

TRADEMARK LAW SEMINAR

TYPES OF MARKS & TRADEMARK FUNCTIONS

CHRISTOS CHRISSANTHIS

TRADEMARKS

- Trademarks are brand names for products or services which are registered in a public registry
- Trademarks grant exclusivity rights
- Exclusivity is a fundamental for competition
- Trademarks allow consumers to differentiate among competing products

TYPES OF MARKS

- **Based on your personal experiences as consumers, consider how do you identify the products you want to buy ?**
- **especially consider products that you recognize through indications other than their verbal name, i.e. products that you can identify through their shape, color, or other types of signs affixed upon them**
- **What sort of signs may serve as indications to recognize and identify different products ?**

TYPES OF MARKS

- **Words** – Adidas
- **Letters** – BBC, BMW, VW
- **Numbers** – 4711, 501
- **Colors** – yellow color for KODAK
- **Shapes** – the TOBLERON chocolate
- **Slogans** – have a break have a kit kat
- **Figurative** elements
- **Other** (for other types see Art. 3 par. 3 Reg. 2018/626 EU)
**so long as they are distinctive &
capable of being represented clearly and precisely**

How about: SOUNDS ? SMELLS ?

A detailed list of different types of marks

Word marks

Shape marks

Pattern marks

Sound marks

Multimedia marks

Other marks

Figurative marks

Position marks

Colour marks

Motion marks

Hologram marks

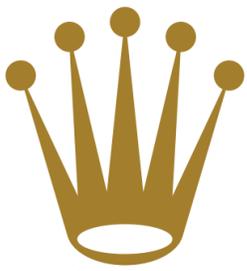
The list is not exhaustive

For more details on the types of marks see:

EUIPO TRADEMARK GUIDELINES:

<https://guidelines.euipo.europa.eu/1803468/1787732/trade-mark-guidelines/9-----9-3-mark-type-type>

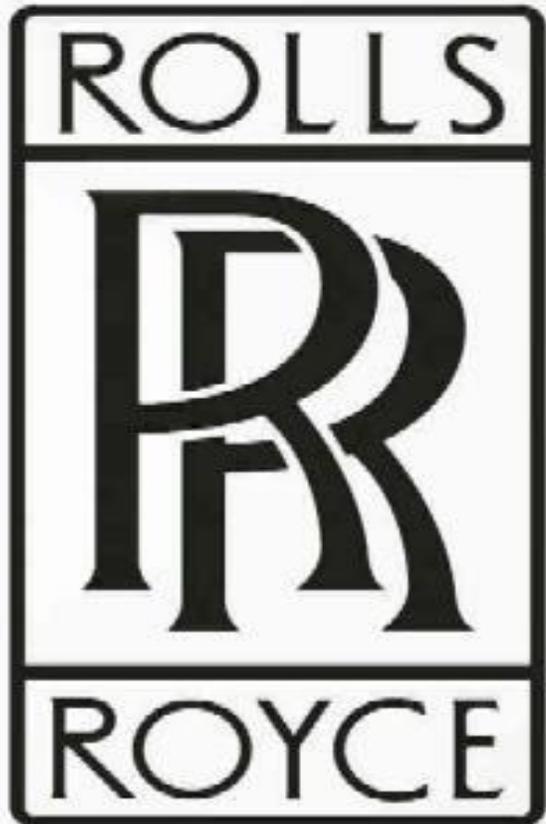
Regulation 2018/626, Art. 3 (3)



ROLEX



adidas





	Brand	Category	Brand Value 2015 \$M	Brand Contribution	Brand Value % change 2015 vs 2014	Rank change
1	 Apple	Technology	246,992	4	67%	1
2	 Google	Technology	173,652	4	9%	-1
3	 Microsoft	Technology	115,500	4	28%	1
4	 IBM	Technology	93,987	4	-13%	-1
5	 VISA	Payments	91,962	4	16%	2
6	 at&t	Telecom Providers	89,492	3	15%	2
7	 verizon	Telecom Providers	86,009	3	36%	4
8	 Coca-Cola	Soft Drinks	83,841	5	4%	-2
9	 McDonald's	Fast Food	81,162	4	-5%	-4
10	 Marlboro	Tobacco	80,352	3	19%	-1
11	 Tencent 腾讯	Technology	76,572	5	43%	3
12	 facebook	Technology	71,121	4	99%	9
13	 Alibaba Group 阿里巴巴集团	Retail	66,375	2	NEW ENTRY	
14	 amazon.com	Retail	62,292	4	-3%	-4
15	 中国移动 China Mobile	Telecom Providers	59,895	4	20%	0
16	 Wells Fargo	Regional Banks	59,310	3	9%	-3
17	 GE	Conglomerate	59,272	2	5%	-5
18	 ups	Logistics	51,798	5	9%	-2
19	 Disney	Entertainment	42,962	5	24%	4
20	 MasterCard	Payments	40,188	4	2%	-2
21	 Baidu 百度	Technology	40,041	5	35%	4
22	 ICBC 中国工商银行 INDUSTRIAL AND COMMERCIAL BANK OF CHINA	Regional Banks	38,808	2	-8%	-5
23	 vodafone	Telecom Providers	38,461	3	6%	-3
24	 SAP	Technology	38,225	3	5%	-5
25	 American Express	Payments	38,093	4	11%	-1

REG. 2017/1001 EU – EUTMR

Article 4

Signs of which an EU trade mark may consist

An EU trade mark may consist of any signs, in particular words, including personal names, or designs, letters, numerals, colours, the shape of goods or of the packaging of goods, or sounds, provided that such signs are capable of:

(a) distinguishing the goods or services of one undertaking from those of other undertakings; and

(b) being represented on the Register of European Union trade marks ('the Register'), in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor.

- **Art. 15.1 of TRIPS Agreement**

“Any sign, or any combination of signs, capable of **distinguishing** the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular **words including personal names, letters, numerals, figurative elements and combinations of colors**, as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on **distinctiveness acquired through use**. Members may require, as a condition of registration, that signs be **visually perceptible**”.

Legal controversies as to which types of marks were appropriate to serve as trademarks

- In the past there were controversies as to which to which types of marks were appropriate to serve as trademarks.
- For example there were jurisdictions not accepting abbreviations (i.e. BBC), the shape of the product, colors, etc. In some jurisdictions, certain types of marks were not acceptable.
- This problem was solved through international conventions that enhanced harmonization.
- The tools for harmonization were:
 - (a) a legislative definition of which types were acceptable, and
 - (b) the *Telle Quelle (As Is)* principle in the Paris Convention.

TELLE QUELLE – AS IS

PARIS CONVENTION (1883)

Article 6quinquies

A. (1) Every trademark duly registered in the country of origin shall be accepted for filing and protected **as is** in the other countries of the Union, subject to the reservations indicated in this Article.

CLEAR and PRECISE REPRESENTATION

- If the representation of the mark is not sufficiently clear and precise, then we do not really know the boundaries of the rights granted by the trademark.
- We do not really know what third parties should not infringe.
- This may result to legal uncertainty and restriction of competition.
- Trademark owners sometimes try to obtain superficial protection and exclusivity through vague trademark registrations.
- If the mark is not represented in a clear and precise manner, then:
 - (a) registration may be denied, or
 - (b) if not denied, it may be invalidated at a later stage

(Implementing) Regulation 2018/626

Article 3

Representation of the trade mark

1. The trade mark shall be represented in any appropriate form using generally available technology, as long as it can be reproduced on the Register in a clear, precise, self-contained, easily accessible, intelligible, durable and objective manner so as to enable the competent authorities and the public to determine with clarity and precision the subject matter of the protection afforded to its proprietor.

- ***The requirement for a clear and precise representation has been further defined and elaborated in the legislation.***

CJEU, C-321/03, Dyson

The mark applied for was described as:

“a transparent bin or collection chamber forming part of the external surface of a vacuum cleaner as shown in the representation”



The judgment of the Court:

- 34. ... the purpose of that requirement [clear and precise representation] is in particular to prevent the abuse of trade mark law in order to obtain an unfair competitive advantage (*Heidelberger Bauchemie*, paragraph 24).
- 35 In the present case, it is common ground that the subject-matter of the application in the main proceedings is not a particular type of transparent collecting bin forming part of the external surface of a vacuum cleaner, but rather, in a general and abstract manner, all the conceivable shapes of such a collecting bin.
- 37. ... the subject-matter of the application in the main proceedings is capable of taking on a multitude of different appearances and is thus not specific.
- 38. Given the exclusivity inherent in trade mark right, the holder of a trade mark relating to such a non-specific subject-matter would obtain an unfair competitive advantage... since it would be entitled to prevent its competitors from marketing vacuum cleaners having any kind of transparent collecting bin on their external surface, irrespective of its shape.

FUNCTIONS OF TRADEMARKS

TRADEMARK FUNCTIONS

- **Origin**
- **Quality guarantee**
- **Advertising**
- **First sale function (market partitioning – parallel imports)**
- **Investment (INTREFLORA case by CEUJ, C-323/09)**
- **Communication (MITSUBISHI case by CJEU, C-129/17)**

The MITSUBISHI judgment discusses and defines all functions.

- The origin, the quality guarantee, the advertising and the first sale functions are the traditional functions of trademarks. The investment and the communication functions were only recently created by the case law of the CJEU, mainly in the INTERFLORA and the MITSUBISHI case.
- In the past, the traditional doctrine was that trademark law protected only the origin function, or at least that the origin function was the predominant one. It was also argued that it was only if the origin function was frustrated that frustration of the other functions mattered; that is that the other functions were only ancillary to the origin function.
- Gradually the doctrine changed and today all functions are deemed to be equal.

ORIGIN FUNCTION

Strict sense:

A mark indicates origin of the goods from a particular manufacturer.

Broad sense:

A mark does not necessarily indicates the **identity of the manufacturer, but it indicates the entity responsible to determine the **quality standards of production and the quality control.****

(this is the case of trademark licensing)

Reservations as to the origin function:

- Licensing**
- International Exhaustion**

Refinement of the origin function:

- Distinctiveness: trademarks allow consumers to distinguish among similar goods and make choices**
- Quality: “origin” is understood as “quality control” from a particular manufacturer (see the ARSENAL by the CJEU).**

QUALITY GUARANTEE FUNCTION

A mark is an indication that the goods retain the **same characteristics, features and quality.**

This is **not a legal guarantee**; the trademark owner is allowed to change quality.

What about *licensing*?

What about *trademark assignment*?

CJEU case law on the quality function

- Judgments like C-228/03 GILLETTE and C-517/99 MERTZ & KRELL (BRAVO) emphasize on the importance of the quality function for efficient competition.**
- The INTEL judgment (C-252/07) refers to quality and associates quality with reputation (advertising function).**
- How about genuine goods of different quality traded under the same mark ? (i.e., the NESCAFE cases)**

ADVERTISING FUNCTION

Trademarks give names to products (nominative function).

Trademarks make advertising possible.

You cannot not advertise anonymous products.

Advertising is the only source of information available to consumers to find out what is offered in the market.

Only FAMOUS TRADEMARKS (marks with REPUTATION) are supposed to have an advertising function

What FAME (REPUTATION) is about?

Reputation - Brand awareness

Fame gives a competitive advantage and makes premium sales possible

Advertising usually relies on associations with ideals, values, life styles, etc.

CJEU case law on the advertising function:

- **DIOR v. EVORA,**
- **BMW,**
- **COPAD v. DIOR,**
- **ADIDAS v. FITNESSWORLD**
- **INTEL**
- **L' OREAL v. BELLURE**

FAME is protected under trademark law against DILUTION

It is now well settled under CJEU case law that dilution can be in the form of:

- Free riding, i.e. a third party obtaining unfair advantage without due cause from a famous TM, or**
- Blurring, i.e., whittling away, or degrading the distinctiveness of a famous mark, or**
- Tarnishment, i.e. detriment to distinctiveness, usually by associating the mark to ethically unacceptable ideals.**

Major Cases

- ADIDAS, L'OREAL v. BELLURE, INTEL, INTERFLORA**

INVESTMENT FUNCTION

This was introduced in CJEU case law by the INTERFLORA judgment.

It is controversial.

Difficult to determine the difference among the advertising function and the investment function.

Investment function

- INTERFLORA suggested there is a separate investment function which is distinct from the advertising function.
- This investment function corresponds to the financial investment of the TM owner in advertising expenditure and in building reputation.
- It could be argued that one justification for providing protection against dilution is the need to protect this investment of the TM owner.
- In the MITSUBISHI case, the Investment function is associated to the development of “loyal” consumers. Loyalty makes it possible to charge premium prices, as loyal consumers are willing to pay more.

WHY ARE “FUNCTIONS” IMPORTANT ?

- **Adverse effect to “functions” is a criterion for trademark infringement**

Courts, in order to determine whether there is a trademark infringement, examine whether trademark functions are frustrated, that is, whether trademark functions are adversely affected.

The legal concept of “likelihood of confusion”, which is one of the very basic concepts in trademark law, is interpreted in view of the “functions” doctrine; that is, there is likelihood of confusion, if trademark functions are frustrated.

(see the judgments of the CJEU in cases like C-48/05 Opel, C-206/01 Arsenal and C-129/17 Mitsubishi)

- **Origin and quality functions are criteria for distinctiveness**

“Distinctiveness”, which is another major concept in trademark law, is interpreted in view of the “origin” and “quality guarantee” functions

(See the CJEU judgments in cases like C-265/09 Borco, C-64/02 and C-299/99 Philips v. Remington)

- **Proof of use is assessed in view of trademark functions**

Under certain circumstances the owner of a trademark may be required to provide evidence that he has been using his mark in the course of trade. In such cases, “use” of the mark is assessed in view of the trademark functions. In simple terms, the mark has been used, if and when it is used in a way that makes it possible to fulfil the functions of a trademark. If there is some form of use, which, however, do not make it possible to fulfill trademark functions, then “use” is not established. For example, there is no use as a trademark if the public perceives that mark only as a decorative element.

(See the CJEU judgment in case C-689/15 Cotton Flower and the judgment of the GCEU in case T-20/15 Piccolo)

CASES from the CJEU and the GCEU

**Court cases where the issue of
trademark functions was discussed**

CJEU, C-129/17, MITSUBISHI

- Facts: unauthorized rebranding; an importer of Mitsubishi machinery removed Mitsubishi trademark and replaced it with its own
- par. 40: ...without Mitsubishi's consent, Duma and GSI acquire, outside the EEA, Mitsubishi forklift trucks that they bring into EEA territory, where they place them under a customs warehousing procedure. Whilst those goods are still under that procedure, they entirely remove the signs identical to the Mitsubishi trade marks, make alterations in order to render them compliant with the standards in force in the European Union, replace the identification plates and serial numbers and affix their own signs, then import them into the EEA, and market them both within and outside the EEA.

- Under EU trademark law (EUTMR Art. 15) a trademark owner is entitled to prevent third parties from importing goods under his trademark from non-EU countries into the EU.
- In the Mitsubishi case the importer, in order to go around this prohibition, replaced the manufacturer's trademark with his own.
- When the goods were technically imported into the EU, they did not bear the trademark of the manufacturer.
- Reasoning of the Court
- The Court identified the following functions: origin, quality guarantee, advertising, communication, investment, first sale in the EU.
- The Court briefly explained what each function is about.
- The Court found that all functions were frustrated.

CJEU, C-265/09 P, BORCO

- Facts:
- The subject matter of the dispute was whether a sign, consisting of the lower case Greek letter “α”, was distinctive and hence capable of being registered as a trademark.
- Court’s reasoning:
- The Court’s argumentation emphasized that distinctiveness is assessed in view of the “origin function”.
- Par. 31: ...for a trade mark to possess distinctive character... it must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from those of other undertakings

GCEU, T-20/15, Piccolo

- Facts:
- The term PICCOLO was a registered trademark used in bottles of wine.
- What was disputed was whether the public perceived the term PICCOLO as a name for the specific product, or as a descriptive term describing the type of the wine or the type of the bottle.
- Held:
- The term PICCOLO was perceived by the public as a descriptive term and not as a product name; therefore, it was not used according to the functions of a trademark (i.e. the origin function). So, there was no proof that there was use of the registered trademark.

- par. 21: ...there is genuine use of a trade mark where the mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services;
- Par. 43: the term 'piccolo' is in no way displayed on the goods or on the packaging in a prominent way which attracts the consumer's attention. On the contrary, as the Board of Appeal correctly stated in paragraphs 42 to 45 of the contested decision, it is clearly the term 'henkell' which is predominant, both on the goods and on the packaging.
- par 48: ...the term 'pikkolo' or 'piccolo' is used in such a way as to describe the size of the bottle. That term features exclusively together with other descriptive terms such as the terms 'trocken' and 'dry' for the various products of the applicant and is automatically associated with 0.2 l bottles in the same way as the term 'magnum' or the expression 'double magnum' are used to designate 1.5 l or 3 l bottles.

CJEU, C-323/09, INTERFLORA

- In this case it was disputed whether a trademark was infringed in case of unauthorized use by a third party as an “AdWord” for internet advertising, that is, as an internet reference.
- The Court reasoned:
- Par. 34: ...the proprietor of the trade mark is entitled to prevent that use only if it is liable to have an adverse effect on one of the functions of the mark...
- Par. 36: ...the exclusive right conferred by a trade mark affords the proprietor of the mark ‘absolute’ protection against the use by third parties of signs which are identical with that mark in relation to identical goods or services... [note that this case was indeed one of such “double identity”]

- par. 37: Although the European Union legislature described as ‘absolute’ the protection against the unauthorized use of signs identical with a trade mark in relation to goods or services identical with those for which the mark is registered, the Court has put that description into perspective by stating that, as extensive as it may be, the protection conferred... is intended solely to enable the trade mark proprietor to protect its specific interests as proprietor of the mark, that is to say, to ensure that the trade mark can fulfil its functions. The Court has concluded that the exercise of the exclusive right conferred by the trade mark must be reserved to cases in which a third party’s use of the sign adversely affects, or is liable adversely to affect, the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods...

- par. 60: In addition to its function of indicating origin and... its advertising function, a trade mark may also be used by its proprietor to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty.
- par 61: Although that function of a trade mark – called the ‘investment function’ – may overlap with the advertising function, it is none the less distinct from the latter. Indeed, when the trade mark is used to acquire or preserve a reputation, not only advertising is employed, but also various commercial techniques.
- Note that, if loyalty is developed, the manufacturer can charge substantially higher prices (premium prices); loyal consumers are willing to pay higher prices. In this sense, creating loyalty is an investment.

CJEU, C-48/05, Adam OPEL

- Facts:
- Autec was manufacturing replica miniatures cars which were exact representation of actual car models in small scale.
- Opel had registered their trademark in connection to both actual cars and replicas.
- Opel sued Autec for trademark infringement. It argued that the case under consideration was one of “double identity”, that is, use of identical marks in identical products. According to the letter of the law, in case of double identity the protection granted to trademarks is “absolute”, that is, it is not necessary to establish “likelihood of confusion”.

- The Court held as follows:
- par 21: ...the exclusive right... was conferred in order to enable the trademark proprietor to protect his specific interests as proprietor, that is, to ensure that the trademark can fulfil its functions and that, therefore, the exercise of that right must be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods...
- par. 22: Therefore, the affixing by a third party of a sign identical to a trade mark registered for toys to scale models of vehicles cannot be prohibited under Article 5(1)(a) of the directive unless it affects or is liable to affect the functions of that trade mark.

CJEU, C-206/01, ARSENAL

- Facts:
- Mr. Reed was selling scarves with the Arsenal Football Club emblems outside Arsenal's stadium.
- The scarves did not originate from and were not authorized by Arsenal.
- Mr. Reed clearly informed customers that the scarves were not original Arsenal items and that they were not authorized by Arsenal. So, there was no confusion as to the origin of the goods.
- Arsenal Football Club sued Reed for trademark infringement.

- The arguments of the Court:
- par. 48: ...the essential function of a trade mark is to guarantee the identity of origin of the marked goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin. For the trade mark to be able to fulfil its essential role in the system of undistorted competition... it must offer a guarantee that all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality.

- par. 51: ...the exclusive right ... was conferred in order to enable the trade mark proprietor to protect his specific interests as proprietor, that is, to ensure that the trade mark can fulfil its functions. The exercise of that right must therefore be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods.

- par. 56: Having regard to the presentation of the word 'Arsenal' on the goods at issue in the main proceedings and the other secondary markings on them (see paragraph 39 above), the use of that sign is such as to create the impression that there is a material link in the course of trade between the goods concerned and the trade mark proprietor.
- par. 57: That conclusion is not affected by the presence on Mr. Reed's stall of the notice stating that the goods at issue in the main proceedings are not official Arsenal FC products (see paragraph 17 above). Even on the assumption that such a notice may be relied on by a third party as a defence to an action for trade mark infringement, there is a clear possibility in the present case that some consumers, in particular if they come across the goods after they have been sold by Mr. Reed and taken away from the stall where the notice appears, may interpret the sign as designating Arsenal FC as the undertaking of origin of the goods.

CRITICISM ON THE “FUNCTIONS” DOCTRINE

- Trademark functions are not expressly defined or referred to in the legislation. Reliance on trademark functions, rather than on the letter of the law, may result to legal uncertainty.
- The various functions are not always clearly defined.

Advertising and ideals or life styles

- Both ROLEX and SWATCH watches are considered good watches, but for different circumstances. For example:
- Assuming I am 50 years old and I want to make my wife a present for our 20 years of marriage; which is more appropriate? A Rolex or a Swatch?
- Assuming I am a 20 years old college student and I want to make my girlfriend a present for her birthday; which is more appropriate now? A Rolex or a Swatch?

Look at the Benetton advertisement below.
Does it tell us anything about the products? their
features or quality?



Why are trademarks protected?

1. Justification based on ETHICS

2. Justification based on INFORMATION COSTS

**3. Justification based on INCENTIVES FOR INCREASING
QUALITY AND OFFERING BETTER PRICES**

4. Justification based on COMPETITION concerns

GILLETTE : TMs are the basis of competition, because they allow manufacturers to attract customers on the basis of the quality of the products and the prices