
92 MICHAELS, supra note 20, at 185. Section 10(3) of the UK Trademark Act is in pari materia with Article 5(2), the main dilution provision of the Directive. Other provisions include Article 4(3) and (4)(a) of the Directive. The conditions for protection against dilution are: (a) the trademark has reputation in the relevant Member State or Community; (b) use of an identical or similar sign for dissimilar goods or services is without due cause; and (c) such use takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trademark. Confusion is not a condition for protection. Claeryn/Klarein did not fall within §10(2) because there was no likelihood of confusion as to trade origins thereby reaffirming the notion that the anti-dilution principle of trademark law is reposed in §10(3) which "caters for the case where goods are vastly different but the marks the same or similar and the proprietor needs to show that the repute of his mark was likely to be affected."
stances of the defendant's use, or external factors that might, for
the purposes of passing off operate to dispel confusion. Since
comparison is between the plaintiff's mark and the defendant's
sign, the judge should also disregard anything about the defen-
dant's packaging that might be confusing apart from the defen-
dant's sign. The judge may look beyond the evidence to a greater
extent in relation to trademark infringement since, in that context,
it is necessary to regard the full scope of reasonable usage to which
the marks may be put, and not merely that which the plaintiff
happens to be using at the time. Therefore, the pre-Sabel-UK
approach was firmly entrenched in the traditional and stringent
origin/confusion orthodoxy of classic trademark infringement.

C. ITALY - WE CAME, WE SAW, WE CONCUR

It has been the established view that under Article 1(1)(b) of Italy's Trademark Law, which implemented the "likelihood of
association" criteria spelt out in the Directive, the likelihood of
confusion as to the source of origin of the product consists of the
risk that consumers may wrongfully believe that there are economic
ties or contractual relations between the manufacturers of two
goods bearing identical or similar marks, and in this sense the
manufacturer of one product exercises some influence over the
manufacturing of the other—i.e., in the risk of association of the
two signs. Therefore, as opposed to the Benelux approach, the
Italian view of association infringement requires the belief in
economic ties before actionable "association" can occur. This

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95 MARIO ARRIGUCCI, Italy, in FAMOUS AND WELL-KNOWN MARKS, AN INTERNATIONAL
ANALYSIS, 336 (Frederick Mostert et al., 1997) (The Italian statute uses the term "risk of
association," while the English version speaks of "likelihood of association").
96 Id., app. at 637. Appendix 30 consists of extracts from the New Italian Trademark Act
(Royal Decree No. 929 of Jun 21 1942, as amended by Legislative Decree No. 480 of Dec 4,
1992 and Legislative Decree No. 198 of Mar. 19, 1996) which provides that the owner of a
registered trademark has the right to prevent third parties from unauthorized use of "a sign
identical with or similar to the registered mark, for identical or similar goods or services, if,
on account of the identity or similarity between the two signs and of the identity or
similarity among the products or services, a likelihood of confusion on the part of the public
may arise, which may also consist in a risk of association between the two signs." Id.
interpretation involves confusion that is likely to occur as to the source of goods, as consumers may be misled to believe that the goods pertain to an entity that has some managerial or organizational relationship.

This traditionally held interpretation is not as protective as the expansive Benelux approach where merely conjuring up a recollection of the earlier mark would suffice for "association." However, when one examines a few recent decisions that have dealt with the concept of "likelihood of association," there may be an increasing ambiguity in the origin/confusion approach and a drifting proclivity toward the Benelux approach. It was, however, observed that the motivations of the Italian Courts did not always appear exhaustive or convincing. 97

The first decision was that of the Tribunal of Udine, from May 31, 1993, where the court found that the concepts of likelihood of confusion and likelihood of association "were more or less synonymous." 98 Next is the Milan Tribunale decision, dated July 13 1995, where the court appeared to share the opinion of Italian scholars who believe that the likelihood of association mainly refers to the possibility that consumers are misled in connection with the origin of the goods in the sense that they would believe that the manufacturers, while different, are nevertheless interrelated. 99 The next decision is that of the Turin Tribunale of April 22, 1996, where

the judge explicitly held that the conflict concerns a situation where: (1) both marks include similar graphic features but the denominations are different so that it is clear that the goods have a different origin; and (2) the similarities might make the public believe that the goods of the defendant are somewhat analogous or equivalent to the goods of the plaintiff. Despite the assumed possibility of the consumer

98 Id.
99 Id.
establishing a mental link between the two signs, the Judge did not find violation of trademark rights.\textsuperscript{100}

The Milan and Turin decisions exhibit an affirmative allegiance to the theory of an origin/confusion-based mistaken assumption of an organizational or economic link between the two trademark owners. It reinforced the view that the prime function of a trademark is the "origin function," in other words, that the function of a trademark is to signify origin of goods and services. The touchstone of liability is confusion. The Naples Tribunale issued the decision that marked the turning of the tide. In the Barilla case,\textsuperscript{101} the plaintiff claimed that the Defendant's mark DANIS would create a likelihood of confusion with the plaintiff's design mark, BARILLA, which was famous in Italy. The Naples Tribunale ruled in favor of the plaintiff. Noting the similarity of the design marks\textsuperscript{102} at issue, the Court observed that the DANIS mark created a likelihood of confusion even though DANIS was used on tomato sauces and BARILLA was used on pasta. This protection stems from the fact that BARILLA was a famous mark and enjoyed greater protection under Italian law.\textsuperscript{103}

The importance of this decision was the Court's endorsement of the Benelux association infringement approach\textsuperscript{104} shown by the Court's statement that the graphic similarity between the two design marks also caused the likelihood of "association of the two signs." The Naples court was criticized for applying the provision of Article 1(1)(b) of the Italian Trademark Act in "an usually broad

\textsuperscript{100} Id.


\textsuperscript{102} Arriguchi, supra note 101, at 205-06. Both the marks BARILLA and DANIS consisted of a white ellipse enclosing a red ellipse, the latter being shifted towards the right pole of the former and enclosing the marks "BARILLA and DANIS" respectively.

\textsuperscript{103} Id. The Court noted that, under the Italian Trademark Act currently in force [Article 1(1)(c)], the design mark BARILLA was so famous in Italy that it was protectible beyond the scope of the goods' similarity—i.e., regardless of whether it created a risk of confusion.

\textsuperscript{104} It was observed that the Naples judge fully accepted the Benelux approach. This was not surprising as "the plaintiff's lawyers were specialists in industrial property and well aware of the Benelux jurisprudence." Benedetti, supra note 97, at 24.
The court held that the concept of association as used in Article 1(1)(b) is broader than that of confusion, especially if a famous mark is involved. According to the court, a "likelihood of association" arises whenever customers are induced to link the original mark with the infringing mark so that those customers tend to credit the infringing goods with the qualities and characteristics of those distinguished by the former, even if confusion as to the actual source of goods is not possible. This view includes any possibility of a link between the two signs, even if merely potential or psychological. The court stressed that such a link might consist of a simple subconscious association or subliminal messages. It further stated that the connection that consumers may establish between the signs and the corresponding goods involves the risk that the qualities or characteristics of the products of the earlier mark will be extended to those of the defendant. In this case, the court found a violation of the trademark rights.

In the Al Gatto Nero case, the Turin Tribunale found that there was "a likelihood of association" between two cat motif trademarks due to the complete conceptual identity of the marks—which the public in Turin understood. The holding was similar to that of the Barilla case. These two decisions marked the embryonic beginnings of the Italian adoption of the classic expansive Benelux formulation of "likelihood of association." Essentially, there was an association between the marks in the mind of the public, and this association was sufficient for infringement. There was no need to show confusion. Therefore, the Italian courts' recent position is that the function of a trademark is not just to indicate origin, but it also includes non-origin association, which is a much broader infringement test than the earlier stipulated view.

105 Id.
106 ARRIGUCHI, supra note 101, at 205-06.
107 Id. at 205-07.
108 Id. at 207.
109 Id.
110 Id.
111 Id.
D. SOMETHING IS ROTTEN IN THE STATE OF DENMARK

Interpreting the Danish equivalent of the "likelihood of association" provision, the Supreme Court of Denmark held that there was no "likelihood of association" in the restaurant business between the "McAllan" mark and the world famous "McDonald's" mark. The beginnings of this 30 month long trademark infringement litigation were innocent enough when Allan Pedersen opened a "tiny" hotdog stand in the provincial town of Silkeborg in West Denmark in December 1993. In a thinly reasoned decision, the Denmark Supreme Court found no likelihood of confusion, nor any likelihood of association, nor any unfair advantage or detriment to the distinctive character of the

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114 Denmark had enacted the "likelihood of association" provision in § 15 of Denmark Trademark Act. See Dorte Marstrand-Jøgensen, Supreme Court Finds No Infringement of McDonald's Trademark By McAllan, 11 WORLD INTELL. PROP. REP. (BNA) 6,7 (Jan. 1997) (noting incorporation of "likelihood of association" provision into Denmark Trademark Act).


116 Stanley Ziemba, McDonald's Loses Trademark Fight, Chi. TRIB., Dec. 5, 1996, at 1. “Anyone who has been to Denmark is probably familiar with the Danish hotdog stands, which are either trailers or mini-restaurants (polsevogne and polsebarer).” Pedersen, supra note 115.

117 Pedersen got the nickname McAllan after a birthday celebration many years ago over a bottle of Macallan, the Scotch whisky. He named his stall McAllan, with the permission of Macallan. Hilary Barnes, McDonald's Suffers Court Defeat Over Brand: Danish stallholder wins right to sell frankfurters across the street under the name McAllan, FINANCIAL TIMES, Dec. 5, 1996 at 35. It was never explained why Pederson decided to remove the letter "A", changing "mac" to "mc". Marstrand-Jøgensen, supra note 114, at 6-7.

118 Initially, McDonald's tried to settle the matter by having Pedersen use the variation of his nickname, Mac Allan, but this was refused. McDonald's attempt to secure a temporary injunction failed, though this was appealed. In the meantime, McDonald's secured a permanent injunction at the Danish Maritime and Commercial Court, which decided that there was a likelihood of confusion, in particular a likelihood of association, that Pedersen's use took unfair advantage of, and was even detrimental to, the well-known McDonald's mark, and was further in contravention of the Danish Marketing Practices Act. See Case V85/1994 (Aug. 24, 1995) available at Internationalt Patent-Bureau Home Page (visited Oct. 20, 1998) <http://www.ipb.dk/US/Trademarks/relative_hindence.htm>. In the meantime, Pedersen appealed this decision to the Denmark Supreme Court, which eventually ruled in his favor. Id.
well-known McDonald's mark.\textsuperscript{119}

It appears that the basis for this decision was that there was no actual competition between McDonald's and McAllan and, as such, there was no risk of practical confusion, because the consumer will always know whether he/she is buying fast food from the hotdog man or from McDonald's.\textsuperscript{120} It was observed that "the general rule in trademark cases is that there should be a risk of confusion, which there is not in this case. No one would think that he was at a McDonald's just because the name of the hot dog stand is McAllan."\textsuperscript{121} Therefore, it can be safely concluded that the Denmark Supreme Court clearly failed to follow the broad Benelux approach, placing even a higher hurdle of actual confusion than the UK \textit{Wagamama} approach. The Danish Supreme Court's test was so extreme as to require actual or real confusion.

Even though this ruling may not add insight concerning the European courts' treatment of the concept of "likelihood of associa-

\textsuperscript{119} See International Patent-Bureau Home Page (visited Oct. 15, 1998) <http:/www.ipb.dk/US/Trademarks/mcallan_mcdonalds.htm>, providing the following English translation of the decision:

The Supreme Court's remarks McDonald's is a strongly established and highly well-known mark. It is a characteristic and distinctive part of McDonald's marketing, and the chain's products and services are named with "Mc" and "Mac" as the common element.

"Mc" and "Mac" are, though, common prefixes in many surnames, and the protection of the above-mentioned use cannot be extended to enjoin utilization of the prefixes in a surname, unless such surname is utilized in a commercial manner which is confusingly similar to McDonald's. The surname McAllan is clearly distinguishable from McDonald's. The utilization of "Mc" or "Mac" as a prefix to a surname such as McAllan does not cause a risk of confusion, nor a likelihood of association between a hotdog stand (pølsevogn) trading as McAllan and McDonald's restaurants. This applies even though there is somewhat of a similarity of services. Such a utilization of prefixes does not take an unfair advantage of McDonald's trademarks' distinctiveness or repute, nor is it considered likely to be detrimental to the distinctiveness or repute.

The name McAllan is reproduced on the hotdog stand without imitating McDonald's marketing.

As a consequence of the above, the Supreme Court finds no violation of the Trademark Act or the Marketing Practices Act. The claim against Allan Pedersen is therefore dismissed.

\textsuperscript{120} Marstrand-Jøgensen, supra note 114.

\textsuperscript{121} Steve Weizman, \textit{Danish Hot Dog Stall Wins McDonald's Court Fight}, \textit{REUTER EUR. BUS. REP.}, Dec. 4, 1996, also available in LEXIS, WORLD Library, CURNWS File (quoting Danish trademark lawyer Henrik Holm-Nielsen).
tion,” the decision manifests a profound, near visceral, adherence to the requirement of actual confusion. Further, the decision betrays a disdain toward the “property right” approach toward trademarks, an approach finding the existence of confusion even when the mark is superlatively famous like McDonald’s mark. This is unfortunate. Clearly, after this decision, “[s]omething is rotten in the state of Denmark”\textsuperscript{122} for trademark owners—particularly owners of famous marks. The Supreme Court’s rationale, or lack thereof, for its determination of the meaning of “likelihood of association” was largely conclusory. The result of the highest court in Denmark is unsatisfactory. The one lesson that is manifestly clear from this case is that some meaningful guidance from the European Court of Justice is imperative to at least offer some relief to trademark owners in Denmark.

E. GERMANY - A BOUNding CAT-FIGHT

Finally, we will examine the jurisdiction where the res of the Sabel decision had its origins. The pre-Directive German position recognized the likelihood of confusion that may be present even if the target market groups were able, in view of the differences of the marks, to discern that different companies were responsible for the goods or services bearing the marks, but because of special circumstances, concluded that the two companies were linked in commercial or organizational terms.\textsuperscript{123} Therefore, the German view of association did not reflect the broad Benelux approach, and its position was leaning toward origin/confusion. The German equivalent of Article 4(1)(b) of the Directive was enacted into Article 14(2)\textsuperscript{124} of the current German Trademark Law. Prior to

\textsuperscript{122}Shakespeare, supra note 113, at 184.

\textsuperscript{123}Lawrence E. Abelman, Notes from Other Nations 62 TRADEMARK REP. 383 (1972); Gerhard Heil & Paul Strobele, Protection of Service Marks in Germany, 10 INT’L REV. INDUS. PROP. & COPYRIGHT L. 689, 705-06 (1979).

\textsuperscript{124}Chief Justice Willi Erdmann, Germany, in FAMOUS AND WELL-KNOWN MARKS, AN INTERNATIONAL ANALYSIS 283 app. at 629-30 (Frederick Mostert et al. eds., 1997). Third parties shall not be permitted to make the following use in commerce without consent of the trademark owner:

to use a mark if the “identical or similar nature of such mark to the registered trademark and the identical or similar nature of goods or services covered by the mark or registered trademark creates a likelihood
the Sabel decision, there was a torrent of German trademark infringement litigation over the "likelihood of association" criteria.125

In this flood of litigation, the German Patent Court affirmed the continued applicability of the principles of the former case law on the danger of confusion between combined word marks under the new German Trademark Act.126 Under this rule, "danger of confusion" caused by the mental association between the marks under the new German Trademark Act does not carry much further than the danger of indirect confusion under the former case law. The danger of indirect confusion means that the consumer is able to distinguish the marks themselves but, due to similarities between the marks, still assumes a common origin of the respective goods. In the German Patent Court's view, this danger of confusion, caused by mental association, is a specific case of the general danger of confusion. The German Patent Court also noted that the English High Court reached a similar conclusion in interpreting the corresponding provisions of the harmonized British Trade Marks Law.127 Finding that the intention of the German lawmaker was to facilitate the registration of marks, the German Patent Court found that "likelihood of confusion" must now be viewed more restrictively than it was under the old law. This decision was appealed to the German Federal Supreme Court, the Bundesgerichtshof.

Furthermore, in an opposition brought by the trademark owner of STEPHANSKRONE (Stephan's crown) against the mark "Konig Stephan Wein" (King Stephan Wine), the German Patent Court noted the German statute uses the term "risk of association," while the English version speaks of "likelihood of association."

Id. at 908 (citing German Patent Court of November 7, 1995, GRUR 287 (1996)).

Erdmann, supra note 124, at 629 (discussing German Trademark Act of Jan. 1, 1995, art. 9, Ch. 2, No. 2).

adopted a narrow view of the new Act, rejected the opposition and found no likelihood of confusion by association. The Court held that "likelihood of association" can only be assumed where the mental association between the marks is direct and cogent. If several mental steps are required to associate one mark with the other, any danger of confusion (including "likelihood of association") must be denied. In this case, it took several mental steps to associate the meanings of the two marks, and therefore, there was no danger of confusion. This case was also appealed to the Bundesgerichtshof.

Heading the appellate queue at the Bundesgerichtshof was Sabel BV v. Puma AG where the Bundesgerichtshof made a provisional ruling that endorsed the traditional origin/confusion approach and eschewed the expansive Benelux approach. However, the Bundesgerichtshof stayed the proceedings and sought a preliminary ruling from the ECJ on whether or not the mere association that the public might make between two marks through their analogous semantic content was a sufficient ground for concluding that there was a likelihood of confusion under Article 4(1)(b). At this time, it is appropriate to discuss the Sabel decision.

130 See Annual Review, supra note 125, at 908 (citing German Patent Court of January 10, 1996, GRUR 417 (1996)).
131 German Supreme Court of June 29, 1995, GRUR 198 (1996).
132 See infra note 135 (finding that a court must focus on the overall impression of signs rather than one specific element when making a determination of likelihood of confusion).
133 Article 177 of the EC Treaty authorizes the ECJ to render preliminary rulings on the interpretation of the EC Treaty, the validity and interpretation of EC institutions' actions, and the interpretation of the laws of bodies that Council acts bring into being, e.g., the Directive. Treaty Establishing the European Community, Feb. 7, 1992, art. 177, [1992] 1 C.M.L.R. 573, 689 (1992). An ECJ judgment on a reference for a preliminary ruling is binding on the court or tribunal that referred the question and on any other court that rules on the same issue in the future. The ECJ's judgment also functions as precedent that the ECJ will abide by in future similar matters. Carl Otto Lenz, The Role and Mechanism of the Preliminary Ruling Procedure, 18 FORDHAM INT'L L.J. 388, 403 (1994).
A. THE FACTS & PROCEDURAL BACKGROUND OF SABEL BV V. PUMA AG

Puma AG had registered a trademark in Germany for, *inter alia*, leather goods and clothing. The mark depicted a bounding feline in silhouette. Sabel BV subsequently applied to register in Germany a mark in respect of similar goods. Its mark consisted of the Sabel name and a picture of a bounding feline, although this feline was represented differently and was not in silhouette. Puma lodged an opposition to the application on the basis that Sabel's mark was likely to be confused with its own mark. Its argument was essentially that the public would associate the two marks, since both meant the same thing (i.e., bounding felines) and both covered similar or identical goods.

The German Patent Office rejected the opposition, finding no resemblance between the marks for the purpose of trademark law. On appeal by Puma, the Federal Patents Court held that there was a resemblance between both the marks and the goods. Sabel appealed to the Bundesgerichtshof, which granted a provisional ruling and found that there was no likelihood of confusion.

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135 In determining whether there is a likelihood of confusion, the court must focus on the overall impression made by the respective signs. It is not permissible to isolate one element out of a graphic ensemble and to restrict examination of the likelihood of confusion to that element alone. However, an individual component may be recognized as having a particularly distinctive character which characterizes the sign as a whole, and, consequently, a likelihood of confusion may be found to exist if another party's sign resembles the whole of the sign so characterized. Even in such a case, however, the two signs must be compared in their entirety and the comparison must not be confined to their individual (characterizing) elements.

A sign may have a particularly distinctive character either *per se* or because of the reputation the mark enjoys with the public. The more distinctive its character, the greater the risk of confusion. However, since no submission had been made on that point in the present case, the starting point for examining the similarity of the two marks is that the earlier mark has normal distinguishing characteristics.

The assessment of whether an element has such significance as to characterize the sign as a whole is, essentially, a matter for the court.
between the two marks. However, the Bundesgerichtshof sought a preliminary ruling from the ECJ as to whether or not the mere existence of a common theme between the two marks—i.e., that of a "bounding feline"—was sufficient for Puma to be able to oppose the registration of Sabel's marks. Essentially, the Bundesgerichtshof wanted to confirm whether or not the conceptual link between the two marks required the application to be rejected.\footnote{The Bundesgerichtshof referred to the ECJ the following two-pronged question: With reference to the interpretation of Article 4(1)(b) of the First Council Directive of 21 December 1988 to approximate the laws of the Member States relating to trade marks, is it sufficient for a finding that there is a likelihood of confusion between a sign composed of text and picture and a sign consisting merely of a picture, which is registered for identical and similar goods and is not especially well known to the public, that the two signs coincide as to their semantic content (in this case, a bounding feline)? What is the significance in this connection of the wording of the Directive, in terms of which the likelihood of confusion includes the likelihood that a mark may be associated with an earlier mark? Id. at 469, ¶ 10.}

called upon to adjudicate on the substance of the case, subject however to its observing the rules of logic and common sense. The Bundespatentgericht (Federal Patents Court) cannot be criticized in law for stressing the importance of the pictorial component of the SABEL mark and considering that the textual component of the mark was of only secondary importance.

Strict criteria must be applied with respect to the likelihood of confusion between pictorial components which are basically descriptive and have little imaginative content. The depiction of a bounding feline is a pictorial component which closely follows a natural model and reproduces the bounding motion typical of such animals. The particular features of the depiction of the bounding feline in the Puma mark, for example its depiction as a silhouette, are not reproduced in the SABEL mark. The fact that there is an analogy between the pictorial components of the two marks can therefore not be adduced as a ground for finding that there is a likelihood of confusion.

B. ADVOCATE GENERAL JACOBS' OPINION IN SABEL

Advocate General Jacobs (AG Jacobs) delivered his opinion on the meaning of "confusion" between trade marks under the Directive. His view was that, for the purpose of comparing trademarks, the infamous phrase "a likelihood of confusion ... including a likelihood of association" means confusion as to the origin of the goods or services in question. The purpose of the "association" criteria was to clarify that "confusion" covered the mistaken assumption of an organizational or economic link between the undertakings marketing the products or services.

AG Jacobs rejected the wider Benelux view that there will be confusion if the use of the mark "calls to mind" the proprietor or his mark. This rejection was based on the understanding that by extending a trademark owner's monopoly, the Benelux rules restrict trade between Member States, whereas the Directive is expressly designed to guarantee the free movement of goods and services within the internal market. Any such extension of trademark rights and corresponding restriction on freedom to compete should have been clear and unambiguous in the Directive. In the absence of such clear wording, there were no grounds to assume that the Directive intended such a significant departure from the national laws of most of the Member States and the ECJ case law involving a balancing of monopoly rights with the concept of a single market.

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137 The Advocate General's duty is to present to the ECJ reasoned submissions on cases to assist the ECJ in the performance of the ECJ's duties under the EC Treaty. Treaty Establishing the European Community, Feb. 7, 1992, art. 166, [1992] 1 C.M.L.R. 573, 685 (1992). Advocate Generals must analyze the case in an impartial and independent manner and their submissions "are objective and do not represent the views of either party." PENELope KENT, EUROPEAN COMMUNITY LAW 18 (1992). ECJ judges do not have, however, an obligation either to follow the Advocate Generals' Opinion or to let it influence their decisions. "Traditionally, however, the [Advocate Generals'] opinions carry great weight in the [ECJ's] deliberations and often the [ECJ] will reach the same conclusion, though perhaps on different grounds." GEORGE A. BERMANN ET AL., CASES AND MATERIALS ON EUROPEAN COMMUNITY LAW 72 (1993).


139 Id. at 457, ¶ 38.

140 Id. at 460, ¶ 46.
Although AG Jacobs used the "non-origin association" language and the analysis\textsuperscript{141} of the \textit{Wagamama} court,\textsuperscript{142} he reluctantly conceded that the ECJ "arguably recognized that trade mark law can protect interests other than simply the right to ensure that there is no confusion as to the origin of a product."\textsuperscript{143} His opinion also reflected the views of the Italian pre-BARILLA camp and the German \textit{Bundesgerichtshof's} provisional \textit{Sabel} ruling, which were all faithfully entrenched in traditional concepts of consumer confusion and origin. Finally, in view of general administrative policy arguments\textsuperscript{144} and from an international perspective,\textsuperscript{145} AG Jacobs felt there had to be a "genuine risk of confusion."

AG Jacobs noted that, "if two pictorial marks convey the same idea, there might be circumstances in which, even if the registered mark is not well known and even if the two images are drawn as differently as possible, the public might nevertheless confuse the two marks," especially if the trademark consists "of an unusual invented image, or an unusual combination of natural images."\textsuperscript{146}

Most importantly, AG Jacobs concluded that "a finding of a likelihood of confusion may be based on the fact that the ideas conveyed by the pictorial elements of two trade marks are similar, provided that it is established that there is a \textit{genuine and properly substantiated} likelihood of confusion about the origin of the goods or services in question."\textsuperscript{147} This was not only an extremely conservative approach toward confusion, but also one that is unsupported in the actual wording of the Directive. AG Jacobs appears to have conjured up the "\textit{genuine and properly substantiated..."
requirement, and certainly any adoption of this approach by the ECJ may place too high a hurdle or bar for aggrieved plaintiffs to clear. The "genuine" standard can be interpreted as "actual" or "concrete," and these conditions are clearly somewhat rigorous and exacting, matching the UK trademark infringement analysis of the Wagamama, British Sugar and Penguin/Puffin trilogy. However, there is no reason to require such a high standard of confusion because even the wording in the Directive does not go so far.

Unfortunately, there is not a single iota of reference or suggestion that this "genuine and properly substantiated" standard is included or even implied in either the CTM or the Directive. Furthermore, AG Jacobs did not explain several pertinent and practical points as to how one can "properly substantiate" this "likelihood of confusion" (e.g., the evidentiary requirements, the burden and quantum of proof required to meet such requirements, or the market factors to consider in the determination thereof). AG Jacobs also failed to explain the basis for this sweepingly conservative statement. Although he was correct to fault the Benelux association approach for possibly conferring too great a monopoly power on trademark owners, AG Jacobs is guilty of swinging the market regulatory pendulum to the opposite extreme. He accomplishes this by creating an untrammeled, difficult to regulate, laissez faire environment, unjustifiably disemboweling the trademark owner's right to police his mark effectively against infringers and undermining the legitimate interests of trademark owners.

In the wake of AG Jacobs' opinion, there was an immediate chorus of approval for his adoption of such a strict Wagamama-inspired approach. Proponents declared that if the ECJ accepted his reasoning and "non-origin association" analysis, the days of the Benelux association infringement were numbered. Unfortunately, there was hardly any critical analysis of the Advocate General's elevation of the confusion standard.

148 See Oliver Gandy, Advocate General Issues Decision on Likelihood of Association of Marks, 11 WORLD INTELL. PROP. REP. (BNA) 229 (Jul. 1997) (representing this school of thought).
C. THE EUROPEAN COURT OF JUSTICE DECISION

The ECJ decided that "the concept of likelihood of association is not an alternative to that of likelihood of confusion, but serves to define its scope." Furthermore, the registration of a similar trademark for identical goods can only be opposed when there is a likelihood of confusion on the part of the public. Although the ECJ refused to endorse the Benelux position, it also failed to adopt the overly restrictive "genuine and properly substantiated" position adopted by the Advocate General or an express Wagamama nomenclature and formulae for non-origin association.

The Belgian, Luxembourg, and Netherlands Governments had pressed their claim before the ECJ, arguing that the term "likelihood of association" was included in the provisions of the Directive at their request, and explaining the Benelux interpretation of the "likelihood of association." The ECJ summarized that under Benelux law, the likelihood of association arises in three sets of circumstances:

1. where the public confuses the sign and the mark in question (likelihood of direct confusion);
2. where the public makes a connection between the proprietors of the sign and those of the mark and confuses them (likelihood of indirect confusion or association);

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150 This was "in order that [the relevant provisions of the Directive] should be construed in the same manner as Article 13a of the Uniform Benelux Law on Trade Marks which adopts the concept of resemblance between marks, rather than that of likelihood of confusion, in defining the scope of the exclusive right conferred by a trade mark." Id. at 470, ¶ 14.
151 Id. at 470, ¶ 15. Based on the idea that, where a sign is likely to give rise to association with a mark, the public makes a connection between the sign and the mark. Such a connection may be prejudicial to the earlier mark not only if it gives the impression that the products have the same or a related origin, but also where there is no likelihood of confusion between the sign and the mark. Since perception of the sign calls to mind, often subconsciously, the memory of the mark, associations made between a sign and a mark can result in the "goodwill" attached to the earlier mark being transferred to the sign and dilute the image linked to that mark.
(3) where the public considers the sign to be similar to the mark and perception of the sign calls to mind the memory of the mark, although the two are not confused (likelihood of association in the strict sense).\(^{152}\)

Therefore, according to the Belgian, Luxembourg, and Netherland Governments, Article 4(1)(b) of the Directive can be applied even "where there is no likelihood of direct or indirect confusion, but only a likelihood of association in the strict sense."\(^{153}\) The ECJ rebuffed this Benelux invitation, accepting that only "the likelihood of direct confusion" and the "likelihood of indirect confusion or association" were actionable under Article 4(1)(b).\(^{154}\) The ECJ held that the fact that the similar mark brought to mind the registered trademark was not in itself a sufficient ground for refusal of registration, stating that:

Article 4(1)(b) of the Directive is designed to apply only if, by reason of the identity or similarity both of the marks and of the goods or services which they designate, "there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark." It follows from that wording that the concept of likelihood of association is not an alternative to that of likelihood of confusion, but serves to define its scope. The terms of [Article 4(1)(b)] itself exclude its application where there is no likelihood of confusion on the part of the public.\(^{155}\)

The ECJ found support for this interpretation in the tenth recital of the preamble to the Directive,\(^{156}\) where the material phrase


\(^{153}\) Id. at 470, ¶ 17.

\(^{154}\) Id. at 470, ¶ 17-18.

\(^{155}\) Id. at 470-71, ¶ 18.

\(^{156}\) Id. at 468-69, ¶ 9. The ECJ quotes the Directive, stating:

Whereas the protection afforded by the registered trade mark, the function of which is in particular to guarantee the trade mark as an
was: "the likelihood of confusion . . . constitutes the specific condition for such protection." Therefore, the "likelihood of association" criteria cannot apply unless there is confusion on the part of the public.\(^\text{157}\)

Advocate General Jacobs also referred to this preamble in support of his opinion.\(^\text{158}\) However, the similarity ends at that point, as the ECJ did not adopt his "genuine and properly substantiated" formulation. Instead, the ECJ (a) paid more deference to the express wording of the Directive; (b) reiterated that "Article 4(1)(b) of the Directive does not apply where there is no likelihood of confusion on the part of the public";\(^\text{159}\) and (c) added that "the appreciation of the likelihood of confusion 'depends on numerous elements . . . [including] the recognition of the trade mark on the market, of the association which can be made with the used or registered sign, of the degree of similarity between the trade mark and the sign and between the goods or services identified.'\(^\text{160}\)

The court concluded that "[t]he likelihood of confusion must therefore be appreciated globally, taking into account all factors relevant to the circumstances of the case."\(^\text{161}\)

The ECJ went on to say that the perception of the marks in the mind of the average consumer played an important role here, because the average consumer usually sees a trademark as a whole indication of origin, is absolute in the case of identity between the mark and the sign and goods or services; whereas the protection applies also in case of similarity between the mark and the sign and the goods or services; whereas it is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion; whereas the likelihood of confusion, the appreciation of which depends on numerous elements and, in particular, on the recognition of the trade mark on the market, of the association which can be made with the used or registered sign, of the degree of similarity between the trade mark and the sign and between the goods or services identified, constitutes the specific condition for such protection; whereas the ways in which likelihood of confusion may be established, and in particular the onus of proof, are a matter for national procedural rules which are not prejudiced by the directive.


\(^{158}\) Id. at 460, ¶ 45.

\(^{159}\) Id. at 471, ¶ 22.

\(^{160}\) Id.

\(^{161}\) Id.
and does not analyze its various details. As such, the "global appreciation of the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components."\textsuperscript{162}

Most importantly, the ECJ held that "the more distinctive the earlier mark, the greater will be the likelihood of confusion."\textsuperscript{163} It was, therefore, possible that the conceptual similarity between the marks, arising from the fact that they had an analogous semantic content, may have given rise to a likelihood of confusion, especially if the earlier mark had a "particularly distinctive character, either \textit{per se} or because of the reputation it enjoys with the public."\textsuperscript{164} These ECJ observations are especially crucial and may have opened a Pandora's box of uncertainty.\textsuperscript{165} The ECJ, relying on the Bundesgerichtshof's finding of fact that the Puma mark in question was not especially well known to the public and consists of an image with little imaginative content, held that, even though the marks were conceptually similar, they did not satisfy the likelihood of confusion requirement.\textsuperscript{166} The ECJ concluded that "mere association which the public might make between two trade marks as a result of their analogous semantic content is not in itself a sufficient ground for concluding that there is a likelihood of confusion."\textsuperscript{167}

PART IV - SABEL'S IMPACT ON EUROPEAN TRADEMARK LAW

A. CONFUSION 1 ASSOCIATION 0

To some degree, the ECJ's holding that likelihood of association serves to define the scope of likelihood of confusion rather than an alternative ground of infringement vindicates the 	extit{Wagamama} view that "likelihood of association" is merely a factor to be taken into account when determining the likelihood of confusion and is not in

\textsuperscript{162} Id. at 471, ¶ 23.
\textsuperscript{164} Id.
\textsuperscript{165} Id.
\textsuperscript{168} This uncertainty will be analyzed more fully later in the article.
\textsuperscript{169} Id. at 472, ¶ 26.
itself a ground for the refusal of registration or infringement of the similar mark. However, the ECJ did not accept the Advocate General's invitation to use the Wagamama "non-origin-association" nomenclature or the "genuine and properly substantiated" requirement, and this failure will be discussed later. It is humbly submitted that the Sabel interpretation combines the approaches taken by the confusion analysis of the European national courts, but it shed the liberal excesses of the Benelux approach and the inflexible dogmatism of the UK's narrow origin/confusion approach in determining likelihood of association.

This is evidently clear from the ECJ's refusal to apply the conceptual framework of infringement by association in the strict sense developed by the Benelux Uniform Trade Marks Law as the ECJ recognized two types of confusion/association.\(^{168}\) By stressing that the sole touchstone for finding likelihood of confusion, under Article 4(1)(b), is confusion on the part of the public, the ECJ has excluded the application of the Benelux "strict association without confusion" rule. Accordingly, cases such as the Italian Barilla\(^{169}\) and Al Gatto Nero\(^{170}\) decisions, as well as the whole corpus of Benelux association case law,\(^{171}\) that allowed infringement by association in the strict sense may now be seen as inconsistent with Article 4(1)(b) and are unlikely to be followed anywhere in Europe.

By the same token, this does not mean that the strict UK requirements of Wagamama and its issue will be the European gospel of confusion-based trademark law. It is clear from Sabel that the Benelux governments and the British government had naturally taken opposing sides in the arguments before the ECJ.\(^{172}\) To fully appreciate the context of the judgement of the ECJ, one should note that the proceedings of the European Court

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\(^{168}\) *Id.* at 470-71, ¶¶ 18-22.

\(^{169}\) See *supra* note 101 and accompanying text (discussing the Barilla case).

\(^{170}\) *Al Gatto Nero* v. Le Chat Noir, EUR. TRADE MARK REP. 371 (1996); see *supra* note 112 and accompanying text (noting *Al Gatto Nero* as a seminal case in the movement towards Italy's adoption of the expansive Benelux formulation of "likelihood of association").

\(^{171}\) See *supra* notes 57-71 and accompanying text (examining the Benelux courts' development of the "likelihood of association" standard).

of Justice are secret and that it has long been the policy of the ECJ "to involve all the judges in the drafting of the judgment in an attempt to obtain the maximum consensus" among the judges. Furthermore, this consensus was usually a "Community solution" to the legal problem that was posed. As such, it is not surprising that the underlying policy of the ECJ was "the promotion of European integration." When considering the Sabel judgment, it should not be lightly overlooked that the ECJ refused to accept either (a) the Advocate General's direct and transparent appeal to adopt the strict Wagamama approach, or (b) the similarly inspired "genuine and properly substantiated" requirement. It is humbly submitted that the ECJ formulated a Community solution to the interpretation of this prickly phrase—one that neither adopts the Benelux position of infringement by association in the strict sense nor the orthodox UK approach (as the specific language of the Sabel judgment includes criteria that would have been anathema to the UK's "classic" trademark infringement by confusion approach).

As explained earlier, Wagamama and its issue adopted an interpretation of the UK equivalent to Article 4(1)(b) of the Directive that was cloaked "to be no wider than the old 1938 UK test of likely to deceive or cause confusion and nearly resembling (the plaintiff's mark)" a very narrow definition of the phrase "likelihood of confusion which includes likelihood of association." There is nothing in Sabel to suggest that such a restrictive reading should be applied to Article 4(1)(b) of the Directive. In fact, the ECJ demonstrated that it approved of the German interpretation of this infamous phrase by affirming the criteria in the German Bundesgerichtshof's provisional Sabel ruling. Namely, in determining likelihood of confusion, the court must consider the

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173 This secrecy is imperative so that it would be "impossible to accuse a judge of being insufficiently sensitive to national interests or of having 'let his government down';" no one outside the Court can ever know whether he vigorously defended the position adopted by his own country or was in the forefront of those advocating a "Community solution." TREVOR C. HARTLEY, THE FOUNDATIONS OF EUROPEAN COMMUNITY LAW 59 (3d ed. 1994).

174 Id. at 82. The ECJ has been described as one of the most "European-minded" institutions of the EC. Id. at 59.

175 Id. at 86.

“overall impression made by the respective signs.” Marks that have “a particularly distinctive character either per se or because of the reputation the mark enjoys with the public”; and “the more distinctive its character, the greater the risk of confusion.” These criteria were not allowed under UK trademark law in view of the Wagamama test as applied by British Sugar and Penguin/Puffin. There the courts expressly made “no allowance for distinctiveness of the plaintiff’s mark and the formulation of the confusing similarity test for similar marks and goods of the same description to require the goods to be in competition.” This has even further narrowed the scope of similarity for trademark infringement. Moreover, the Origins test for likelihood of association as approved in Wagamama and re-stated in British Sugar requires the court to assume future notional use of the plaintiff’s mark, thereby disregarding the circumstances of the case and acting contrary to the more flexible Sabel approach. Therefore, it is submitted that the ECJ has opted for a golden mean, avoiding the extreme approaches of both the Benelux and UK camps. This is welcome for trademark owners and participants in the Internal Market.

Sabel unequivocally grounds the test in the requirement of confusion on the part of the public with a global appreciation of criteria found in the Directive itself and “all the factors relevant to the circumstances of the case.” Sabel held that “the perception of the marks in the mind of the average consumer plays a decisive role” in the determination of confusion but that the inquiry will not be a punctilious and didactic examination of the various details of the mark but rather an overall impression given by the mark.

The Sabel formula for determining “likelihood of confusion” between two marks is a simple balancing test. One must consider

178 Id. at 467.
180 Id.
182 Id.
184 Id. at 471, ¶ 23.
the three similarities criteria (visual, aural and conceptual) together with the distinctiveness of the mark (where distinctiveness results either from distinctiveness per se or through the public reputation of the mark itself). The likelihood of association is a mere subset of the likelihood of confusion doctrine. The criteria for likelihood of association is the “connection” between traders and the strength or distinctiveness of the mark where distinctiveness is defined as per se distinctiveness or from reputation enjoyed with the public. Nevertheless, the final balancing act must still be measured against the touchstone of “confusion on the part of the public.”

The Benelux actionable association in the strict sense doctrine and its progeny that found it to be prejudicial to the earlier mark where it gives the impression of the same or related origin even though there is no likelihood of confusion between the sign and the mark marked an apogee of an expanded doctrine of trademark infringement. However, this doctrine casts an overreaching, almost strict liability rule which results in a finding of infringement for any marks that can be even remotely associated with the registered mark. The current Sabel rule reflects the primacy of the prevention of consumer confusion function. In that sense, Sabel is just another decision in the long lineage of ECJ case law that traces its doctrinal underpinnings to the paradigmatic ECJ trademark decision of Terrapin, thereby continuing the tradition of giving greater emphasis to the prevention of confusion of consumers.

Protecting consumers against confusion furthers the function of trademarks in the EC. Sabel confirmed that the check and balance is the likelihood of confusion on the part of the public. The Sabel Court insists that the consumer confusion, and not mere

185 Id. at 471-72, ¶ 22-25.
186 Id. at 470-71, ¶ 18.
187 Id. at 470, ¶ 15.
association, furthers the goals of safeguarding the guarantee of the origin of the trademarked goods and of ensuring that the trademark owner has the exclusive right to market specified goods or services under that mark. If a third party is so easily exposed to liability for trademark infringement under the "likelihood of association" concepts, it would be hard for any trader to choose a safe trademark to use in the first place.

The Sabel decision closely mirrors the pre-Barilla Italian and German approaches which recognized both types of actionable confusion that were accepted in Sabel. As for the Denmark Supreme Court, it appeared that the McDonald's/McAllan decision was especially fact-driven. The Courts adjudicating that dispute made a finding of fact that there was not any actual or real confusion under Article 4(1)(b), even though the situation under the dilution provisions could have been held applicable. It is submitted that the McDonald's/McAllan case is an aberration in nature, but what is important to note is that trademark infringement matters are frequently fact-driven. General principles of law are useful, but much depends on the finding of fact—as Sabel itself demonstrated.

One lingering side issue of the Benelux/UK debate was the status of the minutes. While the ECJ did note the Benelux governments' claim, 190 the ECJ referred to the actual provisions of the Directive itself and refrained from referring to any extraneous interpretational aids, such as the minutes, in the interpretation of the Directive. 191 Although the ECJ judgment did not contain any adverse reference to the infamous minutes, it is implicit from the judgment that any assistance or benefit that these minutes could have offered is minimal because emphasizing the condition of "confusion on the part of the public" and rejecting the expansive Benelux approach of infringement by association in the strict sense dictated that the Benelux governments' formal arguments did not persuade the ECJ. 192 Hence, Sabel confirms, by implication, that the minutes have no role or use in the interpretation of the Directive.

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191 The Advocate General was less sanguine when he declared that the Minutes were "of no assistance in interpreting the Directive." Id. at 458-59, ¶¶ 42-43.

192 Id. at 458-59, ¶¶ 42-43.
B. A DASH OF DISTINCTIVENESS HELPS DETERMINE, NOT REPLACE, CONFUSION

However, as indicated earlier, the “property-rights” approach of trademark law was designed to encourage and protect the right holder’s investment in a trademark. The ECJ, in the repackaging cases, has continually recognized that trademark rights protect goodwill in the trademark. Though the source guarantee holding allows a parallel importer to use packaging materials which can damage the trademark’s reputation, the trademark holder is permitted to oppose parallel imports of the repackaged products. The recent trademark repackaging cases of Dior v. Evora and Loendersloot v. Ballantine confirm that the ECJ views the protection of trademark against damage to its reputation as a legitimate interest of trademark protection.

This policy of trademark law has developed from a Lockean natural property right, where effort creates property. In trademark law, it is the marketing and advertising efforts that enhance the product and goodwill associated with the trademark that should be protected. In reaching a community solution to this problem, Sabel may have recognized this Lockean right by inserting the criteria of the “distinctiveness of the mark” into the determination of “likelihood of confusion.” A distinctive mark that is per se distinctive, or distinctive due to its reputation enjoyed with the public, merits protection since time and effort is expended by the trademark owner to choose such a mark to attain such distinctiveness—e.g., brand focus group experiments, market surveys and

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193 See supra text accompanying notes 43-51 (discussing the “investment or advertising function”).
195 Case C-337/95, Parfums Christian Dior SA and Parfums Christian Dior BV v. Evora BV, 1997 E.C.R. I-6013; Case C-349/95, Loendersloot v. George Ballantine & Son, Ltd., 1997 E.C.R. I-6227. These two cases pertain to an interpretation of the exhaustion of rights rule, and thus necessarily concern goods which are identical to those of the trademark proprietor. These cases reaffirm the ECJ’s belief in granting protection, in particular circumstances, if the re-sale or advertising can be shown to seriously damage the reputation of the goods.
196 Although Locke expressly referred to copyright, it has been accepted that this universal prohibition against “reaping what one has not sown” applies to trademarks as well. JOHN LOCKE, TWO TREATISES OF CIVIL GOVERNMENT (1690).
brand testing exercises, and advertising and marketing campaigns. Moreover, recall the universal truism that the junior user with a similar mark always has "an infinity of other names to choose from without infringing" the senior mark. Sabel acknowledges this wisdom by giving some consideration to the distinctiveness element in the determination of the "likelihood of confusion." However, the impact of the distinctiveness of the mark is still conditioned on the findings of a likelihood of confusion on the part of the public before there can be any infringement. Like any property right, clearly defined boundaries and limits are needed. However, the Benelux actionable association in the strict sense blurs these limits to the point of disappearance. While recognition of the distinctiveness of the mark was also expressly rejected in the UK hardline Wagamama approach, the ECJ supports a balanced approach toward trademark protection.

Free-riding will destroy the goodwill of a mark, leading to the diminution in the incentive of producers to develop a valuable trademark in the first place. Although overprotection can impose unnatural and wasteful restrictions in the marketplace, under-protection should also be avoided. In this regard, it was the stated policy of the EC, when it passed the trademark harmonization legislation, not to encourage monopolies or distort competition in the Internal Market. In the actual wording of the Regulation, the EC expressed that it did not want to create market distortions and that having any extreme confusion infringement criteria may create a needless and unnecessary burden on companies. Having such a liberal Benelux approach to determining similarity would have a paralyzing effect on businesses that file large amounts of trademark applications—as (a) there would be a tedious trademark clearance procedure, and (b) the strict UK

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197 Stork Restaurant, Inc. v. Sahati, 166 F.2d 348, 361, 76 U.S.P.Q. (BNA) 374, 384 (9th Cir. 1948).
199 "[B]arriers to free movement of goods and services [must] be removed and arrangements be instituted which insure that competition is not distorted . . . ." Community Trademark Regulation, supra note 5, at 1.
200 In the marketplace, companies expend great amounts of time and resources in selecting and clearing marks that can be used without infringing with other registrations and the burden of such trademark conflict clearance can be unbearable in the face of an amorphous, widening criteria of likelihood of association where the sign resembles and
Wagamama approach had already unfairly discounted the element of distinctiveness of a mark and other modern dynamic standards in the determination of the likelihood of confusion. This element of distinctiveness is important, because not all marks have the sufficient reputation to avail themselves of the dilution provisions of the Directive.

C. REPORTS OF THE DEMISE OF THE BENELUX APPROACH ARE NOT EXAGGERATED . . .

One has to closely examine Sabel to see whether reports of the demise of the Benelux approach may have been exaggerated. As explained earlier, the ECJ did not adopt the AG Jacobs' Opinion, which was hostile to the Benelux association doctrine and exhorted the ECJ to embrace the Wagamama "non-origin association" approach in its entirety. Also, it has been argued that there was little, let alone adverse, reference in Sabel regarding the "origin confusion"; therefore, in allowing the argument by failing to frame the discussion in terms of "origin confusion," Sabel recognized the non-origin association viewpoint.\(^{201}\)

Unfortunately, such wishful thinking should be dispelled. The ECJ clearly outlined the different perspectives on the "likelihood of confusion" and specifically stated that the mere likelihood of association in the strict sense is not enough.\(^{202}\) The likelihood of association was defined as including, not only where there is an impression that the products have the same or related origin, but reminds one of the mark, but there is no confusion. For multi-national corporations with warehouse-sized portfolios of trademarks, e.g., leading brand giants like Unilever or Proctor & Gamble, the tedious task of selecting and clearing a trademark in the EC, under the broad Benelux association concept of similarity, will be paralyzed by the linguistic differences of more than 10 languages, as many more dialects and arcane cultural nuances could trigger this association. As a result, the effect of trademark searches for similarity cannot be easily evaluated. Not only will it be an uphill task, but the cost of undertaking such a Herculean trademark selection process for a new product/service may cost millions that could be spent more productively elsewhere. Such enormous expenditures and protracted exercises can easily cripple smaller enterprises which may not have adequate resources to select a mark that is safe from infringement by association in a strict sense.

\(^{201}\) Davies & Annand, supra note 179, at 20.

also where no confusion exists between the sign and the mark.\textsuperscript{203} Confusion on the part of the public was the focus of the debate. The ECJ affirmatively decided that confusion must occur before liability can result under Article 4(1)(b), thereby diminishing the Benelux association in the strict sense without the confusion concept. There is no need for an express rejection of the “non-origin association” nomenclature in a judgment since the elements of the ECJ’s judgement amount to the same conclusion.

Additional evidence of the alleged survival of the expansive Benelux doctrine is found in the commentary\textsuperscript{204} that \textit{Sabel} has a ring of familiarity with the \textit{locus classicus} of Benelux likelihood of association law, the \textit{Union} case.\textsuperscript{205} Under \textit{Union}, the Benelux Court of Justice held that “mere association was not sufficient under Benelux law either” and that the likelihood of association should be assessed on the basis not only of visual, aural, or conceptual similarity, but also by taking into account all particular circumstances of the case—such as the distinctiveness of the mark.\textsuperscript{206} Based on all of these elements, it has been argued that \textit{Sabel} did \textit{not} depart significantly from the original rule in \textit{Union}. However, this is an egregious oversimplification.

The fundamental inquiry is to determine whether the Benelux approach has met its demise by examining whether the rationale of \textit{Union} actually survives or whether it is similar to the rationale of \textit{Sabel}. Upon a cursory reading of \textit{Union}, it appears that mere impression, standing alone, is insufficient. Global and overall impression may seem consistent with the \textit{Sabel} “likelihood of confusion” criterion, but the \textit{piece de’ resistance} of the Benelux law of association as represented by \textit{Union} was that there will be trademark infringement under a likelihood of association standard

\begin{footnotesize}
\textsuperscript{203} Id. at 470, ¶ 15.
\textsuperscript{205} Geilen & Strowel, \textit{supra} note 47, at 566 (citing \textit{Union/Union Soleure}, Decision of May 20, 1983 \textit{Nederland Jurisprudentie} 72 (1984)).
\textsuperscript{206} See Gielen, \textit{supra} note 204, at 66-7 (noting that all factors relevant to the circumstances of the case must be taken into account).
\end{footnotesize}
in the strict sense without the risk of direct or indirect confusion. However, it must be noted that the ECJ had shaved off the "absence of confusion" element in its criteria. Like Samson without his hair, the continued relevance and importance of Union, without the requirement of likelihood of association in the strict sense and without the risk of direct or indirect confusion, are clearly in doubt.

Supporting the demise of Union are the previous comments, which appeared in several published articles, as they repeatedly and expressly conclude that Union excludes the "risk of confusion." The Sabel "balance of factors" test is grounded in the requirement of "confusion on the part of the public." Even though some Union elements appear to match the post-Sabel trademark world order, the heart of the Benelux trademark infringement law, which is based on a likelihood of association in the strict sense without the risk of direct or indirect confusion, has stopped beating to the same rhythm as the Sabel verdict. Only a tremendously generous reading of Sabel and a phenomenal stretch of reasoning could enable one to conclude that Union has a familiar ring to Sabel. In view of the aforesaid, the reports of the demise of the Benelux approach are not exaggerated or justified.

D. SABEL MAY BE A BROADER TEST OF CONFUSION BUT . . .

Trademark owners may be heartened by the ECJ's apparent sympathy to marks of "particularly distinctive character, either per se or because of the reputation it enjoys with the public." Essentially, the owners may be able to use this observation to seek protection for distinctive trademarks—just as the ECJ. Following the German Courts' finding of fact, the ECJ decided that the mark

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207 Sabel, 1997 E.C.R. at I-6222, ¶ 16, [1998] 1 C.M.L.R. at 470, ¶ 16 (defining likelihood of association in the strict sense as "where the public considers the sign to be similar to the mark and perception of the sign calls to mind the memory of the mark, although the two are not confused").

208 See Gielen & Strowel, supra note 47, at 566 (stating that "[t]he risk of confusion was not mentioned" in Union); see also Gielen, supra note 44, at 266 (concluding its observation of Union with "[a]s one can see, risk of confusion does not play a role under Benelux trademark law").


210 Id. at 471, ¶ 24.
in *Sabel* was not particularly well known to the public and that it contained little imaginative content.\(^{211}\) It has been suggested that "if the senior trademark had a reputation (or even was well-known), the case might have been decided differently."\(^{212}\)

Another variation of this view is that *Sabel* suggests the "interpretation of 'likelihood of association' by, in particular, affording protection to reputed marks without likelihood of confusion against, in short, damage from dilution and damage to reputation"\(^{213}\) under Article 4(1)(b). It was argued that:

> [t]he Court would probably afford protection against dilution in a case concerning a reputed mark . . . (as) . . . the Court considers that the interpretation of the words "which include a likelihood of association" is not refuted by the provision of the protection of reputed marks based on which the proprietor can prohibit the use of signs identical with or similar to his mark and does not require proof of likelihood of confusion, "even where there is no similarity between the goods in question."\(^{214}\)

The word "even" indicated that the Court would be willing, in the case of reputed marks, to deem that there is a risk of dilution or damage to the repute of the mark if an identical sign is used for similar goods or services.\(^{215}\)

Therefore, like a phoenix rising out of the ashes of the trashed Benelux approach, there appears to be new hope for owners of distinctive marks that enjoy distinctiveness *per se* or from the reputation enjoyed in the public, as the ECJ may probably afford protection for the distinctive mark without confusion.

This is an unfortunate misreading of the statement in the *Sabel* judgement. The context where the phrase "even if there is no

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\(^{211}\) *Id.* at 471-72, ¶ 25.


\(^{213}\) Gielen, *supra* note 204, at 67.


\(^{215}\) Gielen, *supra* note 204, at 67 (emphasis added).
similarity between the goods in question\(^{216}\) appears in the judgement relates to the meaning of the dilution provisions of the Trademark Directive and not Article 4(1)(b). This is clear when one examines the context of this talismanic "even." For the sake of clarity, the relevant portions of the judgement are reproduced in full:

Furthermore, the interpretation given in paragraph 18\(^{217}\) of this judgment is not inconsistent with Article 4(3) and (4)(a) and Article 5(2) of the Directive, which permit the proprietor of a trade mark which has a reputation to prohibit the use without due cause of signs identical with or similar to his mark and do not require proof of likelihood of confusion, even where there is no similarity between the goods in question.

In that respect, it is sufficient to note that, unlike Article 4(1)(b), those provisions apply exclusively to marks which have a reputation and on condition that use of the third party's mark without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.\(^{218}\)

First, the focus of paragraph 20 relates to the dilution provisions contained in Articles 4(3), (4)(a), and 5(2) of the Directive. In view of the presence of "which", the last phrase, "even where there is no


\(^{217}\) Paragraph 18 of Sabel is as follows:

In that connection, it is to be remembered that Article 4(1)(b) of the Directive is designed to apply only if, by reason of the identity or similarity both of the marks and of the goods or services which they designate, "there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark." It follows from that wording that the concept of likelihood of association is not an alternative to that of likelihood of confusion, but serves to define its scope. The terms of the provision itself exclude its application where there is no likelihood of confusion on the part of the public.

\(^{218}\) Id. at 470-71, ¶ 18.

\(^{219}\) Id. at 470, ¶¶ 20-21 (emphasis added).
similarity between the goods in question”, concerns the dilution provisions of the Trademark Directive found at the second line of paragraph 20 of the judgement. 219 It is clear from a simple cursory reading of the provisions of Article 4(3), (4)(a), and Article 5(2) of the Directive that they apply “even where there is no similarity between the goods in question.” 220 Therefore, the “even” must be read in the context of Articles 4(3), (4)(a), and 5(2) of the Directive—and not in the context of Article 4(1)(b). There is also no “likelihood of association” criteria in Articles 4(3), (4)(a), or 5(2) of the Directive.

Moreover, the next paragraph supports this meaning. In it, the ECJ refers to Article 4(3), (4)(a), and Article 5(2) of the Directive as “those provisions” which are “unlike Article 4(1)(b).” Therefore, we must read the “even” in the context of the judgment. As such, the interpretation of “likelihood of association”—which posits that reputed marks are protected under Article 4(1)(b) without confusion—is wrong in view of the internal logic and analysis of these two paragraphs.

The ECJ’s express framing of the element of distinctiveness as part of the “likelihood of confusion” criterion supports this view. It is submitted that the ECJ made its observations rescinding the distinctiveness of the mark as a useful element toward the determination of the “likelihood of confusion” and that the criterion of distinctiveness does not trump the requirement of “likelihood of confusion” on the part of the public. Therefore, distinctiveness depends on confusion and not vice versa.

Support for this interpretation is found in Sabel itself. There, the ECJ predicated its entire discussion on the association and distinctiveness element, 221 by stating that “Article 4(1)(b) of the Directive does not apply where there is no likelihood of confusion on the part of the public.” 222 Therefore, the distinctiveness of a trademark is another factor in determining the “likelihood of confusion” on the part of the public; distinctiveness—either per se or through reputation enjoyed with the public—does not eclipse the

219 Id. at 470, ¶ 20.
220 Id.
221 Id. at 471-72, ¶¶ 22-25.
requirement of finding consumer confusion as to origin of the mark. Moreover, it is highly likely that, in view of the ECJ’s paramount policy and of Article 4(1)(b) of the Directive, the “distinctiveness” of a mark is not the magic bullet to catch the junior mark without likelihood of confusion on the part of the public between the marks. This reading is derived from ECJ’s paramount policy of avoiding/preventing consumer confusion with trademark goods.

The ECJ may have left open a crack for owners of famous or distinctive marks to rely on resemblance or recognition alone in determining that a likelihood of confusion exists; this goes a little further than mere association. While there will not be infringement by association in the strict sense, there may be some actionable trademark infringement if the senior mark was distinctive enough. However, there must still be a showing of a likelihood of confusion.

E. HOT ON THE PAWS OF SABEL

The impact of Sabel was swift and immediate. Applying Sabel, the UK Court of Appeals, in European Ltd. v. Economist Newspaper Ltd., held that there was no likelihood of confusion between the marks “The European” and “European Voice.” This decision is the first trademark infringement case to be considered by a European appellate court under the post-Sabel trademark order.

Lord Justice Millett ruled that the correct approach to be taken in such trademark infringement cases was for the judge to adopt a “global appreciation of the visual, aural or conceptual similarity of the marks” and to consider that the “more descriptive and less distinctive the major feature of a mark, the less the likelihood of confusion.”

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224 The plaintiff had registered its mark “The European” under the UK Trade Marks Act 1938 without the need for it to disclaim the word “European.” The European newspaper has been published in the United Kingdom since May 1990 and, until the defendant started publishing its newspaper, was the only newspaper sold in the United Kingdom having the word “European” as part of its name. The main issue to be considered was whether the defendant’s sign “European Voice” was confusingly similar to the plaintiff’s registered trademark which is registered in respect of “Newspapers”. Id.
225 Id. at 285.
confusion." These criteria, taken from Sabel, appears to have overruled the approach taken by Mr. Justice Jacob in British Sugar. The UK Court of Appeals observed that since the "EUROPEAN" element of the mark was "not the essential feature of the plaintiff's mark which indicated the trade origin of its publication," there was no likelihood of infringement and hence no infringement. Although the Court of Appeals could have been more rigorous in its reasoning, this ruling appears to be consistent with the Sabel approach, since the "European" was not distinctive enough to meet the likelihood of confusion requirement under the Directive, as enacted in §10(2) of the UK trademark legislation.

In Yakult v. Danone, the District Court of The Hague applied the Sabel test for assessing the likelihood of confusion, noting that one should take into account all of the circumstances of the case and that there is no need to show actual confusion. The District Court held that there was likelihood of confusion in this case, since the shape of the container of Yakult's special milk drink was infringed by Danone's similarly shaped container. Clearly, there has been some attempt by the national courts to apply the Sabel test of likelihood of confusion. However, these are but baby-steps towards a harmonized EC trademark law.

F. CAN SABEL CLAW THE LOOKALIKES INTO SUBMISSION?

The prospect of extending the meaning and widening the scope of trademark infringement under the Benelux association naturally excites leading market brand owners, who have been plagued by look-alike supermarket brands and/or private labels. Pres-
ently, the name brands have difficulty proving customer confusion. Look-alike products are designed or packaged to resemble brand leaders and are particularly common in the grocery sector. The broadest interpretation of similarity in the harmonized European infringement criteria is necessary if effective trademark protection is to be gained against own-brand look-alikes. However, the truth is that these products have rarely confused consumers.\textsuperscript{233} Own-brand look-alikes are shrewd clones of brand leaders and usually take only certain images, clearly distinguishing the product by retailers' logos and/or names. Market leading brand owners complain that look-alikes can free-ride on the goodwill of the more established market leaders in the supermarket shelves\textsuperscript{234} by piggybacking on the brand image of the market leader. If the principles established in Benelux law were held to apply in \textit{Sabel}, then the scope for infringement action against look-alikes would be greatly enhanced.\textsuperscript{235}

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\textsuperscript{233} Annand, \textit{supra} note 57, at 155 n.82. Annand describes the empirical results:

Two surveys carried out on United Kingdom consumers in mid-April 1994 were referred to during parliamentary debates on the Trade Marks Bill (Dame Peggy Fenner, Hansard, HL/PBC, April 18, 1994, col. 662) and were widely reported in the press. It was claimed that 78% of the consumers surveyed in each case said that they had never been confused by own-brand lookalikes. The Independent Newspaper reported on October 31, 1995 that according to the Consumers' Association only 3% of United Kingdom shoppers mistakenly basket lookalike products—or indeed branded products.

\textit{Id.}

\textsuperscript{234} See \textit{id.} at 143 (describing the acrimonious debate).

\textsuperscript{235} \textit{Id.} at 156. Annand uses the Benelux case of Always/Regina to illustrate how such protection can be secured:

Procter and Gamble decided to depart from the market norm of muted messages in designing packaging for their ALWAYS sanitary towels. The packaging employed primary colors, bright green or bright blue, displayed the ALWAYS mark, logo and product information in yellow-bordered boxes and contained a stylized representation of the particular model of towel in the lower quadrant of the yellow-bordered box on the front of the product. The towels were launched on inter alia the Belgian market amid heavy media advertising which emphasized the bold packaging. The ALWAYS packages were registered as Benelux trademarks. Regina hopped on the bandwagon and remarked their sanitary towels in purple and pink packaging, with yellow-boxed information and a stylized picture of a sanitary towel interrupting the yellow line which divided the two sections of the front information box.
Just as leading brand owners were dismayed after the Wagama-ma decision rejected the broad Benelux association infringement test, Sabel will be greeted with some mixed disappointment. While Sabel failed to depart from the likelihood of confusion requirement under Article 4(1)(b), the decision did affirmatively conclude that, under the dilution provisions of the Directive (e.g., Article 5(2)), there is no need for confusion. As a result, brand owners will point out that the Sabel decision enshrines and highlights the following anomaly: European trademark law strangely grants greater protection for a mark against signs for dissimilar goods, while providing lesser protection for the same mark from similar signs for similar goods. However, the commentators who decry this anomaly have unwittingly intermingled the standards of dilution infringement by trying to sneak the non-confusion infringement protection of dilution (chiefly reposed in Article 5(2)).

The REGINA towels were clearly distinguishable from the ALWAYS towels because of the presence on the formers' packaging of the REGINA mark and distinctive logo. The Brussels Court of Appeal held that there was similarity between the overall appearance of the two products; Procter and Gamble's registrations for the ALWAYS packages were therefore infringed. The Court stressed that it is the similarities in packaging which must be compared and dismissed Regina's argument that the Directive required the Court to import into Article 13.A.1 of the Uniform Benelux Trademarks Law a criterion of source confusion.

Id. (citing Always v. Regina, Case No. 22, I.E.C. 112 (Brussels Ct. of App. 1993) (Belg.)).

This confirms the view that Baywatch Prod. Inc. v. Home Video Channel, [1997] F.S.R. 22 (ch. 1997), was wrongly decided. Baywatch Productions required confusion before marks with reputation could get protection from infringement from use of the mark on dissimilar goods. Recall Justice Jacob's comments about Article 5(2) and the requirements of dilution. See supra note 89 and accompanying text (discussing the lack of confusion between marks in British Sugar).

The anomaly exists because confusion is not required by Articles 4(3) and 4(4)(a) and Article 5(2) of the Directive, which embody the dilution doctrine. Directive, supra note 1, arts. 4(3), 4(4)(a), 5(2). If, therefore, there can be infringement without confusion under Articles 4(3) and 4(4)(a) and Article 5(2) where the goods are completely different, a fortiori, there should be infringement without confusion under Article 4(1)(b). If this were not the case, it would be a strange paradox. See Sanders, supra note 49, at 69-72 (1995) (arguing that if protection is granted on a basis other than the source doctrine for use of marks on non-similar goods, this must surely be the case for similar goods).

See Gielen, supra note 204 (arguing that it is strange to protect marks against signs for dissimilar products against dilution but not when goods are similar) (citing Piper in Germany, Gewerbliche Rechtsschutz und Urheberrecht 162 (1993), Van Manen, Bijblad bij de Industriele Eigendom 155 (1997), and Gielen Intellectuele Eigendom en Reclamerecht 190 (1996)).
of the Directive\textsuperscript{239} into the "likelihood of confusion" provision in the Directive (namely Article 4(1)(b)).

G. DILUTION IS SOMETHING COMPLETELY DIFFERENT

Before the Sabel decision, the Trojan horse employed to sneak this anti-dilution element into Article 4(1)(b) was the expansive Benelux doctrine of infringement by association in the strict sense. Sabel correctly rejected this because, in the plain reading of the language of Article 4(1)(b), infringement by likelihood of confusion had been measured by confusion on the part of the general public. Moreover, the Sabel court had specifically acknowledged that the material distinction between Article 4(1)(b) and the dilution provisions in the Directive (e.g., Article 5(2)) is "confusion on the part of the public."\textsuperscript{240} The anti-dilution doctrine enables the trademark proprietor to protect his mark against forms of use when the traditional requirement of likelihood of confusion is absent. Essentially, the anti-dilution doctrine does not seek to protect the indication of origin which the trademark represents, but rather it protects the distinctive quality embodied in the mark.\textsuperscript{241} The doctrine does not protect against deception as to origin of goods but protects against detrimental effects to the distinctive character and unique quality of the mark through its association with other goods. The \textit{fait accompli} of dilution is the strong reputation of the mark.

Reputation is a function of dilution, whereas confusion is a function of similar mark/similar goods trademark infringement. A closer examination of the tabulated differences of Articles 4(1)(b) and 5(2) is instructive:

\begin{quote}
\textsuperscript{239} The substantive elements of the articles addressing dilution are identical. Articles 4(3) and 4(4)(a) of the Directive and Article 9(1)(c) of the Regulation are for registration purposes, and Article 5(2) of the Directive is for infringement purposes. Community Trademark Regulation, \textit{supra} note 5, art. 9(1)(c); Directive, \textit{supra} note 1, arts. 4(3), 4(4)(a) & 5(2). For the sake of brevity, reference will be made to Article 5(2) since we are considering enforcement on behalf of trademark owners in this part of the paper.


\end{quote}
Requirements

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<th>Requirement</th>
<th>4(1)(b)</th>
<th>5(2)</th>
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<td>Requires reputation</td>
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<tr>
<td>Requires unfairness/detriment</td>
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<td>Yes</td>
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<tr>
<td>Goods must be dissimilar</td>
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<tr>
<td>Goods may be dissimilar</td>
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<td>Yes</td>
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<tr>
<td>Likelihood of Confusion Required?</td>
<td>Yes</td>
<td>No</td>
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Under Article 5(2) of the Directive, reputation is necessary and the test is unfair advantage or detriment, whereas Article 4(1)(b) does not require reputation or any unfair advantage or detriment. Article 5(2) is intended to protect against dilution by the use of an established mark on different goods by persons not connected with the proprietor. A simple illustration will demonstrate that there is no anomaly in the effect between Articles 4(1)(b) and 5(2). Assume that the mark “Porsher” is used on condominiums. This will undoubtedly take unfair advantage of the fabulously famous Porsche® registered for automobiles alone. Although not confusing, such a situation will come under Article 5(2). If “Porsher” were to be used on similar goods like motorcycles, there would be a likelihood of confusion, implicating Article 4(1)(b). This illustrates that there is no anomaly. If a mark is so similar that it takes unfair advantage or causes detriment even when used on dissimilar goods, then it will probably cause origin confusion when used on similar products.

The protection contemplated by the dilution provisions is not for product origin/consumer confusion but rather for preserving the distinctive quality of the mark. The lesser protection for the same mark from similar signs for similar goods under Article 4(1)(b) is justified because the mark does not enjoy a sufficient reputation in the public. Since there is nothing to protect, the extra protection from dilution should not be expected. Trademark owners must

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242 CORNISH, supra note 27, § 17-96.

243 Prescott, supra note 3, at 320.

244 The conditions for protection against dilution are: (a) the trademark has reputation in the relevant Member State or Community; (b) use of an identical or similar sign for dissimilar goods or services is without due cause; and (c) such use takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trademark. Confusion is apparently not a condition for protection. In British Sugar, Justice Jacob commented that the UK equivalent of Article 5(2)—i.e. the Trade Marks Act, 1994, Ch. 26 § 10(1) (U.K.)—may
accept the fact that more work needs to be done to enhance the reputation of their mark to enjoy the luxuries of dilution protection. Until that is achieved, trademark owners must be content with the traditional protection that is based on "likelihood of confusion."

If the market leaders’ marks do not have the requisite reputation, they are not entitled to protection. Therefore, brand owners must rely on the traditional origin/confusion trademark infringement of Article 4(1)(b). These brand owners may find relief if they can prove that the public may think that there is some "connection between the proprietors of the sign and those of the mark and confuses them." This issue was examined in the Canon case. Alternatively, these leading brand owners must seek recourse against look alikes under the specific national unfair competition laws, misappropriation laws, or passing-off laws of the respective Member States. In the United Kingdom it was passing off to use Puffin chocolate biscuits against Penguin chocolate biscuits; in Germany it was unfair competition to advertise "Perrier" as "A Champagne among Mineral Waters." Finally, in France it was unfair competition for Yves St. Laurent to use "Champagne" for scent. Therefore, with Sabel’s rejection of the Benelux association approach, there is little room for market brand owners to assert that private brands/look-alikes infringe Article 4(1)(b) in an anti-dilution sense.

Clearly, brand owners have wrongly characterized Sabel as standing for a species of "anti-dilution" protection within Article 4(1)(b) or that "distinctiveness" alone, without confusion on the part of the public, can be another head of infringement liability within Article 4(1)(b). As stated earlier, the dilution provisions in the

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be covered by the Benelux Court of Justice’s decision in the case of the British Sugar PLC v. James Robertson & Sons Ltd., [1996] R.P.C. 281 (U.K. Ch.). See also 7 INT'L REV. INDUS. PROP. & COPYRIGHT L. 420 (1976) (noting that the owner of CLAERYN Dutch gin was able to prevent Colgate from using KLAREIN liquid cleanser).


SANDERS, supra note 24, at 24-69 (detailing the way in which unfair competition law is shaped in various countries).


Directive are found elsewhere and not in Article 4(1)(b). Therefore, if the market brand leaders initiate an action against look-alikes without confusion on the part of the public, Sabel indicates that the likely result would be that of Conopco, Inc. v. May Department Stores Co., with a finding of non-infringement and a requirement of likely consumer confusion.

In addition to dilution, the element of distinctiveness in Sabel will be discussed further since it is one of the elements in the matrix of likelihood of confusion as well as the scope and applicability of the scope of the dilution provisions of the Directive. This article will now consider several trademark cases which concern all of the issues that are on the docket of the European Court of Justice. It is expected that the ECJ's eventual rulings will undoubtedly shed some more light on these provisions.

H. DISTINCTIVENESS AND ORIGIN - CAUGHT IN THE CANON CROSSFIRE

First, the impact of the distinctiveness of a mark in the determination of likelihood of confusion was recently discussed in Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer, Inc. There, the ECJ reaffirmed the Sabel approach, reasoning that likelihood of confusion on the part of the public "must be appreciated globally, taking into account all factors relevant to the circumstances of the case." Further, the court reasoned that the "more distinctive the mark, the greater the risk of confusion."

250 46 F.3d 1556, 32 U.S.P.Q.2d (BNA) 1225 (Fed. Cir. 1994). This case demonstrates that an insistence on likelihood of source confusion may lead to product packaging protection being denied. Conopco relaunched its VASELINE INTENSIVE CARE LOTION with a new formula and a new image. Thirty Seven million dollars million US dollars was spent to advertise the relaunch. The defendants introduced look-alikes under their own brand name which bore a comparative reference to Conopco's trademarks VASELINE and INTENSIVE CARE on the label. However, the defendants' lotion was differentiated by the prominent display on the front of the defendants' packaging of the black and white logo of Venture Stores Inc. (a subsidiary of May). The Federal Circuit Court of Appeals reversed the trial court's findings of trade dress and trademark infringement. Conopco had failed to establish actual or likely consumer confusion. The fact that one consumer gave evidence that she believed the Venture lotion to be made for them by Conopco was irrelevant unless it could be shown that such belief was widespread among consumers. Id. 251 [Hereinafter Canon] available at <http://europa.eu.int:80/cj/en/jurisp/index.htm> (visited Mar. 1999).


Metro-Goldwyn-Mayer's (MGM's) trademark application for "CANNON" was opposed by Canon Kabushiki Kaisha's (CKK's) mark "Canon," and although this case concerned the determination of confusion *vis-a-vis* the similarity of goods and services under Article 4(1)(b) rather than the similarity of marks *per se*, the ECJ reaffirmed the supremacy of the origin function of European trademark law. The ECJ reasoned that "the risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings, constitutes a likelihood of confusion within the meaning of Article 4(1)(b)."

Since the "Canon" and "CANNON" marks were determined to be identical, and the goods were dissimilar, this case poses the confusion/origin question in its purest form. The ECJ decided that confusion can arise even where the public perception is that the goods or services have different places of production. By contrast, there can be no such likelihood where it does not appear that the public could believe that the goods or services come from the same undertaking, or, as the case may be, from economically-linked undertakings.

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254 MGM filed a trademark application to register "CANNON" to be used in respect of "films recorded on video tape cassettes (video film cassettes); production, distribution and projection of films for cinemas and television organizations." *Id.* ¶ 2. MGM's application was opposed by CKK because CKK believed that "CANNON" infringed upon its earlier registered trade mark, "Canon", which was registered "in respect of 'still and motion picture cameras and projectors; television filming and recording devices, television retransmission devices, television receiving and reproduction devices, including tape and disc devices for television recording and reproduction.'" *Id.* ¶ 3. When MGM's application was examined by the German authorities, the first examiner considered the goods and services of the opposing parties to be similar; and therefore refused to register the mark "CANNON". The second examiner set aside that decision and dismissed the opposition on the ground that there was no similarity. CKK appealed to the Bundespatentgericht (Federal Patent Court), but its appeal was dismissed. CKK then appealed to the Bundesgerichtshof (Federal Supreme Court); and in the context of those proceedings, the present referral was made to the ECJ. *Id.* ¶ 11.

255 *Id.* ¶ 29.

256 See *id.* ¶ 9 (stating that "CANNON" and "Canon" are pronounced in the same way and that "Canon" has a reputation).

257 *Id.* ¶ 30. The German Bundesgerichtshof requested that the European Court of Justice answer the following question: "May account be taken, when assessing the similarity of the goods or services covered by the two marks, of the distinctive character, in particular the reputation of the mark with earlier priority...so that, in particular, likelihood of confusion within the meaning of Article 4(1)(b) of the Directive 89/104/EEC must be taken to exist even..."
Therefore, there may still be actionable confusion even when the public perceives that goods are manufactured in different places if they believe that the goods come from the same business or from economically linked undertakings. This ECJ ruling adopts the Advocate General’s Opinion that “if, despite recognising that the goods or services have different places of origin, the public is likely to believe that there is a link between the two concerns, there will be a likelihood of confusion within the meaning of the Directive.”

It is clear that the ECJ decision in Canon was based on one of the two approved types of actionable confusion in Sabel. This approach matches the ECJ’s origin function trademark jurisprudence from Terrapin to Sabel where confusion on the part of the public is the sole controlling criterion. Brand owners seeking relief against lookalikes should pay close attention to these provisions.

In elaborating on the distinctiveness element of “CANON,” the ECJ opined that distinctiveness is a matter of degree. A trade mark might be particularly distinctive either because it is well known or because it is of an unusual character. The more well known or unusual a trade mark is, the more likely it is that consumers might be confused into believing there to be a trade connection between the marked goods or services and goods or services bearing the same or a similar mark. These comments show that the distinctiveness of the mark serves the function of identifying the source or origin of the goods. In this case, distinctiveness may lead to the conclusion that there was some trade connection between the purveyors of these sort of goods and services and the owners of goods and services. Therefore, these comments further demonstrate that Canon concerns the second type of confusion, “likelihood of indirect confusion or association,” that was accepted by Sabel. However, Canon stands for the proposition that distinctiveness of the mark is not a shortcut toward finding infringement, and there must still be confusion on

if the public attributes the goods and/or services to different origins . . . ?” Id. ¶ 11.

Canon, supra note 251, ¶ 30 (opinion of Advocate General Jacobs) (emphasis added).


Canon, supra note 251, ¶ 17, 18.

Id.
the part of the public. This holding is stated in the final paragraph of the judgement.\textsuperscript{262} The operative element in this determination of likelihood of confusion is the "economically-linked undertakings."\textsuperscript{263} This shows the dominance of the likelihood of confusion element. Therefore, distinctiveness of the mark is an important factor in cases involving identical marks with dissimilar goods (like Canon) but not in cases involving the similarity of marks and identical goods (like Sabel).

The Canon judgement is not much different from the result in The European case. Their similar results may be of some comfort to market brands, because if one's mark is sufficiently distinctive, there is slightly more protection. However, the hurdle of consumer confusion must still be overcome, and the Canon Opinion strikes a proper balance. It recognizes that the concept of confusion should not be carried too far so as to hinder the free movement of goods.

In any event, the next several months may see the evolution of a Community solution to this maddening morass of issues concerning distinctiveness, dilution and famous marks in the EC.

I. FUTURE DECISIONS TO LOOK OUT FOR

Advocate General Jacobs (AG Jacobs) issued an Opinion for another trademark case pending before the ECJ. In Bayerische Motorenwerke AG and BMW Nederland BV v. Ronald Karel Deenik,\textsuperscript{264} the ECJ decided the interpretation and effect of Article 5. He addressed whether a trademark owner can "object to the use of his trade mark by a third party in order to refer to the provision of services relating to his genuine trade-marked goods, when he has not registered his trade mark in respect of the type of services in

\textsuperscript{262} Id. ¶ 30.

\textsuperscript{263} Id.

\textsuperscript{264} Case C-63/97, Bayerische Motorenwerke AG and BMW Nederland BV v. Ronald Karel Deenik (Eur. Ct. J. Apr. 2, 1998) [Hereinafter Bayerische] available at <http://europa.eu.int/cj/en/act/9810en.htm#C-63/97> (visited Mar. 1999). Bayerische Motorenwerke AG (BMW AG) opposed the unauthorized use of statements such as "Specialist in BMWs" or "specialised in BMWs" by an unauthorized second-hand car dealer, Mr. Deenik, as such use infringed BMW's registered marks. BMW lost the first instance and appeal proceedings, and then appealed to the Hoge Raad der Nederland (Supreme Court of Netherlands) who referred the matter to the European Court of Justice for a preliminary ruling.
There are several important points to note.

First, it is curious that AG Jacobs has used the restrictive "genuine and properly substantiated likelihood" language in his Opinion. This is a strict requirement that the plaintiff prove that the public will be led to believe that Mr. Deenik was authorized by BMW to sell its cars. An identical requirement was rejected in Sabel in relation to Article 4(1)(b), yet it appears that AG Jacobs believes that this is an appropriate standard for Article 5(1)(a). It will be interesting to see how the ECJ deals with this question.

Secondly, Advocate General Jacobs observed that

> [the essential issue is whether there is sufficient similarity to give rise to a likelihood of confusion on the part of the public . . . . That suggests that what is relevant in this case is whether there is a likelihood of the public being confused into thinking that there is some sort of trade connection between the respective suppliers of the goods or services in question.]

This observation is identical to the Canon decision regarding "economically linked undertakings" confusion. Finally, AG Jacobs recognized the special importance of the reputation of a mark. He concluded that BMW can only object to the unauthorized advertising if it is "established that the use of the mark for that purpose seriously damages the reputation of the mark, or that the use of the mark is designed to lead the public to believe that the garage is an authorized dealer."

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265 Id. ¶ 1.
266 Id. ¶¶ 39, 41.
267 Id. ¶¶ 34-42. Article 5(1)(a) "entitles the trade-mark owner to prevent all third parties not having his consent from using in the course of trade 'any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered'." Id. ¶ 34.
268 Id. ¶ 45.
269 Canon, supra note 251, ¶ 29.
270 Bayerische, supra note 284, ¶ 57.
Another pending European Court of Justice case, *General Motors Corporation v. Yplon SA* 271 (hereinafter CHEVY) concerns the mark “CHEVY.” Advocate-General Jacobs delivered his Opinion in CHEVY, 272 giving useful guidance on the interpretation of Article 5(2) of the Trade Marks Directive (89/104/EEC). 273

General Motors has a Benelux trade mark registration for CHEVY in respect to motor vehicles. 274 Yplon used the mark in relation to detergents and cleaning products. 275 The Benelux trade mark court asked the European Court of Justice to decide two questions: (1) how to interpret the concept of a trade mark “with a reputation”; and (2) must the reputation extend throughout the three Benelux countries, or is it sufficient that its reputation is established by one, or part of one, of those countries? First, AG Jacobs concluded that, for the purposes of Article 5(2), a mark must be known by a significant part of the relevant sectors of the public. 276 Moreover, its reputation need not be as strong as that of a well-known mark. 277 Secondly it is sufficient for the reputation to extend to a substantial part of the Benelux territory, at least part of one of the three countries. 278

AG Jacobs commented that the standard for determining whether the trade mark has a “reputation” is lower than the standard for a well-known mark under the Paris Convention or TRIPs. Such well-known marks prevent use even where the mark is not registered; additionally, AG Jacobs commented that the ECJ decided in *Sabel* that there is no requirement for confusion under Article 5(2), but the plaintiff needs to satisfy the other requirements of Article 5(2). The remaining requirements of Art. 5(2) are: the absence of due
cause for the defendant to adopt the mark and the element of unfair advantage or detriment to the reputation of the mark.\textsuperscript{279} He said all the issues should be considered together on a case-by-case basis. Thus, the practice in some EU countries of requiring fixed percentages in market research to establish reputation may be inadequate.

The Attorney-General's approach was clearly influenced by the Court's decisions in \textit{Sabel} and \textit{Canon}, which required questions of infringement to be considered "globally," by taking account of all relevant factors. His answer to the second question is particularly relevant in jurisdictions where there are linguistic or cultural sub-divisions. However, it could also apply to marks with a local reputation. It will be interesting to receive the ECJ's guidance on that question.

Furthermore, the pending case of \textit{Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel BV}\textsuperscript{280} will determine the quantitative yardstick for establishing the likelihood of confusion based on some very technical linguistic criteria. The courts must also decide whether there is any quantitative yardstick for establishing the degree of recognition of a mark, as measured in terms of percentage of X terms, in the relevant trade circles. The owner of the senior trademark "Lloyds" is seeking to prevent the junior user from adopting "Loints" for shoes and footwear.\textsuperscript{281}

Therefore, it is clear that \textit{Sabel} will be the first of several important ECJ decisions that will define the scope of protection for marks, marks of reputation and well-known marks and explain the interplay of the relevant provisions of the Directive. The state of EC law of trademarks is still in evolution.

\textsuperscript{279} See id. \textsuperscript{20} (reciting Article 5(2): "Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using the trademark . . . where use of that sign without due cause takes unfair advantage of, or is detrimental to, the trademark." (emphasis added)).


\textsuperscript{281} Id. \textsuperscript{4}. Article 4(1)(b) of the Directive will be of relevance here since the goods are not similar.
CONCLUSION - MAY YOU LIVE IN INTERESTING TIMES

The ECJ should be lauded for adopting a prudent middle ground in *Sabel*, as without any statutory language to the contrary, the effect of Article 4(1)(a) did not give trademark owners any unbridled "property right" in their mark except the right to prevent the likelihood of confusion on the part of the public. Nevertheless, the ECJ has acknowledged that there is some place for non-origin inputs (e.g., the distinctiveness element) in the determination of likelihood of confusion. The ECJ's exhortation of considering the "overall impression of the marks" and "global appreciation of the visual, aural or conceptual similarity of the marks" recognizes the dynamism of infringement analysis beyond the static and pedantic examination endorsed by the UK courts.

An unclear/confusing rule introduced during the harmonization process of EC trademark laws caused the raging "likelihood of association" controversy, but controversies are unavoidable in any process of change. Nevertheless, one must be vigilant in the post-*Sabel* European trademark order and not adopt an overly broad test of infringement under Article 4(1)(b) if the mark was distinctive enough through *per se* distinctiveness or reputation without the requirement of confusion on the part of the public. Neither should one mistake *Sabel* as an obeisant adherence to the overly rigorous UK origin/confusion approach.

This article has argued that there is ample evidence in *Sabel* itself that distinctive marks which seek protection under Article 4(1)(b) of the Directive are still subject to the requirement of the likelihood of confusion of the public. Furthermore, it has argued that *Sabel* has at least proven that there is no monopoly over common sense on either side of the trademark infringement analysis fence. Applying a fair reading of the *Sabel* judgment, this author submits that *Sabel* created an intermediate standard of determining likelihood of association for registration and infringement purposes. The element of distinctiveness is not the shortcut for the operation of the public's likelihood of confusion under Article 4(1)(b) of the Directive, and the ECJ decision in *Canon* supports this interpretation. *Sabel* has conclusively slain the specter of the disorder surrounding the Benelux infringement action of association in the strict sense, but *Sabel* has also exorcised the view that
the Directive is controlled by the conservative and under-protective regime of UK trademark law.

There remains the evil of uncertainty surrounding concepts such as the precise meaning of the distinctiveness element in *Sabel*, marks of reputation and dilution. These concepts will hopefully receive further clarification from the issued ECJ judgments in the *BMW, General Motors* and *Lloyds* cases. Whatever the outcomes, European trademark jurists and practitioners may not be too displeased to endure the Chinese proverbial imprecation of “May You Live in Interesting Times.”