

## IN SUMMARY

– Regardless of how well-known and distinctive your trademark is, if you want to stop someone from registering or using a later similar trademark on the basis that it will dilute or blur your trademark rights you will need to:

- show that the relevant public for your goods or services establishes a “link” between your trademark and the later mark; and
- prove that there has been change in the economic behaviour of your average consumers as a result of the use of the later mark, or that there is a serious likelihood that such a change will occur in the future.

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# How far does reputation alone get you?



## ⚙ Not as far as Intel would have liked

In the second of our two articles this issue, **Simon Bennett** and **Jake Marshall** of Arnold & Porter (UK) LLP discuss the impact of the recent ECJ judgment in *Intel Corporation Inc. v CPM United Kingdom Ltd* (INTEL/INTELMARK).

Article 4(4)(a) of First Council Directive 89/104/EEC (the Directive) protects an earlier trademark with a reputation against the registration of later identical or similar marks “where the use of the later trademark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trademark”. The degree of similarity required between the earlier and later marks must be such that the relevant section of the public makes a connection between them – that is to say, “establishes a link between them even though it does not confuse them”.<sup>1</sup>

In *Intel Corporation Inc. v CPM United Kingdom Ltd* the Court of Appeal sought guidance from the ECJ on how to determine whether or not a “link” exists between two marks and how the requirement of detriment to the distinctive character of the earlier mark can be satisfied.

## Background

Intel Corporation Inc (Intel) is perhaps the best known computer chip manufacturer and supplier in the world. It is also the owner of a UK trademark registration for the word INTEL as well as of other various national and Community trademarks consisting of or including the word “Intel”. Those trademark registrations essentially cover computers and computer linked goods and services in Classes 9, 16, 38, and 42.

CPM United Kingdom Ltd (CPM) describes itself as a leading field marketing and telemarketing company. CPM has its headquarters in the UK and is the owner of a UK trademark registration for the word INTELMARK. The mark was registered with effect from 31 January 1997 and covers marketing and telemarketing services in Class 35. In October 2003 Intel applied for a declaration of invalidity against the INTELMARK registration on the basis that

the mark would take unfair advantage of, or be detrimental to, the distinctive character or the repute of its earlier INTEL mark.

Intel's application was dismissed by the UK Trade Mark Registry as was its subsequent appeal to the High Court. Undeterred, Intel appealed again to the Court of Appeal. The Court of Appeal referred a number of questions to the European Court of Justice (ECJ) for clarification on what is required to establish: (a) a "link" between two marks; and (b) unfair advantage or detriment.

### ECJ Judgment

In its judgment the ECJ noted the Court of Appeal's findings that the INTEL mark has a huge reputation in the UK for computers and computer related products. It also noted INTEL's submission that where an earlier mark is both unique and well known, it is important to stop any encroachment at the outset, otherwise that mark will suffer a "death by a thousand cuts".<sup>2</sup>

### The types of injury covered by Article 4(4)(a) of the Directive

The ECJ held that Article 4(4)(a) of the Directive protects an earlier trademark with a reputation against three types of injury that could be caused by the use of a later mark, namely:

- detriment to the distinctive character of an earlier mark (also known as "dilution" or "blurring") – this is caused where the use of the later mark leads to "dispersion of the identity and hold upon the public mind of the earlier mark". For example, where the earlier mark is no longer immediately associated with the goods and services for which it is registered;
- detriment to the repute of that mark; or unfair advantage taken of the distinctive character or repute of the earlier mark – this arises where the owner of the later mark draws benefit from the earlier mark.

The presence of one of these three is enough for Article 4(4)(a) of the Directive to apply. However, none of the three types of injury will arise unless, by virtue of a certain degree of similarity between the earlier and later mark, the relevant section of the public establishes a "link" between the two marks.

### The relevant public

The relevant public for determining invalidity under Article 4(4)(a) of the Directive depends on the type of injury

alleged by the owner of the earlier mark. The reputation and distinctiveness of a mark is assessed by reference to the average consumers of the goods or services covered by the registration, who are reasonably well informed and reasonably observant and circumspect.

Where the alleged injury is detrimental to the distinctive character or the repute of the earlier mark, the relevant public is the average consumer of the goods or services for which the earlier mark is registered. For unfair advantage, the relevant public is the average consumer of the goods or services of the later mark.

### The criteria for establishing a "link"

The ECJ then considered the relevant criteria for establishing the "link". In summary it held that the existence of a "link" between two trademarks must be assessed globally, taking into account all factors relevant to the circumstances of the case including the following:

- the degree of similarity between the two marks – the more similar they are, the more likely it is that the later mark will bring the earlier mark to mind;
- the goods or services covered by the trademark registrations – the reputation of a trademark must be assessed in relation to the relevant public for the goods or services covered by the registration. This can be either the public at large or a more specialised section of the public.<sup>3</sup> It is less likely that a "link" will be established where the registrations cover dissimilar goods or services as it is conceivable that the public targeted by each of the two marks may never be confronted with the other mark; the strength of the earlier mark's reputation – certain marks may have acquired a reputation that goes beyond the relevant public covered by the registration. Therefore the stronger the reputation of the earlier mark, the stronger the likelihood that the relevant publics for both marks will overlap and, therefore, that a "link" will be established;
- the degree of the earlier mark's distinctive character – the stronger the distinctive character, the more likely it is that, when confronted with a later identical or similar mark, the relevant public will call that earlier mark to mind. "Unique" marks (i.e., ones not used by anyone else for any goods or services) have a stronger distinctive character; and
- the existence of the likelihood of confusion

on the part of the public – a "link" will always be established where there is a likelihood of confusion although it is possible to establish a link without the existence of a likelihood of confusion.

Therefore, just because an earlier mark is unique, enjoys a huge reputation and covers substantially dissimilar goods or services to the later mark (as is arguably the case in respect of the INTEL/INTELMARK registrations), a "link" will not necessarily be implied between those marks – the global assessment must still be undertaken. The ECJ also held, however, that the fact that the later mark would call the earlier mark to the mind of the average consumer is tantamount to the existence of a "link".

### How to show detriment

In order to benefit from the protection of Article 4(4)(a) of the Directive, the owner of the earlier mark must prove that the use of the later mark "would be detrimental to, the distinctive character or the repute of the earlier trademark". The ECJ held that this does not mean that the owner has to demonstrate actual and present detriment, but he must, however, prove that there is a serious risk that such detriment will occur in the future.

The more unique the earlier mark is, or the stronger its distinctive character and reputation, the easier it will be for the court to accept that the use of a later identical or similar mark will be detrimental to its distinctive character.

The Court added that the type of detriment it is necessary to show is detriment caused when the earlier mark's ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened, because the use of the latter mark leads to dispersion of the earlier mark.

According to the ECJ, in the context of a claim of detriment to the earlier mark's distinctive character, the type of proof required is evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered as a result of the use of the later mark, or a serious likelihood that such a change will occur in the future. The Court pointed out that it was immaterial whether or not the proprietor of the later mark draws real commercial benefit from the distinctive character of the earlier mark.

### The impact of the decision on brand owners

Intel was essentially trying to argue that for unique marks (such as theirs) it must be accepted that detriment will be caused by virtually any use of a "linked" later mark for any other goods or services, i.e., that detriment (or a serious risk of detriment) should be presumed rather than requiring proof. Whilst the ECJ accepted that a strong distinctive character and reputation in respect of a trademark gives brand owners a head start when it comes to proving detriment, the existence of a "link" between the two marks must be assessed globally and detriment (or a serious risk of detriment in the future) must nonetheless still be proved.

In cases where there is confusion the link will be established but if a brand owner has to rely on showing "detriment" this may be more problematic. In particular, it is immaterial that the later trademark owner derives commercial benefit from the distinctive character of the earlier mark. In order to prove detriment, the brand owner has to prove that there has been a change (or there is a serious risk of a change) in the economic behaviour of their


average consumer as a result of the use of the later mark. Interestingly this goes further than the Advocate General's Opinion [Case C-252/07] where it was held that a change in economic behaviour, although helpful is not essential.

The key issue for brand owners, however, is how do they prove that there has been a change in the economic behaviour of their average consumer as a result of the use of the later mark? The court gives no guidance on this issue and it may be hard to obtain this type of evidence whether in constructing a survey or in tracking a consumer's activities in order to ascertain a change in behaviour. This is particularly the case where the later mark is being used in a different industry or sector.

Therefore, whilst this case has clarified a number of points relating to Article 4(4)(a) of the Directive, including the test for establishing a link, it has not (as Intel would have liked) established any additional rights or automatically stronger protection for well-known brands.

There also remain a number of unanswered questions, such as: if evidence of a change in the economic behaviour of the average consumer (or a serious likelihood of such a

change occurring in the future) is required in order to prove detriment, what type of proof is required to show unfair advantage? Also, it must be remembered that this is a case about registration and not infringement.

The ECJ states from the outset that the wording of Articles 4(4)(a) and 5(2) are the essentially identical and are designed to give trademarks with a reputation the same protection. It must therefore be assumed that the ECJ's judgment applies equally in cases of infringement, although this is not expressly stated. 

### Notes

- 1 *Adidas-Salomon AG and another v Fitnessworld Training Ltd*, Case C-408/01, 23 October 2003 (albeit in the context of infringement rather than registration).
- 2 This was an argument that was rejected by the Court of Appeal, which held that if this argument was accepted it would be "difficult to think of any goods or services which are not protected by the registrations: the same "dilution" argument would apply as much to use of INTEL for nuclear power stations or bananas...."
- 3 See General Motors [ref] para 24.

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