



FACULTY OF LAW  
University of Lund

Christina Gausmann

Protection of trademarks under  
international law

Master thesis

20 points

Supervisor Professor Mpazi Sinjela  
International intellectual property law

Spring 2005

# Contents

|  |          |
|--|----------|
| <b>Abbreviations</b>   | <b>4</b> |
| I. Introduction.....   | 5        |
| II. What is a trademark? .....   | 5        |
| 1. Function of a trademark .....   | 6        |
| III. Protection of trademarks on the international level .....                       | 8        |
| 1. Multilateral Conventions.....   | 9        |
| 1.1. The Paris Convention .....  | 9        |
| 1.1.1. Basic rules .....   | 10       |
| 1.1.2. Substantive law .....   | 11       |
| 1.2. The Madrid Agreement and Protocol.....  | 13       |
| 1.2.1. The Madrid Agreement .....  | 14       |
| 1.2.2. The Madrid Protocol .....   | 15       |
| 1.2.3. The Madrid System .....   | 17       |
| 1.2.4. The system in practice.....   | 18       |
| 1.2.5. Conclusion.....   | 20       |
| 1.3. Trademark Law Treaty.....   | 21       |
| 1.4. The Trade related Aspects of Intellectual Property Rights (TRIPS Agreement). 23 |          |
| 1.4.1. Trademarks under TRIPS.....   | 24       |
| 2. Regional Arrangements.....  | 27       |
| 2.1. In the EU - EC Harmonization Directive and EC Regulation.....                   | 28       |
| 2.1.1. The Harmonization Directive.....  | 28       |
| 2.1.2. The EC Regulation on the Community trademark.....                             | 31       |
| 2.1.2.1. Registration of a trademark as CTM.....                                     | 32       |
| 2.1.2.2. The enlargement of the EU .....   | 33       |
| 2.2. Trademark Law in the U.S. ....  | 34       |
| 2.2.1. Lanham Act .....  | 34       |
| 2.2.1.1. Trademarks under Lanham Act.....  | 35       |
| 2.2.1.1.1. How to receive protection .....   | 38       |
| 2.2.1.1.2. Duration of protection .....  | 39       |
| 2.2.1.1.3. Effects of registration .....   | 39       |
| 2.2.1.1.4. Infringement.....   | 40       |

|   |    |
|---|----|
| 2.2.1.1.5. Remedies .....   | 42 |
| 2.2.1.1.6. Relationship between federal law and state common law..... | 42 |
| 2.2.2. North American Free Trade Agreement (NAFTA).....               | 43 |
| IV. Conclusion.....   | 44 |
| V. Trademark protection in the U.S. compared to the EU.....           | 47 |
| 1. Trademark protection in general .....                              | 47 |
| 1.1. The U.S.....   | 47 |
| 1.1.1. State Law.....   | 48 |
| 1.1.2. Federal Law.....   | 48 |
| 1.1.3. State registration – Federal registration .....                | 49 |
| 1.2. The EU .....   | 50 |
| 2. Single colours as trademarks – the problem.....                    | 50 |
| 2.1. Single Colours under the Paris Convention .....                  | 55 |
| 2.2. Single colours under TRIPS .....                                 | 55 |
| 2.3. In the EU .....  | 56 |
| 2.3.1. EC Harmonization Directive and EC Regulation on the CTM.....   | 56 |
| 2.3.2. Case Law of the EU .....                                       | 57 |
| 2.3.3. (provisional) Conclusion .....                                 | 61 |
| 2.3.4. Colour combinations .....                                      | 64 |
| 2.3.5. Conclusion.....  | 68 |
| 2.4. The U.S.....   | 69 |
| 2.4.1. Qualitex .....   | 69 |
| 2.4.1.1. Functionality: .....   | 69 |
| 2.4.1.2. Competitive Need:.....                                       | 70 |
| 2.4.1.3. Colour Depletion:.....                                       | 71 |
| 2.4.1.4. Shade Confusion .....  | 72 |
| 2.4.1.5. Graphic Representation .....                                 | 73 |
| 2.4.2. Consequences of Qualitex:.....                                 | 73 |
| VI. Conclusion.....   | 76 |

## **Bibliography**

## **Table of cases**

## Abbreviations

|        |   |
|--------|---|
| BPatGE | Collection of the Federal Patent Court Decisions<br>(Entscheidungen des Bundespatentgerichts) |
| BTMO   | Benelux Trademark Office  |
| CTM    | Community Trademark   |
| DSB    | Dispute Settlement Body   |
| DSU    | Understanding on Rules and Procedures<br>Governing the Settlement of Disputes                 |
| EC     | European Community  |
| ECJ    | European Court of Justice   |
| e.g.   | example given   |
| INTA   | International Trademark Association   |
| NAFTA  | North American Free Trade Agreement   |
| OHIM   | Office for Harmonization in the Internal Market   |
| PTO    | Patent and Trademark Office   |
| SNCF   | Société Nationale des Chemins de Fer Français   |
| TLT    | Trademark Law Treaty  |
| TRIPS  | Trade Related Aspects on International Property Right   |
| WIPO   | World Intellectual Property Organization  |
| WTO    | World Trade Organization  |

# Protection of trademarks under international law

## I. Introduction

Yellow makes you happy, red is the colour of passion and blue stands for harmony...

As known since Goethe's theory of colours at the latest, colours trigger effects on moods and associativities. Colours overcome the language and cultural barriers faced by more traditional ways as for example words. The world of business and advertisement has recognized that and tries to avail it. Merchants have long sought to develop and protect colours, either alone or in combination, as trademarks. These attempts emphasize the belief that colours could in fact be recognized by consumers as indicator of source and could enhance the goodwill and reputation of the manufacturer or merchant.

Whether these attempts to protect colours as trademark, however, are successful varies from country to country.

This paper shall give an overview about trademark protection on the international plane in general and exemplify the challenges of the present situation with the protection of single colours as trademarks.

## II. What is a trademark?

First of all there is need to clarify, what a trademark actually is.

The origin of trademarks dates back to ancient times, when craftsmen placed their identifying signatures or "marks" on their products. In the course of time these "marks" developed to today's system of trademark registration and protection. The system helps consumers to identify and purchase a product or service because its nature and quality which is indicated by its trademark meets their needs.<sup>1</sup>

Nowadays, a trademark is defined as a sign capable of distinguishing the goods or services of one undertaking from those of other undertakings.<sup>2</sup>

A trademark is any word, name, symbol or device, slogan, package design or combination of these that serves to identify and distinguish a specific product from others in the market place

---

<sup>1</sup> Homepage of WIPO, <http://www.wipo.int/about-ip/en/trademarks.html>, last visited 2005-10-20

<sup>2</sup> TRIPS - Agreement, art. 15, available at the Homepage of the World -Trade Organization, [http://www.wto.org/english/tratop\\_e/trips\\_e/t\\_agm3\\_e.htm#2](http://www.wto.org/english/tratop_e/trips_e/t_agm3_e.htm#2), 2002-05-19

or in trade. Even a sound, colour combination, smell or hologram can be a trademark given particular circumstances.<sup>3</sup>

Thus, a trademark can be anything that identifies and distinguishes a product or service.

For example, the trademark „Nike,“ along with the Nike „swoosh,“ identifies the shoes made by Nike and distinguishes them from shoes made by other companies (e.g. Adidas). Similarly, the trademark "Coca-Cola" distinguishes the brown-coloured soda water of one particular manufacturer from the brown-coloured soda of another (e.g. Pepsi). Even the shape of the "Coca-Cola-bottle" or the colour pink for fibreglass can serve as a trademark.

The sign or symbol used as trademark does not have to appear only on the goods themselves but also on the container or wrapper which contain the goods when they are sold.<sup>4</sup>

A trademark can be used in connection with goods but also with services.

When a sign which is capable of being a trademark is used in connection with services, it is called **service mark**.<sup>5</sup>

Besides trademarks and service marks there are two other forms of marks:

**Collective marks** are defined as signs which distinguish the common characteristics of goods or services of different enterprises using the collective mark. The owner may be either an association or any other entity to which these enterprises are members.

The owner of the collective mark is responsible for ensuring the compliance with certain standards by its members. Thus, the collective mark informs the public about certain features of the product for which the collective mark is used.<sup>6</sup>

**Certification marks** certify that a product or service meets a certain standard of quality or is of a regional origin.

However, the subject of this study will be primarily trademarks as such.

Since we have found out in which forms a trademark can exist, the question to be asked is as to which purpose a trademark actually exists; what is the reason and function of a trademark?

## 1. Function of a trademark

A trademark has four main functions, namely distinction, reference to origin, quality and promotion.

---

<sup>3</sup> Homepage of INTA, <http://www.inta.org/info/faqsD.html#1>, 20.02.04

<sup>4</sup> WIPO, Collection of Documents on Intellectual Property, Geneva 2001, p. 10, under point 43

<sup>5</sup> loc.cit.

<sup>6</sup> WIPO Homepage, [http://www.wipo.org/sme/en/ip\\_business/collective\\_marks/collective\\_marks.htm](http://www.wipo.org/sme/en/ip_business/collective_marks/collective_marks.htm), 20.02.04

Distinction:

This means a trademark is used for the purpose of *distinguishing* products or services of one enterprise from those of other enterprises. It is supposed to make it easier for the consumer to identify a product or service that he knows from advertisements or that is through other channels already known to him.<sup>7</sup>

Origin:

Trademarks, however, do not only distinguish products or services as such but also refer to the particular enterprise from which they *originate* and its goodwill. Meaning, a trademark is supposed to indicate the *origin* of the goods or services for which it is used.<sup>8</sup>

Quality:

This leads us to the next function of trademarks. By referring to the producing enterprise and its reputation, a trademark also relates to a particular *quality*. This is important if for example licenses are granted to other enterprises to use the trademark. The licensee is obliged to respect the quality standard of the trademark owner in order not to impair the reputation of the trademark owner.<sup>9</sup>

Promotion:

Nowadays, however, trademarks are not only used to distinguish or to refer to a particular enterprise or a particular quality but also to stimulate sales. It should arouse interest and raise a feeling of confidence. Thus it also has the function of *promoting* the marketing of products and services.<sup>10</sup>

The protection of trademarks granted by laws is achieved by making it illegal for any entity other than the owner of the trademark or a licensee to use the trademark or sign similar to it in connection with goods or services for which the trademark was registered.<sup>11</sup> Accordingly, the owner of a trademark can exclude others from using a similar trademark on similar or related goods or services.<sup>12</sup>

This is - on the one hand - to protect the enterprise using the mark from getting exploited by other enterprises. The enterprise using a particular mark usually invests a lot of work and money to make that mark known to the public and to make sure that the public associates that

---

<sup>7</sup> *ibid.*, point 45

<sup>8</sup> *ibid.*, point 47, 48

<sup>9</sup> *ibid.*, point 49, 50

<sup>10</sup> *ibid.*, point 53, 54

<sup>11</sup> *ibid.*, point 56

<sup>12</sup> Stimm, Richard, Trademark law, p. 3

mark with a particular (high) quality. It takes a lot of effort and capital investment to ensure that the mark fulfils its functions of distinguishing the product, of referring to the producing enterprise and getting the public to trust in that mark.

If another enterprise could exploit that by using a confusingly similar mark, all the work and effort of the investing enterprise would be wasted.

Thus, in a broader sense, trademarks promote initiative and reward the owners of trademarks with recognition and financial profit. The system enables people with skill and enterprise to produce and market goods and services in the fairest possible conditions, thereby facilitating international trade.<sup>13</sup>

Abuse of others' trademarks, however, would not only result in a financial loss of the exploited enterprise. Such abuse would also mislead and/or defraud the consumer, initiated by those who create confusion as to the source of goods.

In other words, if competitors were allowed to imitate a trademark, the consumer could neither be sure whether the chosen product really originates from the manufacturer he relies on nor whether it meets the requirements and quality standards he expects. Thus, if confusingly similar marks were allowed this would lead to a common uncertainty and distrust within the market. One could not be sure of the origin and the quality of goods and services, which in turn could even hamper the business market, since consumers would become rather cautious to invest their money.

Accordingly, the protection of trademarks does not only aim at protecting the enterprise using the mark but it also prevents the consumer from getting misled by deceptive marks and helps stabilizing the international market.

### **III. Protection of trademarks on the international level**

In the beginning, it was only possible to receive protection of trademarks at the national level. Accordingly, it was only left to the particular *national* authorities to determine how far trademark protection could be granted.

During the last century, however, it was regarded as necessary to create protection for industrial property rights on an international level as well. The fact that there existed no uniform legal protection but different trademark law in every country meant that if an enterprise used a sign as a trademark which was protected under national law and entered the market in another country it ran the risk that its trademark would not be protected under the

---

<sup>13</sup> Homepage of WIPO, [http://www.wipo.int/about-ip/en/about\\_trademarks.html#function](http://www.wipo.int/about-ip/en/about_trademarks.html#function), 2005-10-20



national law of that particular country. The originally protected mark could thus be exploited by another enterprise. Accordingly, enterprises respectively foreign trademark owners were rather cautious to enter the international market. For this reason, it was feared that the free exchange of goods and services could be hampered, if no international protection was created. This led to the adoption of several multilateral agreements:

## 1. Multilateral Conventions

### 1.1. The Paris Convention

In order to determine the basis of uniform legislation in the field of industrial property, the Convention for the Protection of Industrial Property was adopted and signed in 1883 in Paris (therefore called: Paris Convention). Today it has been ratified by 164 states.<sup>14</sup>

The countries party to the Convention together constitute the “Paris Union for the protection of Industrial Property”. It constitutes a legal entity in international law administered by its own administrative organs. The organs of the Paris Convention are as follows:

There is at first the *Assembly*<sup>15</sup> which consists of all member countries bound at least by the Stockholm Act of the Paris Convention. It is the chief governing body of the Union with policy-making and controlling power.

The Assembly has an *Executive Committee*<sup>16</sup> which consists of ¼ of the countries members of the assembly. It is elected by the members of the Assembly and is the smaller governing body of the Union. It carries out the functions which have to be executed between the ordinary sessions of the Assembly and for which the Assembly is too big and complex.

The administrative organ of the Union is the *International Bureau*<sup>17</sup> which is headed by the Director General of the World Intellectual Property Organization (WIPO). It performs all administrative tasks and provides the secretariat of the various organs of the Union.

---

<sup>14</sup> Homepage of the World Intellectual Property Organization (WIPO), <http://www.wipo.int/treaties/en/documents/pdf/d-paris.pdf>, 22.02.04

<sup>15</sup> Paris Convention, art. 13

<sup>16</sup> Paris Convention, art. 14

<sup>17</sup> Paris Convention, art. 15

The Paris Convention is still one of the most important multilateral conventions in the field of intellectual property.

### 1.1.1. Basic rules

The Paris Convention contains rules of substantive law which guarantee the right to *national treatment* in each member country.<sup>18</sup> This means that regarding industrial property, each country party to the Convention must grant the same advantages to nationals of the other member countries as it grants to its own nationals.<sup>19</sup> In other words, if a German national applies for registration in Italy, the German will have to be treated the same way as an Italian national filing for protection will be treated.

This rule is one of the basic rules of the system of international protection established under the Paris Convention. Additionally, it also guarantees protection against discrimination in this area. Without that rule it would sometimes be extremely difficult to obtain adequate protection in foreign countries for industrial property rights.<sup>20</sup> This rule, however, also extends to nationals of non-member countries, provided they are domiciled or have an industrial or commercial establishment in a member country.<sup>21</sup>

Nowadays this rule is a basic right for a lot of international treaties e.g. the EC or WTO<sup>22</sup> and it constitutes the basis for today's International trade relations.

Additional to this rule, art. 4 of the Paris Convention provides the *right of priority*. This means that, on the basis of a regular application for an industrial property right, the same applicant may, within a specified space of time, have certain rights when applying for protection in all other member countries. His later applications enjoy a *priority status* and will be regarded as if they had been filed on the same day as the first application.<sup>23</sup> The length of the priority period for trademarks is 6 months.<sup>24</sup> In other words, a foreign enterprise has up to 6 month to decide whether it is useful to apply for registration of its trademark in any other country party to the Paris Convention. Within these 6 months every application

---

<sup>18</sup> Paris Convention, art. 2, 3

<sup>19</sup> WIPO, Collection of Documents on Intellectual Property, Geneva 2001, p. 21, under point 18

<sup>20</sup> WIPO, Collection of Documents on Intellectual Property, Geneva 2001, p. 22, under point 20

<sup>21</sup> Paris Convention, art. 3

<sup>22</sup> see Homepage of WTO, [http://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/fact2\\_e.htm](http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm), 2005-10-20

<sup>23</sup> WIPO, Collection of Documents on Intellectual Property, Geneva 2001, p. 23, under point 30

<sup>24</sup> Paris Convention, art. 4 C (1)

filed by a third party will be treated as if it was filed after the trademark which enjoys priority status.

The first application, however, has to be duly filed in order to give rise to the right of priority.<sup>25</sup>

### 1.1.2. Substantive law

Concerning *substantive provisions*, the Convention deals with trademark law in art. 5 C (1), (2) and (3) as well as art. 6 up to art. 9. Here, I will only mention the most important provisions.

Art. 5 (1) deals with the issue of *compulsory use* of trademarks. A lot of countries require in their national trademark law that a trademark - once it is registered - has to be used within a certain period of time; otherwise the trademark will be cancelled from the register. The Paris Convention, however, states that this certain period of time has to be of reasonable length and that the cancellation is only legitimate if the owner does not justify the failure to use the trademark. The interpretation of what constitutes a reasonable period, however, is left to the national authorities. A justification for not using the trademark is given, for example, where the non-use is based on economic circumstances beyond the owner's control.<sup>26</sup>

The Convention also contains the rule that the use of the trademark in a *different form* is not a reason for invalidation of the registration or diminution of the protection as long as the distinctive character of the mark is not altered.<sup>27</sup> This aims to allow unessential differences where it is necessary, for example in cases of adaptation or translation of certain elements.<sup>28</sup>

Besides this, the Convention deals with the case that the same mark is used by several establishments which are regarded as *co-proprietors* of the mark.<sup>29</sup> Concurrent use shall not prevent registration or diminish the protection granted to the mark as long as it does not mislead the public or is contrary to the public interest.

---

<sup>25</sup> Paris Convention, art. 4 A (1)

<sup>26</sup> WIPO, Collection of Documents on Intellectual Property, Geneva 2001, p. 32, under point 77

<sup>27</sup> Paris Convention, art. 5 C (2)

<sup>28</sup> WIPO, Collection of Documents on Intellectual Property, Geneva 2001, p. 32, under point 78

<sup>29</sup> Paris Convention, art. 5 C (3)

Trademark protection is granted only for a certain period of time but is renewable against payment of fees. A *grace period* of not less than six month is provided;<sup>30</sup> an extension of this period is possible and is left to the national legislations to determine.

Art. 6 of the Paris Convention contains the important principle of the *independence* of the trademarks. The conditions for filing and registration of trademarks are to be left to the domestic legislation of each country. In art. 6 (2) it is further expressed that receiving and maintaining a trademark registration in any country of the Union may not depend on the registration of the same mark in any other country. Every mark duly registered in a particular country has to be regarded as independent of marks in any other country.<sup>31</sup>

Not only registered trademarks are protected under the Paris Convention, but also marks that are *well known* in a member country.<sup>32</sup> This results from the view that the registration of a mark that is confusingly similar to a mark that has acquired goodwill would amount to an act of unfair competition.<sup>33</sup> The determination whether a trademark is well known, is again left to the competent authorities of the country in question. A definition of what a competent authority might be is not given in the Paris Convention. Accordingly, it is left to the countries to decide, what a competent authority is.

Protection of well-known marks, however, is only granted if the conflicting trademark has been applied for identical or similar goods.

Another interesting provision is art. 6<sup>quinquies</sup> which is an *exception* to the principle of national treatment and the independence of trademarks. It provides that a trademark that is duly registered in the country of origin shall be accepted for filing and protected as it is in the other countries of the Union (*telle-quelle*). This shall effect a certain uniformity of the law in the various countries regarding the concept of trademarks.<sup>34</sup> Exceptions of the “*telle-quelle*”-protection are made only in the cases stated in the provision, namely infringement of rights of third parties, absence of any distinctive character or inconsistency to the public morality and order as well as the possibility to deceive the public.<sup>35</sup> If a mark filing for

---

<sup>30</sup> Paris Convention, art. 5<sup>bis</sup> (1)

<sup>31</sup> Paris Convention, art. 6 (3)

<sup>32</sup> Paris Convention, art. 6<sup>bis</sup>

<sup>33</sup> WIPO, Collection of Documents on Intellectual Property, Geneva 2001, p. 34, under point 90

<sup>34</sup> WIPO, Collection of Documents on Intellectual Property, Geneva 2001, p. 37, under point 107

<sup>35</sup> Paris Convention, art. 6<sup>quinquies</sup>, point B. Nr. 1-3

protection does fall under one of these exceptions, it shall be denied registration and not protected by the Paris Convention. Otherwise, if the mark does not constitute such an exception, there is no reason not to grant the mark protection under the Paris Convention. The list of exceptions in art. 6<sup>quinquies</sup> PC is exhaustive. That, however, does not mean that a country has to register and protect a subject which does not fall within the meaning of a trademark as defined in the national law of the particular country.<sup>36</sup>

The nature of the goods to which a trademark is to be applied shall by no means form an obstacle to the registration of the mark.<sup>37</sup> The reason for this rule is that the protection of intellectual property is independent of the question whether the goods on which the mark is applied will be sold in the country concerned.

Another important provision of the Paris Convention is art. 19 which deals with special agreements. According to art. 19, the member countries have the right to conclude special agreements for the protection of industrial property among themselves as long as these agreements do not contravene the provisions of the Paris Convention.

Concerning the registration and facilitation of the registration of trademarks, at the international level, the Madrid Agreement Concerning the International Registration of Marks and its Protocol, as well as the Trademark Law Treaty (TLT) were concluded.

## **1.2. The Madrid Agreement and Protocol**

Even though the Paris Convention deals within the context of industrial property rights *inter alia* with the international protection of trademarks, the main treaties which govern the system of international registration of marks are two “special agreements” established under the Paris Convention.<sup>38</sup>

These are the *Madrid Agreement Concerning the International Registration of Marks* as well as the *Protocol relating to the Madrid Agreement*.<sup>39</sup>

The objectives of these instruments are – on the one hand – to make it easier to obtain protection for trademarks at the international level and – on the other hand – to facilitate the management of the obtained protection.

---

<sup>36</sup> *ibid.*, point 110

<sup>37</sup> Paris Convention, art. 7

<sup>38</sup> Paris Convention, art. 19

<sup>39</sup> available at the Homepage of WIPO, [http://www.wipo.int/madrid/en/legal\\_texts/index.html](http://www.wipo.int/madrid/en/legal_texts/index.html), 2005-10-20

### 1.2.1. The Madrid Agreement

Before the adoption of the Madrid Agreement, receiving international protection for a trademark was a difficult undertaking.

Trademark owners who sought international trademark protection had to file an application for each country in which they wished to have their trademark registered. Since there are approximately 200 countries in the world and the cost of filing varies considerably from country to country, the cost for obtaining trademark registration worldwide could add up immensely.

If a company had multiple marks, the cost grew exponentially.

Additionally, the applicant had to engage attorneys in every country to handle the filing process in the particular territory. That raised the cost even further.

Because of these high costs many small and medium-sized businesses could not afford international protection of their marks. The large corporations had also to think twice whether to file a mark internationally and if at all, in which country.

Another problem arose at the time of renewing a trademark registration. Often, renewal of the same mark in multiple countries does not occur at the same time. For this reason, a thorough tracking system was necessary to find out which registration needed to be renewed. For the renewal process it was again necessary to engage trademark attorneys in each individual country to handle the process. This again proved expensive.

In summary it can be concluded that it was very expensive and difficult to receive and maintain trademark protection at the international level.

For these reasons, in 1891 the “Madrid Agreement Concerning the International Registration of Marks” ( Madrid Agreement) was adopted.

It allows nationals of countries that are members of the Madrid Agreement to protect their trademarks in any or all of the other member countries on easier conditions.<sup>40</sup> This is done by means of a single international application that is filed in one place, in one language, with a minimum of formalities, with one fee in a single currency.

---

<sup>40</sup> art. 1 (2) of the Madrid Agreement

This results in only one registration, with one number and one renewal date. Renewal or changes of the registration can be announced to the International Register, which will modify the status of registration if necessary. Therefore, registration or changes can be done through one single procedural step with effects in many different countries.

A more detailed description of the Agreement and its features will be given below under the description of the “Madrid System”.

### **1.2.2. The Madrid Protocol**

In 1989, a related treaty was also adopted in Madrid, the Protocol relating to the Madrid Agreement.

The adoption of this Protocol intended to remove the difficulties that prevented certain countries from adhering to the Madrid Agreement.

To this end, the "Madrid Protocol" retains the same basic purposes of the Madrid Agreement, but allows applications to be filed in either French or English (unlike the Madrid Agreement that allows registration only in French). The Madrid Protocol also improves the basic features of the Madrid Agreement.

The main innovations of the Protocol are as follows:

1. Concerning the application for international registration under the Madrid Agreement the application must be based on a *registration* in the Office of Origin.<sup>41</sup> Accordingly, an applicant for the international registration of a mark must have already obtained registration of the mark in the country of origin (basic registration).

Under the Protocol, however, the application for international registration may be based on a mere *application* filed with the Office of origin.<sup>42</sup>

That means that under the Madrid Protocol for the applicant it is sufficient to show, that he applied for trademark registration in his office of origin (basic

---

<sup>41</sup> Madrid Agreement, art. 3

<sup>42</sup> Madrid Protocol, art. 3

application). The actual registration in the Office of origin must not have taken place, yet. However, the international application may of course also be based on a registration with the Office of origin.

2. According to the Madrid Agreement, the time period for countries to refuse protection in their territory is one year.<sup>43</sup>

Under the Madrid Protocol, generally the time limit is one year as well. The Protocol however allows an extension of this period up to 18 months, when the contracting party declares so.<sup>44</sup>

3. The Madrid Agreement provides that the Contracting Parties receive a share of the amounts derived from the fees collected by the International Bureau at the end of each year. The division is undertaken proportional to the number of marks for which protection has been requested in the particular countries during that year.<sup>45</sup>

The Madrid Protocol, however, gives the Contracting Parties the opportunity to receive higher individual fees instead of a share.<sup>46</sup>

4. Besides, the Protocol provides an additional feature:

If an international registration is cancelled at the request of the Office of origin, for example, because the basic application has been refused or the basic registration has been invalidated, it may be transformed into a national (or regional) application in the respective Contracting Parties in which the international registration had effect. Additionally, each application has to be treated as if it had been filed on the date of the international registration and, if the international registration enjoyed priority, it has to enjoy the same priority.<sup>47</sup>

This possibility does not exist under the Madrid Agreement.

---

<sup>43</sup> Madrid Agreement, art. 5 (2)

<sup>44</sup> Madrid Protocol, art. 5 (2)(b)

<sup>45</sup> Madrid Agreement, art. 8

<sup>46</sup> Madrid Protocol, art. 8 (7)

<sup>47</sup> Madrid Protocol, art. 9<sup>quinquies</sup>



Despite these differences, the Madrid Agreement and the Madrid Protocol have many similarities.<sup>48</sup> Because of their many similarities, both are inextricably linked, and are usually referred to, as "the Madrid System."

### 1.2.3. The Madrid System

The system is administered by the International Bureau of WIPO which is in charge of the International Register and publishes the WIPO Gazette of International Marks.<sup>49</sup>

Any state which is a party to the Paris Convention, may become a party to the Madrid Agreement or the Protocol or both.

Under certain conditions also an *intergovernmental organization* may become a party to the Protocol but not to the agreement.<sup>50</sup> To this end, at least one of the member states of the organization has to be a party to the Paris Convention and the organization has to maintain a regional office to register marks with effect in the territory of the organization.<sup>51</sup>

States party to the Agreement and/or the Protocol and organizations party to the Protocol together constitute the *Madrid Union*.<sup>52</sup> By now there are 77 states member to the Madrid Union.

There are 56 states party to the Agreement and 66 states party to the Protocol. Out of these numbers, there are 45 states which are member to both, the Agreement and the Protocol.<sup>53</sup>

Additionally, there are 11 states member only to the Madrid Agreement and 21 states only party to the Madrid Protocol.

As mentioned above, the System of the Madrid Agreement and its Protocol give a trademark owner the possibility of having his mark protected in several countries by simply filing one application with a single office (at the International Bureau of Intellectual Property)<sup>54</sup>, in one language, with one set of fees in one currency.<sup>55</sup>

---

<sup>48</sup> for details, see below

<sup>49</sup> WIPO, Collection of Documents on Intellectual Property, Geneva 2001, p. 70, under point 1

<sup>50</sup> *ibid*, point 1, 2

<sup>51</sup> art. 14 (1)(a) of the Madrid Protocol

<sup>52</sup> this is a special union under the Paris Convention, art.19, see art. 1 of the Madrid Agreement

<sup>53</sup> WIPO Homepage, <http://www.wipo.int/treaties/en/documents/pdf/g-mdrd-m.pdf>, 2005-10-20

<sup>54</sup> Madrid Agreement, art. 1, point 2.

<sup>55</sup> WIPO, Collection of Documents on Intellectual Property, Geneva 2001, p. 70, under point 5

However, the application for international registration may be filed only by a natural person or legal entity which has an establishment in, is domiciled in, or is a national of a country which is party to the Madrid Agreement or the Protocol.<sup>56</sup>

*The Madrid Agreement does not grant protection to a mark outside the Madrid Union.*

The mark can only be internationally registered if it has already been registered in the *office of origin*, i.e. the office, with which the applicant has the connection required for the admission to the registration.<sup>57</sup>

From the date of the international registration the protection of the mark in each of the contracting countries shall be the same as if the mark had directly been filed therein.<sup>58</sup>

*Nevertheless, the contracting parties are not bound to accept the particular sign as a trademark, if it does not conform to its national law.* According to art. 5 of the Madrid Agreement protection may be refused for certain reasons, if the refusal has been given notice within a certain time period as stated in the Agreement respectively the Protocol after the international registration of the mark.

#### **1.2.4. The system in practice**

After presenting the advantages of the Madrid Agreement and the Madrid Protocol, it might be interesting to see how International Protection is acquired in practice.

First of all, *through the intermediary of the Office of origin* the applicant has to present an application for international registration to the International Bureau of WIPO in Geneva, Switzerland.<sup>59</sup> It is to be noted that an international application which instead of being presented through an Office, is presented by the applicant directly to the International Bureau, will not be considered to be an international application. It will be returned to the applicant without being examined in any way and any fees paid will be reimbursed.

However, where the international application complies with the applicable requirements<sup>60</sup>, the mark is recorded in the International Register and published in the WIPO Gazette of International Marks.<sup>61</sup>

---

<sup>56</sup> WIPO, Collection of Documents on Intellectual Property, Geneva 2001, p. 71, under point 6

<sup>57</sup> Madrid Agreement, art. 1 (2),(3), art. 3

<sup>58</sup> Madrid Agreement, art. 4 (1)

<sup>59</sup> Madrid Agreement, art. 1 (2); Madrid Protocol, art. 2 (2)

<sup>60</sup> regarding details, see supra 1.2.2

<sup>61</sup> Madrid Agreement, art. 3 (4); Madrid Protocol, art. 3 (4)

Thereafter, the International Bureau notifies each Contracting Party in which protection has been requested.<sup>62</sup>

From the date of the international registration, the protection of the mark in each of the Contracting Parties is the same as if the mark had been filed directly with the Office of that Contracting Party.<sup>63</sup>

Each designated Contracting Party has the right to refuse protection, within the time limits specified in the Agreement (one year) or Protocol (one year – 18 months).<sup>64</sup>

According to art. 5 of the Madrid Agreement, “the refusal can be based only on the grounds which would apply, under the Paris Convention for the Protection of Industrial Property, in the case of a mark filed for national registration.”

Accordingly, grounds for refusal can be infringement of rights of third parties, absence of any distinctive character or inconsistency to the public morality and order as well as the possibility to deceive the public.<sup>65</sup>

However, protection may *not* be refused, even partially, by reason only that national legislation would not permit registration except in a limited number of classes or for a limited number of goods or services.<sup>66</sup>

Unless such a refusal is notified to the International Bureau within the defined time limit, the protection of the mark in each designated Contracting Party is the same as if the Office of that Contracting Party had registered it.<sup>67</sup>

For a time limit of five years from the date of the international registration, such registration remains dependent on the mark registered or applied for in the Office of origin.<sup>68</sup> If the basic registration in the country of origin ceases to have effect or the basic application is refused or withdrawn within the five year period, the international registration at the International Bureau will no longer be protected.<sup>69</sup>

After the expiry of the five year period, the international registration becomes independent of the basic registration or basic application.<sup>70</sup> That means, the validity of

---

<sup>62</sup> Madrid Agreement, art. 3 (5); Madrid Protocol, art. 3 (5)

<sup>63</sup> Madrid Agreement, art. 4; Madrid Protocol, art. 4

<sup>64</sup> Madrid Agreement, art. 5; Madrid Protocol, art. 5 (1), (2)(b)

<sup>65</sup> see art. 6 <sup>quinquies</sup> B) of the Paris Convention

<sup>66</sup> Madrid Agreement, art. 5 (1), Madrid Protocol art. 5 (1)

<sup>67</sup> Madrid Agreement, art. 5 (5); Madrid Protocol, art. 5 (5)

<sup>68</sup> Madrid Agreement, art. 6 (2); Madrid Protocol, art. 6 (2)

<sup>69</sup> Madrid Agreement, art. 6 (3); Madrid Protocol, art. 6 (3)

<sup>70</sup> Madrid Agreement, art. 6 (2); Madrid Protocol, art. 6 (2)

the registration in the country of origin does no longer impact the international registration in Geneva. In other words, even if the registration in the Office of origin becomes invalid for some reason, the international registration still remains valid.

The International registration may indefinitely be renewed for a further period of ten years at a time by the payment of fees provided in the Madrid Agreement<sup>71</sup> resp. the Madrid Protocol<sup>72</sup> as soon as the preceding period expires.

### **1.2.5. Conclusion**

It is to be observed that the system established under the Madrid Agreement is almost the same as that under the Madrid Protocol. At least there are many similarities and parallels.

Nevertheless, despite their many similarities, the Madrid Agreement and the Madrid Protocol are two separate treaties and every state has the choice whether to join the Madrid Agreement or the Madrid Protocol or both.

If a State chooses to be a party to both, the Agreement and the Protocol, the question arises which of these two instruments will be binding for that particular state. This question is answered by art. 9<sup>sexies</sup> of the Madrid Protocol, the “safe-guard clause”:

With regard to a state which is also party to both the Agreement and the Protocol, it is provided that the Protocol is to have no effect in the territory of that state but the Agreement is the decisive instrument.

This means, that if for example a dispute arises between Germany and Austria<sup>73</sup> only the Agreement would be applicable, even though both countries are also party to the Protocol.

In other cases, with regard to states only party to the Protocol, only the Protocol will be binding between these states.

---

<sup>71</sup> Madrid Agreement, art. 7

<sup>72</sup> Madrid Protocol, art. 7

<sup>73</sup> which are both party to the Madrid Agreement as well as to the Madrid Protocol

In other words, between Germany and -for instance- Sweden<sup>74</sup> only the Protocol would be applicable, since Germany is party to the Agreement and the Protocol but Sweden is only party to the protocol.

Finally, it is to be noted that the Madrid Agreement and its Protocol do not provide any substantial rights, but only contain provisions concerning the administration and treatment of international registration itself.

To define the content of a trademark and to accept an application, for example if single colours are the subject of the application, is still an issue to be resolved by having reference to the national law of each country concerned.

### **1.3. Trademark Law Treaty**

Since many countries have differing procedures for registration of trademarks, it is commonly believed that harmonizing procedures between countries would reduce expenses and help facilitate world trade. For this reason the WIPO adopted the Trademark Law Treaty (TLT) in October 27, 1994 which was designed to simplify and harmonize worldwide registration formalities.

The TLT simplifies the trademark registration process by eliminating individual procedures in many jurisdictions in favour of harmonized and streamlined application requirements and administrative procedures.

The objective of the TLT is to reduce the time consuming paperwork of the trademark application for international registration and renewal of registrations.

Additionally, the TLT aims to minimize the cost of applications and renewals by simplifying the process. This is of great concern to all trademark owners, especially to individuals and small and medium-size businesses which have only limited budgets.

Under the provisions of the TLT a single application could be filed in any jurisdiction to register goods and service marks in some 42 classes of international classification of goods and services set by the WIPO.

The trademarks relating to goods, services or both, cover all kinds of visible signs, including, for those countries that allow, three dimensional marks.

---

<sup>74</sup> Sweden is only party to the Madrid Protocol but not to the Agreement

Registration for trademarks could be sought without their being in actual use, but based on 'intended use'. However, the authorities of the registering jurisdiction could demand evidence of actual use within a specified period of time.

The treaty sets the kind of formalities and requirements that the registering authorities might demand, and prohibits other requirements or formalities.

The main features of the TLT include inter alia:

1. Every applicant may be represented by a representative. The representative has to be appointed in a power of attorney. The formal requirements for this power of attorney are stated in the TLT<sup>75</sup> and no Contracting Party may demand other requirements.<sup>76</sup>
2. A single application can include goods and services of several classes.<sup>77</sup>
3. This application, however, can be divided into two or more applications in cases of opposition proceedings, on appeal, or until the Registrar renders a decision.<sup>78</sup>
4. The duration of the initial registration and the renewal of trademark registrations is ten years.<sup>79</sup>
5. It's easy and standardized requirements which are intended to alleviate documentation procedures.
6. Contracting states must comply with the provisions of the Paris Convention.<sup>80</sup>
7. Service marks are to receive the same protection as under the Paris Convention.<sup>81</sup>

Unlike the Madrid Agreement, the requirement to be fulfilled by the applicant under the TLT is that he has still to file an application in each member country. This demands a lot of administrative work and causes high costs. Although the procedure for filing an application is assimilated in several countries and therefore is already simplified, there is still a lot to be improved upon.

---

<sup>75</sup> TLT, art. 4 (3-5)

<sup>76</sup> TLT, art. 4 (6)

<sup>77</sup> TLT, art. 6

<sup>78</sup> TLT, art. 7 (1)(a)

<sup>79</sup> TLT, art. 13 (7)

<sup>80</sup> TLT, art. 15

<sup>81</sup> TLT, art. 16

Nevertheless, for trademark owners who apply for protection of their trademarks in other countries, but who may not use the Madrid System, the streamlining and simplification of formal trademark procedures obtained by the TLT is a great facilitation.

#### **1.4. The Trade related Aspects of Intellectual Property Rights (TRIPS Agreement)**

In the middle of the 90s the growing need to promote effective and adequate protection of intellectual property rights was regarded as of crucial importance. The adoption of the TRIPS Agreement was desired to reduce distortions and impediments to international trade.<sup>82</sup> Although the Paris Convention already granted international protection, there were still loopholes in the law. For these reasons the World Trade Organization (WTO) concluded the TRIPS Agreement in 1994.<sup>83</sup>

The TRIPS Agreement is annexed to the WTO Convention and is therefore binding on all members of the WTO. Today, there are 148 states member of the WTO and accordingly of the TRIPS Agreement<sup>84</sup>.

The TRIPS Agreement sets out the minimum standards of protection of intellectual property rights which have to be provided by each member. All member states have to comply with these standards by modifying their national legislation with a view to complying with the Agreement.

The Agreement provides in art. 2 (1) that the substantive obligations of the Paris Convention must be complied with. All the main substantive provisions of the Paris Convention are incorporated by reference and thus become obligations under the TRIPS Agreement as well.

Besides, the TRIPS Agreement adds a number of additional obligations on matters where the former conventions are silent or were regarded as inadequate. The TRIPS Agreement can thus be viewed as a complementary instrument to the Paris Convention.

---

<sup>82</sup> Preamble of the TRIPS Agreement, available at the Homepage of WIPO, [http://www.wto.org/english/tratop\\_e/trips\\_e/t\\_agm1\\_e.htm](http://www.wto.org/english/tratop_e/trips_e/t_agm1_e.htm), 2002-05-21

<sup>83</sup> text of the TRIPS Agreement available at the WTO Homepage, [http://www.wto.org/english/tratop\\_e/trips\\_e/t\\_agm3\\_e.htm#2](http://www.wto.org/english/tratop_e/trips_e/t_agm3_e.htm#2), 2002-05-22

<sup>84</sup> list of members to the WTO available at: [http://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/org6\\_e.htm](http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm), 2005-10-20

### 1.4.1. Trademarks under TRIPS

Regarding Trademarks, the basic rule in the TRIPS Agreement is set out in art. 15 which provides that “any sign, or any combination of signs, capable of distinguishing the goods and services of one undertaking from those of other undertakings”, must be eligible for registration as a trademark, provided that it is visually perceptible. It is further stated, “where signs are not inherently capable of distinguishing the relevant goods or services, members may make registrability depending on distinctiveness acquired through use”.

According to art. 16 of the TRIPS Agreement the owner of a registered right must be granted exclusive right to prevent all third parties not having his consent from using identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered, if such use would cause confusion.

Furthermore, art. 16 (2), (3) contains provisions regarding well-known marks supplement to art. 6<sup>bis</sup> of the Paris Convention. According to the TRIPS Agreement, art. 6<sup>bis</sup> of the Paris Convention is also to be applied to services and “the protection of registered well-known marks must extend to goods or services which are not similar to those in respect of which the trademark has been registered, provided that its use would indicate a connection between those goods or services and the owner of the registered trademark, and the interests of the owner are likely to be damaged by such use.”

Member countries may provide limited exception to the rights conferred by a trademark, for example fair use of descriptive trademarks.<sup>85</sup>

Each registration and renewal of registration is to last for a term of no less than 7 years.<sup>86</sup>

According to art. 19 of the TRIPS Agreement, cancellation of the registration on the ground of non-use cannot take place before three years of uninterrupted non-use has elapsed. Thus the term “reasonable period of time” which remains undefined in the Paris Convention, obtains more clarity.

In art. 20 it is further provided that use of the trademark in the course of trade should not be unjustifiably made cumbersome by special requirements, such as use

---

<sup>85</sup> TRIPS Agreement, art. 17

<sup>86</sup> TRIPS Agreement, art. 18



with another trademark, use in a special form, or use in a manner detrimental to its capability of distinguishing the goods or services.

Art. 21 states that members may determine conditions on the licensing and assignment of trademarks. Compulsory licenses, however, may not be permitted. Besides, the owner of a registered trademark shall have the right to assign the trademark with or without the transfer of the business to which the trademark belongs.

Part III of the TRIPS Agreement<sup>87</sup> deals with procedures and remedies for the enforcement of intellectual property rights. It contains general principles which are to be applicable to all IPR enforcement procedures.

Governments are to ensure that intellectual property rights can be enforced under their own laws. They have to create an effective deterrence to infringement in order to prevent further violations.<sup>88</sup> The procedures must be fair and equitable, and not unnecessarily complicated or costly.<sup>89</sup>

Parties involved in a litigation are to be given an opportunity to request the court to review an administrative decision or to appeal against a lower court's ruling.

Disputes between WTO members under the TRIPS Agreement are made subject to the WTO's dispute settlement procedures.<sup>90</sup>

The legal instrument governing dispute settlement is the Uruguay Round, Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU)<sup>91</sup>.

Under the DSU there is established a Dispute Settlement Body (DSB) which administers the rules and procedures as well as the consultation and dispute settlement of the TRIPS Agreement. It consists of all member governments.

The procedure under the DSU contains several steps of dispute settlement:

The preferred solution is that the countries concerned discuss their problems and settle the dispute by mutual agreement. The first stage therefore concerns consultations between the governments.

---

<sup>87</sup> TRIPS Agreement, art. 41 et seq.

<sup>88</sup> TRIPS Agreement, art. 46

<sup>89</sup> TRIPS Agreement, art. 42

<sup>90</sup> TRIPS Agreement, art. 64

<sup>91</sup> text available at the homepage of WTO, [http://www.wto.org/english/docs\\_e/legal\\_e/28-dsu\\_e.htm](http://www.wto.org/english/docs_e/legal_e/28-dsu_e.htm), 2005-10-20

If the dispute is not settled by consultation, the DSU provides for the establishment of a panel which will be established by the DSB.

Such a panel usually consists of 3 persons of appropriate background and experience from member countries which are not involved in the dispute.<sup>92</sup> If the parties do not agree on the composition of the panel, the Director-General can make a decision regarding the composition of the panel.

The function of the panel is, in general, to assist the DSB in performing its tasks under the DSU.<sup>93</sup>

To that end, the panel has to make an objective assessment of the matter and make such findings, as the DSB requires to make recommendations or to give rulings.

The panel is required to submit its findings to the DSB within six months (or in cases of urgency within 3 months) in a written report containing the facts of the case, the applicability of the relevant provisions and should explain the basic idea behind the conclusions and recommendations made.<sup>94</sup>

This report is to be considered by the DSB within 20 days.<sup>95</sup> The parties to the dispute may fully participate in the consideration of the panel report and their views are to be fully registered.<sup>96</sup>

Within 60 days of its release, the panel report is to be adopted. This is, however, only in the case where the DSB does not adopt the report by consensus or if none of the parties notifies the DSB of its intention to appeal.<sup>97</sup>

For appeals, the DSU has established its own Appellate Body which is set up by the DSB and broadly represents the WTO membership. It consists of seven experts in law, international trade and the subject matter of the dispute. They are appointed by the DSB for a four-years term.<sup>98</sup>

Once the panel report or the report of the Appellate Body is adopted, the panel or Appellate Body is to make a recommendation that the member concerned is to bring its law in conformity with the Agreement in question. Additionally the recommendation should contain suggestions as to how the recommendation is to be implemented.

---

<sup>92</sup> DSU, art. 8

<sup>93</sup> DSU, art. 11

<sup>94</sup> DSU, art. 12 (8)

<sup>95</sup> DSU, art. 16 (1)

<sup>96</sup> DSU, art. 16 (3)

<sup>97</sup> DSU, art. 16 (4)

<sup>98</sup> DSU, art. 17 (2),(3)

The rules and recommendations of the DSB resp. the Appellate Body, however, are not legally binding on the members.

Still, the DSU provides a monitoring system regarding the implementation of the recommendations and rulings.<sup>99</sup> If recommendations and rulings are not implemented within a reasonable period of time, the DSB can impose compensations, suspend the concession or impose other measures on the member.

Thus, if a dispute between members of the TRIPS Agreement occurs, settlement of this dispute is guaranteed.

It is to be noted, however, that the TRIPS Agreement only sets minimum standards and leaves it to the member countries to provide more extensive protection. The TRIPS Agreement is rather a guideline of how to protect and enforce intellectual property rights. This results from the fact that there are 148 states member to the TRIPS Agreement and it would be impossible to implement and to enforce substantive provisions of the Agreement without contravening the law of any of the member countries.

Thus, the implementation of these provisions within the legal system of the countries party to the Agreement, however, is left to the particular authorities.

To this end, there is still a lot of room for interpretation of the provisions of the TRIPS Agreement.

## **2. Regional Arrangements**

Since the Madrid Agreement only provides rules concerning the administration and treatment of international registrations while the Paris Convention and the TRIPS Agreement left a lot of room for interpretation of what can be a subject of trademark protection, these instruments were regarded as rather cumbersome for obtaining a uniform system of trademark protection. In order to ensure an effective uniform protection of trademarks as well as to strengthen the bonds between each other, several countries have made special agreements.

---

<sup>99</sup> DSU, art. 22

## 2.1. In the EU - EC Harmonization Directive and EC Regulation

The Treaty establishing the European Community (the EC Treaty)<sup>100</sup> is intended to create an internal market in which goods and services could freely circulate.

Still, there were many disparities among the national laws of the different member countries which constituted an obstacle to the realization of the objectives of the free market.

A common market cannot be realized, if, for example, a producer cannot sell his product in a third country of the Community under the same conditions and circumstances (e.g. the same trademark rules) as those in his home country. Thus, producers could not be sure, whether their mark would obtain full protection under the national laws of the particular country. That would cause that producers act rather cautiously whether or not to enter the markets of those countries, where different trademark rules applied and where full protection was not granted.

Such a situation would be an impediment to the free exchange of goods and services and would distort competition within the internal market.

To resolve this impediment, the harmonization of European trademark law was an attempt to ensure common legal standards with regard to trademarks among member states.

### 2.1.1. The Harmonization Directive<sup>101</sup>

In order to remove barriers to trade and to reach total harmonization within the Community, the EC Harmonization Directive was adopted.

According to art. 249 of the EC treaty, directives are binding on the member states regarding the aim which is to be achieved. The choice of form and method to reach that aim, however, is left to the particular authorities of each member State.

In other words, it is up to the member states to decide *which* measures should be adopted in order to comply with the Directive. However, member states *must* take

---

<sup>100</sup> text available at: [http://europa.eu.int/eur-lex/en/treaties/dat/EC\\_consol.pdf](http://europa.eu.int/eur-lex/en/treaties/dat/EC_consol.pdf), 2005-10-20

<sup>101</sup> EC Harmonization Directive (89/104/EEC), text available at the Homepage of Office for Harmonization in the Internal Market, <http://oami.eu.int/en/mark/aspects/direc/direc.htm>, 2005-10-20

*appropriate* implementing measures to transpose the Directive in a way that fully meets the requirements of clarity and certainty in legal situations.<sup>102</sup>

The Harmonization Directive was the first measure to be adopted that attempts to harmonize national trademark law. It does not, however, attempt to reach full-scale harmonization among member countries but limits itself to those national provisions of law which most directly affect the functioning of the internal market.

To realize this objective, it was regarded as necessary that the conditions for obtaining and keeping a registered trademark would, in general, be identical in all Member States. For this reason the Directive contains a list of examples of signs, which may constitute a trademark:

*“Article 2 - Signs of which a trade mark may consist*

*A trade mark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.”*

This list, given in art. 2 of the Directive, is not exhaustive but leaves the responsibility to the member states to determine whether or not a particular sign complies with the definition given in art. 2 of the Directive.

Here the same problem can be perceived as described above. The fact that it is left to national authorities to determine whether a particular sign can be protected under trademark law, does not provide uniformity or legal certainty to trademark owners.

This result does not comply with the intended objective of the Directive. One could argue that the Directive is limited to those national provisions of law which most directly affect the functioning of the internal market, but in my opinion the uncertainty about the capability of signs to be a trademark, affects the internal market directly.

---

<sup>102</sup> Guide to the implementation of directives, available at [http://europa.eu.int/comm/enterprise/newapproach/legislation/guide/document/1999\\_1282\\_en.pdf](http://europa.eu.int/comm/enterprise/newapproach/legislation/guide/document/1999_1282_en.pdf), 2005-10-20

If an enterprise uses a particular sign which is not listed in art. 2 of the Directive, the user of that sign cannot be sure whether or not his sign will be protected. If protection cannot, however, be granted, the particular enterprise would probably not enter a market for fear that its sign will not be protected and could end up being exploited by third parties.

That would directly affect the internal market.

However, member states of the community are not totally left alone to interpret the provisions of the community law.

To reach some legal certainty, the rulings and interpretation of community law by European Union's courts play a central role.

This also results from the fact that the European Court of Justice (ECJ) as well as the Court of First Instance is required to observe whether the interpretation of the EC Treaty by member states is in accordance with the law.<sup>103</sup>

This is the reason why the ECJ was established - to ensure that community law is interpreted and applied identically in each member state.

To this end, the ECJ has the power to settle legal disputes by giving preliminary rulings on the interpretation of the provisions of the European Union law, if a court or tribunal of a member state so requests.<sup>104</sup>

Later on, the Court of First Instance was created to assist the ECJ in coping with the large number of cases brought before it. The Court of First Instance is attached to the ECJ and is responsible for giving rulings on certain kinds of cases. Concerning decisions of the Board of Appeal before the OHIM, the Court of First Instance has the competence to rule on appeals<sup>105</sup>.

The ECJ, on the other hand, may rule on appeals of decisions of the Court of First Instance.<sup>106</sup>

In other words, if a trademark owner filing for registration is not satisfied with the decision of the examiner of the OHIM, he can file an appeal to the Board of Appeal of the OHIM.<sup>107</sup>

Against decisions of the Board of Appeal actions may be brought to the Court of First Instance, if it concerns one of the grounds stated in art. 63 of the Regulation is

---

<sup>103</sup> EC-Treaty, art. 220 (1)

<sup>104</sup> EC-Treaty, art. 234

<sup>105</sup> EC Regulation No 40/94, art. 63

<sup>106</sup> EC Regulation No. 40/94, art. 63

<sup>107</sup> EC Regulation No. 40/94, art. 57 et seq.

concerned. The last stage for the trademark owner is the ECJ, where the decision of the Court of First Instance may be appealed against.

Since the European courts interpret European law uniformly, their case law is paramount in any analysis of European trademark law.

For this reason, European courts' decisions have to be contemplated when interpreting European law.

### **2.1.2. The EC Regulation on the Community trademark**

In order to further harmonize the laws of the member states of the European Community and to simplify the application procedures for trademarks, the EC Regulation<sup>108</sup> established the Community trademark (CTM).

The CTM system is intended to simplify trademark policies at the European level and to meet the challenges of this market. The objective of the CTM system was to introduce a trademark with a unitary character and effect throughout the European Community.

A CTM can be obtained by a single registration at the Office for Harmonization in the Internal Market (OHIM) based in Alicante, Spain. Thus, the registrant has to file only one application and the CTM is valid in the European Community as a whole. The application and the ensuing registrations extend automatically to all 15 Member States of the European Community.

Other than under the Madrid Agreement, it is not possible to limit the geographical scope of protection to certain Member States. In other words, an applicant filing for a CTM cannot choose to limit its application to - for example - Austria, Germany and France. The CTM always applies to the entire area of the European Community.

The community trademark does not replace the national system of trademark protection but is an additional instrument for Europe-wide protection. In other words, an enterprise filing for protection has the free choice whether to apply for protection under national law, the CTM system or both. However, a trademark already existing under national law cannot be replaced by a later CTM.

---

<sup>108</sup> COUNCIL REGULATION (EC) No 40/94 of 20 December 1993 on the Community trade mark, text available at the Homepage of OHIM: <http://oami.eu.int/en/mark/aspects/reg/reg4094.htm>, 2005-10-20

As stated above, there is only one single registration procedure which is centrally handled before the OHIM.

This is similar to the concept of the Madrid Agreement and its protocol but the EC Regulation does also provide some substantive provision, as for example a list of signs of which a CTM may consist.<sup>109</sup>

This list, however, is identical to the list given in the EC Harmonization Directive, thus what is said above (legal uncertainty resulting from the wide scope of interpretation) applies to the CTM as well.

#### **2.1.2.1. Registration of a trademark as CTM**

Following a study of the general features of the CTM, it is proposed to study how one may receive a CTM.

First of all the applicant has to file an application either directly at the OHIM or at any of the central industrial property offices of the member states of the Community.<sup>110</sup>

The application can be filed in any of the 11 languages of the Community. Additionally, a copy of the application has to be filed in a second language which has to be one of the five languages of the Office (i.e. Spanish, German, English, French or Italian).

The application is then examined for absolute grounds for refusal which are defined in art. 7 of the Regulation.<sup>111</sup>

If a third party already enjoys national protection for the mark, that does not, however, constitute an absolute ground for refusal. It is rather a relative ground for refusal as stated in art. 8 of the Regulation. Thus, the office does not examine such earlier rights but the owner of that mark has to raise this issue by himself.

In case a ground for refusal does exist in only one member state, the application will be refused as a whole. In other words, a registration as CTM is only possible if there is no ground for refusal in any of the member states of the community.

Nevertheless, even if the application has been refused, the applicant has the possibility to change the application into national trademark applications in all the

---

<sup>109</sup> *ibid.*, art. 4

<sup>110</sup> EC Regulation No 40/94, art. 25 (1)

<sup>111</sup> EC Regulation No 40/94, art. 38



Member States of the European Community in which the ground for refusal does not apply.

If the result of the examination is positive (i.e. no absolute ground for refusal is given and no relative ground for refusal is raised by a third party), the application is to be published in the CTM Bulletin.<sup>112</sup>

Within 3 months after publication of the application, third parties may oppose the intended registration.<sup>113</sup>

If no opposition is filed within these 3 months or the outcome of the opposition proceeding is positive, the CTM is to be registered.

Once a mark is registered as a CTM, it is valid for a period of 10 years and can be renewed indefinitely.<sup>114</sup>

If the applicant is not satisfied with the decision of the examiner or the result of the proceeding for any reason, he may file an appeal to the Appeal Board of the OHIM.<sup>115</sup>

#### **2.1.2.2. The enlargement of the EU**

In May 2004, 10 new states acceded to the EU and have thus also become part of the CTM system. Trademark owners already having registered for a CTM may wonder what effect this has on their registration.

In general nothing changes. The CTM still has effect throughout the whole Community. The fact that the Community is now larger since the 1st of May does not make any difference. The CTM thus has an effect in the complete territory of the Community, meaning in the additional area as well.

The effect of the CTMs which were already registered has been automatically extended to the new member states without requiring any action or any payment from the CTM holder.<sup>116</sup>

An absolute ground for refusal, due to the accession of the new member states, has no influence on the validity of the registration.<sup>117</sup> In other words, should an existing

---

<sup>112</sup> EC Regulation No 40/94, art. 40, 85

<sup>113</sup> EC Regulation No 40/94, art. 42

<sup>114</sup> EC Regulation No 40/94, art. 46

<sup>115</sup> see supra, p. 25, 26

<sup>116</sup> EC Regulation No 40/94, art. 142 a (1),

text available in the Official Journal of the European Union of 23.09.2003, p. 342, also available at the Homepage of the OHIM, <http://oami.eu.int/en/enlargement/default.htm>, 2005-10-20

<sup>117</sup> EC Regulation No 40/94, art. 142 a (2)

CTM registration consist of a sign that has –for example- become customary in the language of one of the new member states<sup>118</sup>, this is no reason for a supplementary invalidation of the registration.

CTMs which were filed before May but were still under examination when the new member states acceded, would be examined under the "old" rules that were applicable before accession. Whether the actual registration takes place after accession is not relevant.

Holders of earlier rights in new member states, however, can still oppose against the extended CTM as far as their mark has been lawfully registered under national legislation.<sup>119</sup> In case of successful opposition, the use of the CTM *in the particular territory* can be restricted.

It is to be noted that the situation for CTM holders and/or applicants has not changed rapidly because of the accession of the new member states – apart from the fact that the registration has been extended to more countries.

Nevertheless, for *future* applications there is a lot to consider, since henceforth the national laws of 10 more countries will have to be taken into account when examining an application.

## **2.2. Trademark Law in the U.S.**

### **2.2.1. Lanham Act**

At the beginning of the 19<sup>th</sup> century, the protection of trademarks in the U.S. was rather humble. Trademarks were used seldom and therefore did not receive much attention from Congress or state legislatures.

With the rapid growth of trade and industrial technology, however, this changed drastically.

Manufacturers sensed the need for trade identity and used trademarks more frequently. Resulting from this growing use of marks, trademark owners required better protection from infringement. This led to the enactment of the first federal

---

<sup>118</sup> According to art. 7 (1.) (d) of the Regulation that would constitute an absolute ground for refusal

<sup>119</sup> EC Regulation No 40/94, art. 142 a (3)

trademark law, the act of July 8, 1870 which was called “an Act to revise, consolidate, and amend the Statutes relating to Patents and Copyrights”.<sup>120</sup>

Shortly after it was adopted, however, the law was declared unconstitutional by the Supreme Court on the grounds that it was based improperly on the patent and copyright clause of the Constitution.<sup>121</sup>

After several revisions, with active support and advise by the International Trademark Association (INTA), the Lanham Act was finally adopted in 1946 under the auspices of Fritz Lanham, congressman of Texas.<sup>122</sup>

The Lanham Act is found in Title 15 of the U.S. Code<sup>123</sup> and contains the federal statutes governing trademark law in the United States.

In particular, it defines the scope of a trademark, the process by which a federal registration can be obtained from the Patent and Trademark Office for a trademark, and penalties for trademark infringement.

#### **2.2.1.1. Trademarks under Lanham Act**

Under the Lanham act,

*“The term “trademark” includes any word, symbol or device, or any combination thereof*

*(1) used by a person*

*(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this Act,*

*to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”<sup>124</sup>*

According to that provision, a mark being proposed to serve as a trademark must be distinctive. That means the mark must be capable of identifying the source of a particular good. This is also affirmed in § 2 Lanham Act 15 U.S.C. § 1052.

---

<sup>120</sup> available at the Homepage of the IP Mall, Pierce Law Center,  
[http://www.ipmall.info/hosted\\_resources/lipa/patents/Patent\\_Act\\_of\\_1870.pdf](http://www.ipmall.info/hosted_resources/lipa/patents/Patent_Act_of_1870.pdf), 2005-10-20

<sup>121</sup> U.S.C. Art. I, Section 8, Clause 3

<sup>122</sup> Homepage of INTA, <http://www.inta.org/about/lanham.html>, 2005-10-20

<sup>123</sup> available at the Homepage of the Legal Information Institute (LII),  
<http://www4.law.cornell.edu/uscode/>, 2005-10-20

<sup>124</sup> § 45 Lanham Act, 15 U.S.C. § 1127

If the court has to determine whether a mark is distinctive, it groups the marks into five categories, based on the relationship between the mark and the underlying product.<sup>125</sup>

These categories are:

(1) generic, (2) descriptive, (3) suggestive, (4) arbitrary and (5) fanciful<sup>126</sup>

(1) A generic mark is a mark that describes the general category to which the underlying product belongs.

For example, the term ICE PAK for reusable ice substitute for use in food and beverage coolers was held generic.<sup>127</sup>

Generic marks are not entitled to protection under trademark law.<sup>128</sup>

Thus, a manufacturer selling "Ice Pak" brand ice (or "Orange" brand oranges, etc.) would have no exclusive right to use that term with respect to that product.

Trademark law does not protect generic terms because they comprise goods or services of several manufacturers and therefore lack the required distinctiveness.

Under some circumstances, even terms that are not originally generic can become generic over time and thus become unprotected.<sup>129</sup>

This happens if a mark has developed in a way that the relevant public associates the term with any product of a kind. Then the trademark owner is a victim of his own success and loses trademark protection because the mark is no longer distinctive.<sup>130</sup>

(2) A descriptive mark describes an ingredient, quality, characteristic, function, feature, purpose or use of the specified goods or services.<sup>131</sup>

Merely descriptive marks are not inherently distinctive and therefore may not be registered on the principal register.<sup>132</sup> For example in the

---

<sup>125</sup> Kirsten Sowade, *Markenschutz in den U.S.A.*, p. 80

<sup>126</sup> see also *Two Pesos Inc. vs. Taco Cabana Inc.*, 505 US 763 et seq., 768

<sup>127</sup> See *In re Stanbel Inc.*, 16 USPQ2d 1469 (TTAB 1990)

<sup>128</sup> see § 14 (3) Lanham Act (15 U.S.C. § 1064 (3)) and § 15 (4) Lanham Act (15 U.S.C. § 1065 (4))

<sup>129</sup> § 14 (3) Lanham Act (15 U.S.C. § 1064 (3))

<sup>130</sup> see for example: "Aspirin" (*Bayer Co. v. United Drug Co.*, 272 F. 505 (S.D.N.Y. 1921)) or "Cellophane" (*DuPont Cellophane Co., Inc. v. Waxed Products Co., Inc.*, 85 F.2d 75 (2d Cir.1936))

<sup>131</sup> *In re Gyulay*, 820 F.2d 1216, 3 USPQ2d 1009 (Fed. Cir. 1987)

<sup>132</sup> § 2 (e)(1) Lanham Act (15 U.S.C. § 1052 (e)(1))

case **Viking Umwelttechnik GmbH**<sup>133</sup> the colour green for garden equipment was held to be merely descriptive. Also the colour green for peppermint chewing gum<sup>134</sup> or the colour orange for orange juice is merely descriptive.

An exception is made, however, if the mark has acquired “secondary meaning”.<sup>135</sup> A descriptive mark acquires secondary meaning when the consumer primarily associates that mark with a particular source.<sup>136</sup>

Thus, for example, the term "Holiday Inn" has acquired secondary meaning because the consuming public associates that term with a particular provider of hotel services, and not with hotel services in general.

Proof of substantially exclusive and continuous use of a mark for five years can be considered *prima facie* evidence that the mark has become distinctive.<sup>137</sup> For example in the case *Qualitex vs. Jacobson*<sup>138</sup> the Supreme court held that the green-gold colour of dry cleaning press pads had acquired secondary meaning because it has been sold in that special shade for more than thirty years.

- (3) A suggestive mark is a mark that evokes or suggests a characteristic of the underlying good but does not specifically describe it.<sup>139</sup>

For example, Coppertone as a mark for sun tan oil may suggest the colour of a deep tan. It does, however, not mean sun cream.

Suggestive marks are inherently distinctive and therefore subject to protection.<sup>140</sup> Nevertheless, the difference between descriptive marks and suggestive marks is often not easy to define. For this reason, suggestive marks are hard to defend.

- (4) Arbitrary or fanciful marks have no relation to the particular product.

---

<sup>133</sup> Viking Umwelttechnik GmbH vs. OHIM, 25.09.2002, T-316/00

<sup>134</sup> Wrigley Company vs. OHIM, LIGHT GREEN, R 122/98-3

<sup>135</sup> § 2 (f) Lanham Act (15 U.S.C. § 1052 (f))

<sup>136</sup> Boston Beer Co. Ltd. Partnership v. Slesar Bros., Brewing Co., Inc., 9 F.3d 175, 181 (1st Cir. 1993)

<sup>137</sup> § 2 (f) Lanham Act (15 U.S.C. § 1052 (f))

<sup>138</sup> *Qualitex Co. v. Jacobson Products Co.*, 514 US 159 (1995)

<sup>139</sup> Kirsten Sowade, *Markenschutz in den U.S.A.*, p. 80

<sup>140</sup> Caldarella, *Protection of a color under the law of the US, Germany and Japan*, <http://www.law.washington.edu/casrip/newsletter/Vol6/newsv6i2Caldarella.html>, 2005-10-20

For example the word “Mars” bears no inherent relationship to the underlying product (candy).

Arbitrary or fanciful marks are capable of identifying a product and therefore inherently distinctive. They are given a high degree of protection.

#### **2.2.1.1.1. How to receive protection**

If a person wants to receive protection for his mark, he has two different possibilities (presumed the mark is capable of protection):

1. In general, protection can be received by using the mark in commerce.<sup>141</sup>

It is necessary that the person requesting for protection is the first to use the mark in commerce. “Use in commerce” means that the product actually has to be sold to the public with the mark attached.<sup>142</sup>

The scope of protection, however, is - in the case of being the first using the mark in commerce - limited to the territorial area where the mark is used.

2. Another possibility to seek protection for the trademark is to file an application with the Patent and Trademark Office (PTO)<sup>143</sup> in Arlington, Virginia.

The mark filed for protection can already be in use or be one that will be used in the future (so-called intent-to-use application)<sup>144</sup>.

The applicant does not have to be domiciled in the U.S. but there must be a local representative of the applicant, to whom notices may be sent.<sup>145</sup>

After filing the application the trademark will initially be examined and, if approved, published in the Official Gazette of the trademark office.<sup>146</sup>

Within 30 days after the publication, any person who believes his right would be infringed by the pending registration, may file an opposition to the PTO.<sup>147</sup>

---

<sup>141</sup> Kirsten Sowade, Markenschutz in den U.S.A, p. 68

<sup>142</sup> § 45 Lanham Act (15 U.S.C. § 1127 (definition no. 14))

<sup>143</sup> § 1 Lanham Act (15 U.S.C. § 1051 (a))

<sup>144</sup> § 1 Lanham Act (15 U.S.C. § 1051 (b))

<sup>145</sup> § 1 Lanham Act (15 U.S.C. § 1051 (e))

<sup>146</sup> § 12 Lanham Act (15 U.S.C. § 1062 (a))

<sup>147</sup> § 13 Lanham Act (15 U.S.C. § 1063 (a))

If the examiner finds the mark non-registrable or the applicant is for any other reason unsatisfied with the final decision of the examiner, the applicant has the right to take the Appeal to the Trademark Trial and Appeal Board.<sup>148</sup>

#### **2.2.1.1.2. Duration of protection**

If the trademark has been registered, the registration generally remains in force for 10 years. Exceptionally, the mark can be cancelled by the Director of the PTO for certain reasons before expiration of this time limit.<sup>149</sup>

Each registration may be renewed for periods of 10 years at the end of the expiring period. The application for renewal may be filed at any time within 1 year before the end of each successive 10-year period.<sup>150</sup>

#### **2.2.1.1.3. Effects of registration**

A trademark registered under the Lanham Act effects nationwide protection unless someone else within a particular geographic area is already using the mark. In that case, the prior user of the mark retains the right to use that mark within that area.

The person registering the mark, however, can use the mark everywhere else in the territory of the USA.

In general, after using the mark in commerce for five consecutive years subsequent to the date of registration, the right to use the mark is incontestable.<sup>151</sup>

Nevertheless, the protection can be lost at anytime by reason of any of the grounds of cancellation stated in § 14 (3), (5) Lanham Act (15 U.S.C. § 1064 (3), (5)) (*inter alia* genericity, functionality, abandonment or fraudulent registration).

A mark becomes generic, if it has developed in a way that the relevant public associates the term with any product of a kind. Then the trademark owner is a victim of his own success and loses trademark protection because the mark is no longer distinctive.<sup>152</sup>

---

<sup>148</sup> § 20 Lanham Act (15 U.S.C. § 1070)

<sup>149</sup> § 8 Lanham Act (15 U.S.C. § 1058)

<sup>150</sup> § 9 Lanham Act (15 U.S.C. § 1059)

<sup>151</sup> § 15 Lanham Act (15 U.S.C. § 1065)

<sup>152</sup> see for example: “Aspirin” (Bayer Co. v. United Drug Co., 272 F. 505 (S.D.N.Y. 1921) or “Cellophane” (DuPont Cellophane Co., Inc. v. Waxed Products Co., Inc., 85 F.2d 75 (2d Cir.1936))

A mark is functional, where it is the natural colour of a product or where it affects the cost or quality of a product, it is simply a naturally occurring or desirable characteristic of the product which should not be exclusive to one manufacturer.<sup>153</sup>

So, for example, the U.S. Supreme Court decided, that competitors might be free to copy the colour of a medical pill where that colour services to identify the kind of medication.<sup>154</sup>

If abandonment occurs, the trademark is “dead” and no longer pending.<sup>155</sup> This can happen under several circumstances. The most common reason is when the USPTO does not receive a response to an Office Action letter<sup>156</sup> from an applicant within 6 months from the date the Office action letter was mailed. Another instance is when the USPTO does not receive a statement of use (or request for an extension of time to file a statement of use) from an applicant within 6 months from the issuance of a notice of allowance<sup>157</sup>.

Regarding fraudulent registration, § 38 of the Lanham Act (15 U.S.C. § 1120) provides that “any person who shall procure registration in the Patent and Trademark Office of a mark by a false or fraudulent declaration or representation, oral or in writing, or by any false means, shall be liable in a civil action by any person injured thereby for any damages sustained in consequence thereof.”

Accordingly, any fraudulent means in order to get a false registration will be prosecuted.

#### **2.2.1.1.4. Infringement**

---

<sup>153</sup> James L. Vana, *Color Trademarks*, <http://www.utexas.edu/law/journals/tiplj/volumes/vol7iss3/vana.pdf>, p. 389, last visited 2002-06-04

<sup>154</sup> *Inwood Laboratories v. Ives Laboratories*, 456 U.S. 844 (1982)

<sup>155</sup> <http://www.uspto.gov/main/glossary/>, last visited 27.01.2005

<sup>156</sup> this is a letter from a trademark examining attorney setting forth the legal status of a trademark application

<sup>157</sup> a written notification from the USPTO that a specific mark has survived the opposition period and has been allowed for registration



If someone infringes a registered mark, the holder of that particular mark can sue the infringer.<sup>158</sup>

Trademark infringement is the non-permitted commercial use or intended commercial use of the same or similar mark in connection with goods or services with which such use is "likely to cause confusion".<sup>159</sup>

To determine the likelihood of confusion, many factors are relevant:

These factors are, for example, the similarity of the marks as well as the similarity of the underlying goods or services, the similarity of marketing channels, the sophistication of purchasers, the strength of the registered mark, the number and nature of similar marks in use on similar goods or services, and the degree of actual confusion.<sup>160</sup>

The defendant in an infringement claim, however, can assert two types of affirmative defence: (1) fair use or (2) parody.<sup>161</sup>

Fair use occurs when a descriptive mark is used in good faith and does not relate to its secondary meaning but to its primary meaning so that confusion is not likely.

Therefore, for example, a cereal manufacturer can describe its cereal as consisting of "all bran," without infringing Kellogg's rights in the mark "All Bran." That use is just descriptive and does not apply to the secondary meaning of the mark.<sup>162</sup>

Also, certain parodies of trademarks can be allowed if they are not too closely bound to commercial use. The reason is that parodies of trademarks serve a valuable critical function and that this critical function is entitled to some degree of protection.<sup>163</sup>

Parody is a defence to trademark infringement. It is argued that there is no likelihood of confusion because the parody will not be taken seriously. It simply is a non-commercial humorous take-off on the original.<sup>164</sup>

However, the line between likelihood of confusion and parody is rather small. This is the case because it is the nature of a parody to copy a famous original in such a way that the public recognizes it but on the other hand it has to be distorted in such

---

<sup>158</sup> §§ 32, 43 Lanham Act (15 U.S.C. §§ 1114, 1125)

<sup>159</sup> § 32 (1) Lanham Act (15 U.S.C. § 1114 (1))

<sup>160</sup> homepage of INTA, [http://www.inta.org/info/basics\\_infringement.html](http://www.inta.org/info/basics_infringement.html), 2005-10-20

<sup>161</sup> loc.cit.

<sup>162</sup> loc.cit.

<sup>163</sup> loc.cit.

<sup>164</sup> For example the rock group "aqua" was allowed to use the Barbie trademark for the name and the lyrics of a song on the basis of parody (Mattel Inc. v. MCA Records, 296 F.3d. 894 (9th Cir. 2002))

a manner that the public does not believe the parody and the original were connected in any way.

Otherwise there is not a valid parody, but an infringement of the original trademark.

#### **2.2.1.1.5. Remedies**

Successful plaintiffs will be granted injunctions against further infringement.<sup>165</sup>

When a violation of any right of the registrant has been established in a civil action, monetary relief may also be available. This includes: (1) defendant's profits, (2) damages sustained by the plaintiff, and (3) the costs of the action.<sup>166</sup>

#### **2.2.1.1.6. Relationship between federal law and state common law**

It is important to note that generally, protection is not awarded by registration but is granted at the moment the trademark owner begins to use the mark in commerce, whether it is registered or not.

Therefore, even if the trademark is not registered, protection is still granted under state common law.

Common law rights actually begin when a mark is first used in connection with the goods or services before the public. These trademark rights are enforceable in local courts, but are limited geographically to the actual area of use.

Registration of a trademark under federal law (i.e. the Lanham Act), however, provides many advantages, as listed below:

- Constructive notice of ownership of the registered mark
- Establishment of supplemental legal rights
- Presumption of validity of the registration
- Right to exclude others from using that mark in connection with the goods or services as registered
- Easier and cheaper possibilities to stop competitors from using a similar mark
- Nationwide protection against infringement
- Priority rights for foreign registrations
- Additional protection, when the mark has become incontestable after five years of use

---

<sup>165</sup> § 34 (a) Lanham Act (15 U.S.C. § 1116 (a))

<sup>166</sup> § 35 (a) Lanham Act (15 U.S.C. § 1117 (a))

The systems of Federal and state common law protection are substantially independent. The owner of a registered mark under the federal system can sue infringers under the Lanham Act and additionally, secure Federal court jurisdiction on other grounds.

Although these systems are independent from each other, they are still inextricably linked, since the Federal law emerged from state common law and does, in parts, just affirm common law principles.

### **2.2.2. North American Free Trade Agreement (NAFTA)**

The Governments of Canada, the United Mexican States and the Government of the United States of America concluded the NAFTA<sup>167</sup> which aims to establish a free trade area.

As set out in the preamble, the Agreement is supposed to eliminate barriers and facilitate the cross border movement of goods and services between the territories of the Parties and provide adequate and effective protection and enforcement of intellectual property rights in each party's territory.

Therefore, the NAFTA deals expressly with intellectual property in its Part Six of chapter 17.

In art. 1701 (2) (c) it is affirmed that states shall at a minimum level give effect to the Paris Convention. If a party is not member to the Paris Convention, it shall make every effort to accede to it. This shows that the NAFTA fully embraces the Paris Convention and merely tries to offer a universal interpretation of the Convention.

Furthermore, the principle of National Treatment is recognized and specified in art. 1703 of the Agreement.

The NAFTA deals with trademarks in particular in art. 1708 and offers a universal definition of what is capable of being protected as a trademark. The definition given in art. 1708 (1), however, still leaves room for interpretation. The language does not, for example, distinguish between a single colour and a combination of colours as trademark, just as it does not distinguish between a single personal name and a full personal name. Such a distinction, however, would be necessary in order to maintain universality of trademark protection among member countries. Regarding certain

---

<sup>167</sup> text available at the homepage of the NAFTA Secretariat, [http://www.nafta-sec-alena.org/DefaultSite/index\\_e.aspx?CategoryId=42](http://www.nafta-sec-alena.org/DefaultSite/index_e.aspx?CategoryId=42), 2005-10-20

signs, it is very controversial whether they are capable of trademark protection and most countries handle this problem differently. If this determination remains open, the problem arises that trademark owners of those signs subject to controversy do not dare enter the international market for fear that their sign could be exploited by competing enterprises in countries, where their sign used in commerce is not recognized for protection.

Although the NAFTA had some influence on US Trademark law insofar as it encouraged some changes of the Lanham Act in our context, it is not of much relevance. It is mentioned here just for completeness.

In this study, the present trademark law in the US such as the Lanham act as well as US state common law will be examined in more detail.

#### **IV. Conclusion**

Following a study of several instruments, it is to be noted that the decision which instrument may be best for registration of a mark, depends on the requirements of the individual enterprise. Each system has its own advantages and disadvantages. These will be summarized in the following:

In case the applicant intends to use his sign only in one or a few countries, it may be best for him to protect his sign only under the national systems of the individual countries.

If someone requires protection of his sign in several countries, the most appropriate instruments are the Madrid Agreement resp. the Madrid Protocol (i.e. the Madrid System) as well as the CTM system.

This is because under both systems the applicant has to file only one application to obtain protection in a number of countries. These systems, however, do not replace national systems but still leave the possibility for enterprises to register their marks in individual countries under national law.

As noted above, however, each system has its own unique features:

The CTM, for example, is valid automatically within the entire area of the community. Under the Madrid Protocol the applicant has to specify to which countries

member of the Union the registration is to apply. After registration under the Madrid System the mark will be valid only in the countries where registration was sought.

This leads to the conclusion that if someone wants his mark to be protected only within the area of the EC it may be best for him to apply for registration as a CTM.

In that case, the application process is easier than under the Madrid System. The applicant does not have to choose in which country he wants to file for protection but his mark is automatically protected in all member countries of the EU.

On the other hand, if there is a ground for refusal (e.g. a pre-existing national right), however, the CTM fails. In other words, one ground for refusal in one country and the application is invalid in the whole territory of the EC. In the same case, under the Madrid Protocol, the application is only invalid in the country where the right of the third party in fact exists. In the other countries member to the Madrid Union, the registration is still possible.

That means in fact that if someone files an application under the CTM, the application process may be easier but is also more risky than under the Madrid System. When filing under the CTM System there is always the risk that the CTM may be invalid in the Community as a whole just because of the incompatibility with the law of one single member state.

Still, this sounds more dramatic than it is. Even if the application has been refused, the applicant still has the possibility of changing the application into national trademark applications in all the Member States of the European Community in which the ground for refusal does not apply. Thus, the refused application will not be totally wasted.

Under the Madrid System, however, in case of incompatibility with the law of one member state the application automatically remains valid in all other member countries. No further action is required from the applicant.

The requirements an applicant has to fulfil to be able to file an application, however, are easier under the CTM System than under the Madrid System.

The parties to the CTM system may be nationals of the EU countries, countries that are parties to the Paris Convention and other countries granting reciprocal rights. A commercial establishment in the territory of the EU is not necessarily required.

Under the Madrid System the applicant has to be a national of, or domiciled in one of the member countries of the System or at least should have an industrial or commercial establishment in one of the member countries.

Thus the admission to the Madrid System is more restrictive than to the CTM System, which may be generated by the fact that there are three times as many states member to the Madrid System than to the CTM System.

Still the application procedure as such is less complicated under the CTM System than under the Madrid System.

By the CTM system no former application or registration in the applicant's home country is required. Under the Madrid System, on the other hand, the applicant has to show that the same mark is registered or filed for application in his home country.

If filing for a CTM, the applicant has to pay a universal fee for registration in each of the 15 member countries. If filing under the Madrid System, the fees are dependent on the number of countries designated by the applicant.

To preserve the CTM registration the use of the mark in any country of the EC is sufficient. Under the Madrid System, however, the mark has to be used in each single country to preserve the registration in that country.

Subject to application as a CTM may be any sign that the applicant wishes. Under the Madrid System, the applicant can only file signs which are already filed in his home country.

With the CTM system, it may take longer to receive protection than in individual countries. Protection under the Madrid System, however, may be received even faster than by individual applications.

Under the CTM System injunctions against infringement cover the entire EC. Additionally, the jurisdiction of the member countries as well as the jurisdiction of the European Courts are getting more and more assimilated. This causes a high degree of legal certainty for the CTM owner.

Thus, if a CTM owner proceeds and wins against an infringer within the EC he can be sure that the decision has effect in the entire area of the EC. The winning CTM owner does not have to worry that the infringer might continue his infringing action in other countries of the EC.

Under the Madrid System, however, actions against infringement are taken by the national court of the country concerned and only apply to that country.

Thus, to keep a competitor from infringing his rights, a trademark owner has to sue the competitor in every country where the infringement is committed. Whether the national courts

will decide in favour of the trademark owner or in favour of the “infringer” depends on the law and the view of the court of the particular country. The trademark owner cannot be sure whether the courts will decide unitarily or not.

In conclusion, each a system has advantages and disadvantages. Although it is being discussed, until today it is still not possible to protect a CTM under the Madrid System which would constitute a preferable combination of both systems.

Enterprises longing for international protection of their signs have to examine carefully which system best meets their requirements.

## **V. Trademark protection in the U.S. compared to trademark protection in the EU**

### **1. Trademark protection in general**

#### **1.1. The U.S.**

Trademark protection in the U.S. is – in general – two-layered:

Firstly, there is the “state law”, i.e. the state law of each particular state. It consists of common law<sup>168</sup> on the one hand and the state legal statute on the other hand.

Secondly, there is the “federal law” which concerns the whole territory of the U.S.

The federal trademark law is that covered by the Lanham Act.<sup>169</sup>

Both systems (federal and state law) co-exist and are mostly independent of each other.<sup>170</sup>

As stated earlier, trademark protection in the U.S. does not begin with registration of the mark but with the first use in commerce.<sup>171</sup> From the moment a mark is used in commerce, it will be protected by common law.

---

<sup>168</sup> common law principles, however, are used in the whole area of the U.S.. There exists no difference between state common law and federal common law.

<sup>169</sup> supra, point 2.2

<sup>170</sup> regarding potential conflicts between state and federal law, see below under point 1.1.3

<sup>171</sup> supra, point 2.2.1.7

An exception to that principle is made only under the Lanham Act in cases in which the applicant affirms an “intent to use”. In that case, a registration and resulting from that protection will be granted before the mark is used in commerce. Nevertheless, a registration of a mark is not necessary to obtain protection.

### **1.1.1. State Law**

If a mark is used *intrastate*, however, it will only be subject to the protection by that particular state. That is under common law as well as under state law.

Registration of a mark under state law does not replace protection under state common law. On the contrary, the owner of the mark in question receives protection under both, state law and state common law.

Registration of a mark in a national register (under state law) does not give the registrant more extensive rights compared to state common law. The national laws of the states are mainly a codification of common law principles.

The registration in a national register is generally advantageous because it constitutes a constructive notice of ownership of the mark so that unintentional infringement can be prevented. Besides, if infringement occurs nevertheless, in some states the registration makes it easier to stop competitors from using a similar mark since it causes a presumption of validity of the registration.

The range of protection for a national registered mark, however, does not exceed the territory of the particular state.

In other words, if a mark is protected, for example, in California, it is only protected in California but not, for example, in Colorado.

### **1.1.2. Federal Law**

If a mark is used in *interstate* commerce, on the other hand, it can be registered and protected under state law or federal law or both.<sup>172</sup>

To this end, the mark must not necessarily be used interstate but it is sufficient, if the use of the mark does affect the internal market. For example, if services were promoted via internet it would affect the internal market even though the advertising

---

<sup>172</sup> Kirsten Sowade, Markenschutz in den U.S.A, p. 26



enterprise uses the mark at only one location. Via internet the promotion of a mark has worldwide effect and therefore does affect the internal market.

The main legal instrument for registration of marks under federal law is the Lanham Act.<sup>173</sup>

Supplementary, there are several legal instruments under federal law which deal with trademarks. However, these instruments mostly deal with particularities of certain branches of trade (as for example the pharmaceutical industry) as well as adjective law and therefore are not of much relevance for this study.

The Lanham Act, however, mostly contains substantive provisions concerning trademarks.

Concerning the procedure, there are separate provisions (“trademark rules”) contained in the Code of Federal Regulations.<sup>174</sup>

Regarding the registration of a mark under the Lanham Act it is referred to point 2.2.1 of this paper.

### **1.1.3. State registration – Federal registration**

If a mark is registered in the federal register at the PTO and as well in a national state register, the owner of the mark has the choice to which registration he refers to enforce his rights.

However, if a conflict would arise between federal law and state law, the supremacy clause of the U.S. Constitution provides that the federal law has priority over the national state law.<sup>175</sup>

This matter is, admittedly, a mere academic question, since the state trademark laws are closely related to the federal Lanham Act and mostly contain similar provisions. Thus, national trademarks actually are in accord with the Lanham Act and in fact no conflicts between state and federal laws arise.<sup>176</sup>

---

<sup>173</sup> supra, 2.2

<sup>174</sup> 37 C.F.R. § 2 et seq., available at the Homepage of the LII, <http://cfr.law.cornell.edu/cfr/cfr.php>, 2005-10-20

<sup>175</sup> art. VI of the U.S.C., available at <http://www.law.cornell.edu/constitution/constitution.articlevi.html>, 2005-10-20

<sup>176</sup> Kirsten Sowade, Markenschutz in den U.S.A, p. 17

## 1.2. The EU

The trademark law of the European Community is actually quite similar to the U.S. system.

The regulations on the CTM constitute supranational law which applies in the place of the national laws of the particular member states. Thus, similar to the U.S. system, the owner of a mark has the choice whether to apply for national protection in a single member country or to seek European-wide protection.

Regarding further details on the CTM, please see the discussion in section 2.1.2. of this paper.

## 2. Single colours as trademarks – the problem

We have noted that although the protection of trademarks is generally regulated on the international plane, the determination of what exactly is capable of being described as a trademark is still left mainly to the national authorities.

This, however, is problematic. The intention of the Paris Convention, the emanating Madrid Agreement, the EC Harmonization Directive, the EC Regulation as well as the TRIPS Agreement is to harmonize intellectual property law on the international plane in order to encourage free exchange of goods and services.<sup>177</sup> This aim is not achieved for those trademarks respectively signs which are not recognized universally as trademarks in all countries but whose protection is rather contentious. An effective multi-country marketing strategy based on the controversial sign may be wasted or stolen in some markets, if the particular sign cannot be protected.

This applies for example for the protection of colours under trademark law. While the protection of *combination* of colours is rather non-problematic, the question whether *single colours* (without contour) can be protected as trademarks is a matter of discussion and is answered variably from country to country.

---

<sup>177</sup> see supra, III.

The actual problem will become clear, if we - before analysing the legal aspects – take a look at the practical consequences of the protection of a single colour as a trademark.

At first, it needs to be clarified, what a “single colour” actually is.

The registration of a single colour as a trademark means that the colour as such without contour i.e. without connection to a shape, letter, design, etc., would be protected in favour of the trademark owner. Competing enterprises would be excluded from using that colour in the same way as the trademark owner is entitled to be the sole user of his trademark.

The trouble is that the trademark owner of a single colour protects the use of the particular colour as such – not limited to a particular way of use.

He rather gets the possibility to diversify the presentation of the product. He is not bound to a particular layout but can use the colour in as many different designs and presentations as one can think of.

That means if for example a petroleum group registers the colour blue, it can use that blue for its figurehead, for the packaging of distributed products, for the petrol pumps and it even can dye the petrol to the colour blue. All these variations of use and more will be covered by the registration.

Consequently, competing enterprises would be excluded from using that particular colour at all since all possible variations of use will be covered by the registration of the trademark owner.

This leads to the question, whether this situation would have disastrous consequences for the market. Does that mean, if someone registers the colour “red” for ketchup, that all other enterprises distributing ketchup are forced to recolour their product? Would that effect that sooner or later we have to dip our potato chips or sausages into green or blue ketchup if it is not produced from the enterprise having registered the colour red?

This is a strange result and surely this result is not the intention of protectionists of colour trademarks.

As it also applies to other marks, it is agreeable that for certain reasons colours should not be registered as trademarks. Some colours may have superior utility in connection to particular products or may have become generic or inherently unregistrable for

certain goods.<sup>178</sup> Thus, the colour “red” for ketchup would – in fact - not be registrable as it is merely descriptive regarding the product (it describes the ingredient tomato) and therefore lacks the requirement of distinctiveness.

As we have already seen in the very beginning, the distinctive character of a sign is one of the crucial elements in order to make it capable of being a trademark.

After all, the main function of a trademark is to distinguish the product or service of one undertaking from those of other undertakings.<sup>179</sup>

Thus, if a sign is not capable of distinguishing the good or service of one undertaking from those of other undertakings it is not acceptable as a trademark at all.

There have been opinions that consumers could not distinguish a particular service or product from the colour as such and therefore colours would not be capable of constituting a trademark. A colour would rather be a simple property of things.

It was further held that the public would not be accustomed to the fact that colours can be used as a distinguishing mark rather than as ornamentation. For this reason it was argued that even if a colour would not be merely descriptive regarding the good or service it is connected to, a colour would in general lack distinctiveness and therefore would not be capable of being protected as a trademark.<sup>180</sup>

However, it is doubtful whether this opinion is persuasive in all cases.

Does it convince that a consumer strolling through the grocery store looking for his favourite chocolate “Milka” supposedly does not recognize it from afar by the violet colour? Does a driver looking for a petrol station and approaching a green coloured gas station not recognize it as a “BP” gas station well in advance before he can read the writing?

I guess everyone knows from his own experience that at least in specific circumstances the consumer notices the colour of a product and connects it to a particular enterprise. In other words, it is definitely possible that the consumer recognizes the products of a particular enterprise by the colour.

---

<sup>178</sup> see for example: Madrid Agreement, art. 4

<sup>179</sup> see supra II.

<sup>180</sup> that was, f.e., earlier held by the German Federal Patent Court in the decisions BPatGE 39, 247, 249 - grey/magenta and BPatGE 40, 136, 139 referring to grey/magenta

This may be at least in those cases where the colour is - in the course of time - known to the public concerned as the badge of the undertaking using the colour. In other words, if an undertaking uses a colour in commerce as identifying sign, the public may sooner or later become accustomed to the fact that the particular colour does, in the context it is used, function as a mark.

Public surveys have demonstrated that the bigger part of the public concerned did actually connect the colour in question to the enterprise using that colour as hallmark. In those cases, the colour in question has been registered based on the reason that it had acquired distinctiveness through use.<sup>181</sup>

However, it is questionable whether a colour can also be *inherently* distinctive without being used before. In other words, can an enterprise register a colour as mark without ever having used that colour in commerce before? Is it possible that a consumer recognizes a colour as a mark even though he had not got the chance to get accustomed to the use of the colour yet?

This is especially important, since the fact that colours do affect the customer is more and more recognized in the business world. For this reason, colours are used more than ever in connection with the marketing of products and services. This entails a rapidly growing interest to protect those colours that customers associate (or are supposed to associate) with a particular enterprise.

Nowadays the business market is highly developed and there is a lot of competition within the market. There are a lot of enterprises in many branches offering the same or similar classes of goods and services. For this reason it has become very difficult to contrast one enterprise from other competitors. To this end, an enterprise needs a special mark that attracts attention and that cannot be used by its competitors. This, however, can only be achieved if other competitors can be excluded from using that particular mark.

If an undertaking using a colour as mark can get his mark protected only if it has acquired distinctiveness through use and therefore has to invest a lot of money and effort in a marketing campaign to make that mark known to the public, the promotional expenditure can be exploited or stolen by its competitors as long as it has not reached the level of distinctiveness necessary for protection.

---

<sup>181</sup> See for example, the green colour for B.P. petrol station (registered as CTM, application number: 1991) as well as the colour lilac for products of the Kraft Suchard AG (registered as CTM, application nr.: 31336)

This would probably have the effect that the level of distinctiveness necessary for protection could never be reached. Competitors could in advance imitate the promotion and the colour of an undertaking investing in a multi strategy marketing campaign and accordingly prevent that colour from getting known to the public as the individual sign of a particular enterprise.

In other words, if many other competitors of “Milka” had used the colour lilac for their own products before the “Milka-lilac” had become known to the public to an extent that justified registration of the colour, Milka would probably have invested a huge amount of money for a marketing strategy that finally would have been wasted. For this reason, it would make sense to grant a single colour protection before it has acquired distinctiveness through use.

If such protection cannot be granted, the particular enterprise representing itself by using colours would probably not enter the market where it has to fear that its colour will not be protected and could be exploited by third parties.

Accordingly there is an economic demand for the acceptance of single colours as trademarks.

In spite of this economic demand a balance needs to be found between the interest of colour-using trademark applicants and the economic interest of the internal market resp. other competitors to keep the colour free for trade.

Often the arguments are invoked that the allowance of protection would put the competitors at an intolerable disadvantage.

It is held that even though there is a huge range of available colours existing and even thousands of other colours can be obtained by mixing, with naked eyes the public is only able to distinguish a limited range of colour shades. This would already restrict the number of colours which may be used in commerce.

Further on, the fact that in a particular context certain colours may be best to appeal to consumers would limit the amount of available colours even more.

Accordingly it was feared that if an enterprise could prevent other competitors from using a particular colour even though the amount of available colours is already limited anyway, the possibility of monopolisation of colours would have disastrous consequences for those competitors, who did not monopolise a colour fast enough for themselves.

Against that it is often held that colours can also be used in combinations which would raise the amount of available colours. Besides it is said that it is the nature of a trademark to prevent other competitors from using a particular sign. This could not constitute an unfair monopolisation.

Additionally, there are enough restrictions regarding the registration of colours which would effect that a depletion of the available colours could not occur.

As can be seen, there is a lot of discussion and uncertainty concerning the protection of single colours as trademarks.

Whether international provisions are suitable for meeting these challenges will be analysed in the following subparagraph:

### **2.1. Single Colours under the Paris Convention**

According to Art. 6<sup>quinquis</sup> of the Paris Convention trademarks may only be denied registration for reasons set out in that provision.

Art. 6<sup>quinquis</sup> B) Nr. 2 provides that those signs may not be registered as trademark which are devoid of any distinctive character. That means on the contrary that also colours, as far as they are distinctive, may be registered as trademarks.

An expressive list of what sign exactly may be capable of being a trademark, however, is not given in the Paris Convention.

Thus, the Paris Convention does not give an absolute answer concerning the protectability of single colours as trademarks.

Therefore, a look at the supplementary TRIPS Agreement is necessary.

### **2.2. Single colours under TRIPS**

According to the TRIPS Agreement (precisely art. 15 of the TRIPS Agreement) trademark protection should be available where the sign is used to identify and distinguish the source of goods.<sup>182</sup>

Art. 15 of the TRIPS Agreement further gives some examples of possible signs which could be eligible for registration as a trademark. In this list, the combination of colours is mentioned as a possible trademark but nothing is said about single

---

<sup>182</sup> text of the TRIPS Agreement, art. 15 available at WTO-Homepage, [http://www.wto.org/english/tratop\\_e/trips\\_e/t\\_agm3\\_e.htm](http://www.wto.org/english/tratop_e/trips_e/t_agm3_e.htm), 2002-06-03

colours. In any case, since single colours are not explicitly excluded from the definition in art. 15 of the TRIPS Agreement, they should at least be protected if they meet the requirements set out therein.

Even though the silence regarding single colours could be interpreted in such a manner that the TRIPS Agreement does not exclude colours as such from being a trademark, the TRIPS Agreement nevertheless does not give a clear answer to whether a single colour may be capable or not of being a trademark.

The Paris Convention as well as the TRIPS Agreement apply to the U.S. as well as to countries member to the EC. It might be interesting to see which interpretation and solution has been found in the EU and in the U.S. and to what extent each differs from the other.

This will be discussed below:

### **2.3. In the EU**

#### **2.3.1. EC Harmonization Directive and EC Regulation on the CTM**

The Harmonization Directive is consistent with the Paris Convention and, as also stated in the preamble of the Directive, with the TRIPS Agreement. Also the EC Regulation refers in many provisions to the Paris Convention.

Therefore, interpretation of the Directive resp. the Regulation also has to be in accordance with the provisions and objectives of the Paris Convention and to that end also constitutes an interpretation of that treaty.

The Harmonization Directive as well as the EC Regulation on the Community Trademark contains a list of examples of signs which may constitute a trademark. The list given in the EC Regulation is identical to the list of the Harmonization Directive.

Art. 2 of the Directive as well as art. 4 of the Regulation state that

*a Community trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.*



This list, however, is not exhaustive but leaves the responsibility to the member states to determine whether a particular sign complies with the definition or not.

As one may note, this list does not explicitly enumerate colours. Thus, in general, it is up to the member states to decide whether or not (single) colours should be protected as a trademark or not.

However, as noted earlier, member states are not left totally alone to interpret the community law. The ECJ has the power to settle legal disputes by giving preliminary rulings on the interpretation of provisions of European Union law, if a court or tribunal of a member state requests so. Accordingly, European Union's courts play a central role in interpreting the community law.

Additionally, in case a member state is in doubt as to how to interpret the Directive it can be guided by the decisions of the OHIM concerning the question whether a particular sign is capable of being a community trademark. After all, the list in the Regulation on the Community Trademark is identical to the list of the Directive.

While interpreting the wording of the Directive one could argue that single colours, since they are not explicitly mentioned in the Directive, are not regarded as signs capable of being a trademark.

The Council and the Commission of the EC have stated that this list does not rule out the possibility of registering as a trademark a combination of colours or a single colour.<sup>183</sup>

The fact that the possibility to protect colours under trademark law is “not ruled out” but is not affirmed in the list given in the Directive either, still leaves the responsibility to the member state to determine whether or not colour complies with the definition of a trademark in art. 2.

### **2.3.2. Case Law of the EU**

As stated earlier, however, looking at the jurisdiction of European Unions Courts is of great use in interpreting EC law.

In the recent “Libertel-case” the Supreme Court of the Netherlands sought a preliminary ruling before the Court of Justice on whether a colour can constitute a

---

<sup>183</sup> Official Gazette of OHIM, May 1996, cited in: *Protection of Color Trademarks*, INTA, available at: [http://www.inta.org/downloads/tap\\_color1996.pdf](http://www.inta.org/downloads/tap_color1996.pdf), 2002-06-05

trademark and, in particular, under which circumstances a single, specific colour possessed a distinctive character.<sup>184</sup>

This was necessary, even though the Council and the Commission of the EC had already made the joint declaration mentioned above<sup>185</sup> since this declaration expressly “is not part of the legal text and therefore without prejudice to the interpretation of that text by the ECJ”. Accordingly, that declaration is of no legal significance.<sup>186</sup>

Before going into the details of this decision, for a better understanding the facts of the case are summarized below:

Libertel is a company established in the Netherlands whose principal activity is the supply of mobile telecommunication services.

In 1996 Libertel filed with the Benelux Trademark Office (BTMO) an orange colour as a trademark for certain telecommunication goods and services.

The application form contained an orange rectangle and the word “orange” without reference to any colour code.

Registration of the sign was refused by the BTMO on the grounds that unless Libertel could show that the colour orange had acquired distinctive character through use, it was devoid of any distinctive character and therefore not registrable.

In the course of appeal to the Hoge Raad der Nederlanden, questions arose as to the correct interpretation of the Directive. For this reason the Hoge Raad referred to the Court for a preliminary ruling.

The ruling of the court was as follows:

1) Firstly, the Court had to decide whether a single colour as such was capable of being a trademark.

To this end, the Court stated that a colour must satisfy **three conditions** to be capable of being a trademark

a) First of all it has to be a **sign**. According to the Court, a colour per se cannot be presumed to be a sign but is rather a simple property of things. Yet, this does not

---

<sup>184</sup> Libertel Groep v. Benelux-Merkenbureau, Case C-104/01 (E.C.J.)

<sup>185</sup> that the protection of colour is not ruled out by the list given in the Directive

<sup>186</sup> Libertel-case, Nr. 25

prevent it from constituting a sign. Whether a single colour is a sign or not depends on the context in which the colour is used.

At least, in the meaning of the Court, a colour per se is capable of constituting a sign relating to a product or service.<sup>187</sup>

b) Secondly the colour must be **graphically represented**.

Concerning the graphic representability of single colours it was often argued that transparency in the law cannot be achieved since it is the nature and the character of the single colour mark that it is not fixed in one configuration but comes up in very different appearances. This, however, cannot be graphically presented.

Since, as noted above, it is the nature of a single colour as a trademark not to be restricted in form and shape, however, it should be sufficient for the graphic representability of a colour trademark to give a sample of the particular colour combined with a description in words of that colour.

This was also affirmed by the Court.

The Court held that the graphic representation must – in order to fulfil its function to identify the sign precisely – be “clear, precise, self-contained, easily accessible, intelligible, durable and objective”.<sup>188</sup>

Merely filing a sample of a colour, however, may not be sufficient for graphic representation since a sample can deteriorate with time and with some media, e.g. paper, the exact shade of colour cannot be protected from the effects of the passage of time.

For this reason the Court was of the opinion that a verbal description of a colour does constitute a graphic representation of the colour. Whether such a description in words does satisfy the conditions mentioned above<sup>189</sup>, however, depends on the circumstances of each case.

In the Court’s view, a sample of colour combined with a description of that colour does constitute a graphic representation within the meaning of art. 2 of the Directive provided that it fulfils the requirements set out earlier.<sup>190</sup>

For the same reason the description of a colour by using an internationally recognised identification code does also constitute a graphic representation.<sup>191</sup>

---

<sup>187</sup> Libertel-case, Nr. 27

<sup>188</sup> Libertel-case, Nr. 29

<sup>189</sup> as is: clear precise, self-contained, easily accessible, intelligible, durable and objective

<sup>190</sup> Libertel-case, Nr. 36

c) Thirdly, the sign must be capable of **distinguishing** the goods or services of one undertaking from those of other undertakings.

After many discussions about the (inherent) distinctiveness of single colours, the following was decided:

The Court determined that colours per se can be capable of distinguishing the goods or services of one undertaking from those of other undertakings.

Still, colours per se are not capable of being a trademark without restrictions:

Even though the Court admitted that colours are capable of conveying certain associations of ideas and of arousing feelings it still held that colours possess little inherent capacity for communicating specific information. The reason given for this opinion was that colours were - because of their appeal - commonly and widely used to advertise and market goods also without any specific message.

Nonetheless the Court acknowledged that the possibility that a colour per se may in some circumstances serve as a badge of origin of the goods or services of one undertaking cannot be ruled out.<sup>192</sup>

Since it was seen that colours were capable of fulfilling all requirements for a sign constituting a trademark, the Court arrived at the conclusion that a colour per se was capable of constituting a trademark.

2) Secondly, the Court answered the question whether there was a general interest in availability of the particular colour.

The Court was of the opinion that there was only a limited number of colours actually available since the public was only capable of distinguishing a limited number of colours. Even though the assessment depended on the relevant public, in the absence of any other indication it ought be considered that the relevant public was composed of the average consumer. The average consumer was reasonably well-informed and reasonably observant and circumspect.<sup>193</sup> However, the average consumer was rarely in a position to directly compare products in various shades of colour.

Thus, the fact that the number of colours actually available was limited meant that a

---

<sup>191</sup> Libertel-case, Nr. 37

<sup>192</sup> Libertel-case, Nr. 41

<sup>193</sup> Libertel-case, Nr. 46

small number of registrations could exhaust the entire range of colours available.<sup>194</sup> This could have the effect that a single undertaking could be put at an unjustified competitive advantage.

For this reason it has to be admitted that there is in fact a public interest not to unduly restrict the availability of colours for other competitors offering the same or similar classes of goods or services.

The extent of this public interest to keep a colour free for trade, however, has to be considered from case to case. In other words, in individual cases it is to examine whether the particular colour filing for protection in certain classes of goods or services has to be kept free for trade. As stated above, this depends on the number of goods and services for which the mark is sought to be registered as well as on the number of competitors.

3) The Court later considered the question of distinctiveness of colours, holding that “distinctiveness of a colour per se without prior use is inconceivable safe in exceptional circumstances”<sup>195</sup> but even if a colour would be held not to be inherently distinctive it can still acquire distinctiveness through use.

4) The Court also held that in assessing the questions above, the circumstances of each case were relevant and that all aspects had to be considered thoroughly a priori (before registration) in order to prevent a mark from being improperly registered. This is for the sake of legal certainty and to ensure that trademarks whose use could successfully be challenged were not registered.

### **2.3.3. (provisional) Conclusion**

Even though the ruling of the Court answers many questions concerning the registrability of colour trademarks, it is questionable what this means for future colour registrations.

Now it is affirmed that single colours may serve as a trademark and can in special circumstances be inherently distinctive and therefore become registered prior use. Still, this cannot be regarded as a general rule but rather as an exception.

The Court expressly stated that the inherently distinctiveness of a colour is

---

<sup>194</sup> Libertel-case, Nr. 54

<sup>195</sup> Libertel-case, Nr. 66

“inconceivable save in exceptional circumstances”. When examining whether a particular single colour is in fact capable of registration, many aspects have to be taken into account.

The number of goods or services is relevant as well as the dimension of the market and the view of the public concerned. Additionally, the particularities of each single case have to be considered.

Thus, in order to be capable of registration, a colour generally must be used for a small range of goods or services in a limited market with only a few competitors. Besides the public concerned must be in the habit of making assumptions about the origin of the good based on their colour or the colour of the packaging. This will not be the case if the public concerned is composed of average consumers.

In other words the mark must be addressed to a certain type of consumer, who does recognize that particular colour as identifying sign in a particular context.

Fulfilling all these requirements is rather difficult and therefore pretty unlikely. There will be only very few situations in which a single colour really meets the requirements for a registration prior use.

This has already been seen in the past, where applications of single colours regularly were refused for the reasons that the colour in question would not be distinctive.

That was for example in the case *Light-Green*<sup>196</sup>, where the WM Wrigley Jr. Company filed the green colour for chewing gums. The registration was refused for the reason that a colour per se normally would not be distinctive and would not serve as an indication of origin.

The same happened to Wrigley’s application concerning the colour yellow for chewing gums<sup>197</sup>.

Also an application of the ARAL AG for the colour blue for fuel and car services has been refused on the grounds that the colour per se would not be distinctive and that the company had not proved acquired distinctiveness through use within the territory of the EC.

The colour “magenta” for telecommunication services, however, has been registered but only because of acquired distinctiveness.

---

<sup>196</sup> R 122/98-3

<sup>197</sup> R 169/98-3

The colour “green” for oils and greases, vehicle cleaning and repair<sup>198</sup> and as well the colour brown for transport and delivery<sup>199</sup> have also been registered only because of acquired distinctiveness.

Regarding the application of the colour “orange” for treatment installations for seeds<sup>200</sup> the Court of First Instance refused the applicants demand for annulment of the decision of the Board of Appeal (dismissal of the application) on the grounds that the use of colours as such (and neither the particular colour in question - orange) would not be rare for those goods. It held that the colour would be commonplace and therefore would not enable the relevant public to distinguish the applicant's installations from machines in similar shades of orange from other competitors. In other words: the colour orange was not held (inherently) distinctive either.

Actually the only (single) colour recently registered without the proof of acquired distinctiveness is the colour green for vehicle rental and reservation services.<sup>201</sup> Registration took place in November 2003 shortly after the Court of First Instance gave the ruling on the Libertel case.

In any case, as is seen, in the past it was very difficult to receive protection for a single colour prior use. This has not changed because of the “Libertel-ruling”.

Even if the Court admitted the general capability of single colours as trademarks and the possibility that a colour generally can be inherently distinctive it was held that (inherently) distinctiveness of a single colour prior use can be affirmed only under special circumstances. The Court makes high demands on the distinctiveness of colours per se which effects that it is still very difficult to meet these requirements. The colours of the cited cases would on the same grounds be refused today, after the Court’s ruling.

In some countries the Court’s ruling has even the effects that now it is harder to get a single colour registered in the national register than it has been in the past. This is for the reason that the ruling is binding not only for the international registration of Community Trademarks but also for single countries of the EU implementing the identical EC Harmonization Directive.

---

<sup>198</sup> B.P. p.l.c., reg.nr. 1991

<sup>199</sup> United Parcel Service of America, reg.nr. 962076

<sup>200</sup> KWS Saat AG, reg.nr. 39875412

<sup>201</sup> National Car Rental Systems Inc., reg.nr. 747501

In the past, in Germany for example a colour was regarded as generally distinctive and therefore was registered. The actual examination whether there would be grounds of refusal<sup>202</sup> took place at a later date. In doing so, applicants of colour marks at least received provisional registration and preliminary protection. This habit of registration, however, cannot be continued in the future.

Now, the Court stated that when assessing the distinctive character of a trademark the examination must take account of all the circumstances of the case. These circumstances include, *inter alia*, the fact whether registration is sought for a large number of goods or services or a specific group of goods or services and whether the registration would run counter to the general interest in not unduly limiting the availability of colours for competitors offering the same or similar classes of goods or services.

These requirements will make registration of colours prior to use rather difficult. If taking these considerations into account when assessing the distinctiveness of a colour *per se* most colours will in future be regarded as not distinctive and will accordingly not be registered from the beginning.

By this means, the Court intends to prevent signs from getting unduly registered and provides more legal certainty. Signs which may successfully be challenged before the court (because of the existence of a ground for refusal) are now denied registration from the beginning.

#### **2.3.4. Colour combinations**

As noted above, in most cases single colours will not be regarded as distinctive, *inter alia*, because of the general interest of competitors that colours are not unduly registered but will be kept free for trade.

However, this brings up the question whether it may be easier to protect a combination of colours since with colour combinations there are more available signs. One may think that because of the variety of possible colour combinations there should be far less interest to keep the sign free for trade.

Nonetheless, in the past, combinations of colours have been regarded as not

---

<sup>202</sup> as for example a general interest to keep that colour free for trade



distinctive in many cases.

The combination of colours is – as well as single colours - abstract and imprecise in relation to the goods in question. The arrangement of the colours is not fixed in any format but the proportions of the colours can change from situation to situation. This results in an even richer variety of different presentation of the colours than already exists for single colours. The consumer, however, will mostly not be in a position to recognize a colour combination as deriving from the same source if it always appears in different formats.

This was also held for example in the case “Viking-Umwelttechnik GmbH” where the applicant filed the combination of the colours **grey** and **green** for motor-driven garden equipment.<sup>203</sup> Since registration was refused by the examiner of the OHIM and the refusal was upheld by the Board of Appeal on the grounds that the colour combination would be devoid of any distinctive character, the Court of First Instance finally had to decide the case.

The Court stated that regarding the assessment of the distinctive character of a colour combination, it has to be examined as a whole. This, however, does not exclude the possibility to first examine the individual colours separately.

The colours green and grey per se are not regarded as distinctive for the goods in question but as merely descriptive (green for garden and grey for machines). However, it was questionable whether the combination of these colours as a whole could be distinctive and therefore capable of protection.

The Court held that even though colour combinations were in general capable of being a trademark, this would not necessarily mean that all colour combinations possessed a distinctive character. It has to be examined whether the particular colour or colour combination is unusual in the context in which it is used and whether the public concerned does recognize the colours as a mark rather than as an ornamentation.

Regarding the combination in question, it was further held that because of the fact that the colours were not used in a uniform fashion or in a particular order, the consumer concerned could not see the colour combination as a sign indicating the source of origin but would rather see it as decoration.

This is confirmed by the fact that the products bearing the colours would have different shapes and sizes which would not allow a uniform appearance of the

---

<sup>203</sup> Viking Umwelttechnik GmbH vs. OHIM, 25.09.2002, T-316/00

colour combination. With some products the juxtaposition of the colours would be more striking than with other products so that the public concerned would not be able to connect all products to the same producer.

These arguments were also affirmed in the later decision “Stihl AG vs. OHIM”<sup>204</sup> where the combination of **orange** and **grey** was filed for the same class of goods as in the judgement “green/grey” cited above.

Again it was held that the combination of the colours in question would not be recognised as a sign because using the colours on the products in an unsystematic way would mean that there would be a variety of different formats which would not enable the consumer concerned to memorize that combination as identifying sign of the particular producer.

This, however, would not prevent the combination from acquiring distinctiveness through use.

From all this follows that with combinations of colours it is even more difficult to obtain trademark protection than it is with single colours. Because of the even greater variety of the presentation of colour combinations it is harder to prove distinctiveness and to get the public concerned to recognize the colour as mark.

Still, this is not impossible, as has just been shown in a very recent case.

The French railway company Société Nationale des Chemins de Fer Français ( S.N.C.F.) filed the colour combination **blue/yellow** for several classes of goods and services.<sup>205</sup>

First, referring to the Libertel-decision, it was stated that for the assessment of the distinctiveness of a colour or a combination of colours the view of the public concerned might be relevant as well as the interest of the market to keep that colour combination free for trade.

The public concerned was regarded not as the average consumer but only as those consumers who would in fact be interested in railway services.

It was held that at least concerning the tickets for transportation of passengers or cargo the application of the colours blue and yellow would not be usual.

It was argued that tickets usually only contain information about the service to be rendered without any unnecessary decoration. Therefore the public concerned

---

<sup>204</sup> Andreas Stihl AG & Co. KG vs. OHIM, 9.07.2003, T-234/01

<sup>205</sup> Decision of the First Court of Appeal of the OHIM, R 31/2003-1

would immediately perceive the juxtaposition of colours as an identifying sign of the particular enterprise and not as an ornamentation. This would especially be the case since the particular colours in question are not commonly used in connection with railway tickets.

Additionally, the fact that the number of enterprises who sell railway tickets is very limited within the European Union would have the effect that the monopolization of this particular juxtaposition of colours does not put other competitors at an unbearable disadvantage.

For these reasons the distinctiveness of that particular combination of colours has been affirmed at least for the product railway tickets.

Concerning other products of the same class (magazines, catalogues, maps, cards, brochures, journals etc.), however, the Court of Appeal upheld the decision of the examiner that the colouration would, in that context, be devoid of any distinctive character. For these products, the public concerned is composed of the average consumer who does not recognize the colouration as identifying sign but rather as decorative element.

However, the Court also affirmed the distinctive character of the juxtaposition of the colours for services as far as they are strictly connected to railway services. Distinctiveness of colour is especially given regarding services, since these, by nature, have no colour and no substantial value is conferred on it by the colour.<sup>206</sup>

Thus, in the absence of words, the public concerned is able to determine immediately whether the colour used in connection with services is the result of an arbitrary choice supplying those services.

Bearing in mind that the public concerned is only the consumer being de facto interested in railway services and that the competition within the (railway-)market is very restricted, it was held that the juxtaposition of the colours blue and yellow is capable of distinguishing the services of the enterprise in question (S.N.C.F.) from those of other enterprises and therefore fulfils the requirement of distinctiveness.

Still it must be stressed that this assessment does only apply as far as *railway* services as such are concerned.

For services which concern the organisation of holidays, however, the protection does not apply.

This is for the reason that regarding the organisation of holidays, the public

---

<sup>206</sup> see also KWS Saat vs. OHIM, 9.10.2002, T-173/00

concerned is again composed of the average consumer who has a different perception. Besides, in that branch of services there is more competition so that the monopolisation of the colour combination could put competitors at a significant disadvantage.

### **2.3.5. Conclusion**

We have seen that within the European Community the registration of single colours as well as of colour combinations is very restricted as far as the colours are filed abstractly.

Many considerations have to be taken into account and even though the registrability of abstract colours is in general acknowledged within the EC, in fact it will be very difficult to fulfil all necessary requirements and accordingly to obtain protection.

Especially the question whether a colour (combination) is inherently distinctive and therefore is recognized as a sign by the public concerned has to be denied in many cases. Distinctiveness, however, is the most crucial element of a sign making it capable of constituting a trademark.

For this reason, applicants will often have to show that their colour in question is already known to the public and has acquired distinctiveness through use.

Only in special circumstances a colour (combination) per se will be held (inherently) distinctive and therefore registered prior use.

Finally, the Court of First Instance has also clarified this explicitly in the long awaited Libertel-Ruling.

This ruling constitutes an interpretation of art. 4 of the EC Regulation establishing the Community Trademark as well as of art. 2 of the Harmonization Directive. Since all member countries of the European Community are bound to interpret the Directive in a way that reaches the aim of the Directive, the Ruling of the Court of First Instance with its interpretation of the Directive binds all member states regarding the treatment of single colours.

This might have the effect that in countries where practice of registration was more liberal before, obtaining protection for colour marks will now become more difficult. Still, this ruling provides more legal certainty and clarity.

Thus, the ruling helps the Directive to be implemented in a uniform way throughout the European Community and encourages the assimilation of the national laws and jurisdiction within the countries of the EC.

## **2.4. The U.S.**

We have just seen how the protection of single colours as trademarks is handled within the EU. The instruments relevant for the study were the EC Harmonization Directive as well as the Regulation on the Community Trademark which in turn refer to the Paris Convention. Accordingly, implementation and interpretation of the European legal instruments have to be in accord with the Paris Convention.

Member to the Paris Convention, however, are not only countries member of the EU but also countries all over the world. This includes for example the U.S..

It might be interesting to see how the U.S. has resolved the problem of single colours as trademarks while also complying with the Paris Convention.

### **2.4.1. Qualitex**

In the U.S. the treatment of single colours as trademarks was also long contested. However, the U.S. Supreme Court made a path breaking decision in 1995 when it put an end to all the discussions and arguments regarding the general protectability of colour trademarks.

This was in the *Qualitex* – decision,<sup>207</sup> where the Supreme Court held that no special legal rule should prevent colours alone from serving as a trademark if they meet the ordinary legal trademark requirements.

The Court arrived at the decision that the arguments typically invoked against protection of colours as trademarks are not persuasive. In the following the arguments against the protection of colours as trademarks and its counterarguments held by the Court will be presented.

#### **2.4.1.1. Functionality:**

---

<sup>207</sup> *Qualitex Co. v. Jacobson Products Co.*, 514 US 159 (1995), available at the Homepage of the Legal Information Institut (LII), available at <http://supct.law.cornell.edu/supct/html/93-1577.ZO.html>, 2002-06-04

The functionality argument provides that, where a colour is the natural colour of a product or where it affects the cost or quality of a product, it is simply a naturally occurring or desirable characteristic of the product which should not be exclusive to one manufacturer.<sup>208</sup>

There is, however, no dispute that functional colours should not be protected as trademarks.

It is rather a basic and internationally accepted principle that non-distinct or functional aspects or features of a product, service or packaging inherently lack distinctive character and are not subject matter for trademarks.<sup>209</sup> This applies in the same way to functional product configurations or generic word marks.

An Australian case illustrates this principle of functionality, the *Glaxo-case*.<sup>210</sup> In this case, registration of two shades of blue and two shades of brown for asthma inhalers was denied. It was held that these colours had taken on a *functional significance* in the asthma inhaler industry, blue signifying reliever therapy and brown signifying preventative therapy. The colours were regarded to have a direct reference to the character and quality of the good. It was further stated that it could have dangerous consequences to require competitors to use a different colour code system.

Nevertheless, sometimes colour is not essential to a product's use or purpose and does not affect cost or quality. For this reason the doctrine of "functionality" does not create an absolute bar to the use of colour alone as a mark.<sup>211</sup>

#### **2.4.1.2. Competitive Need:**

The competitive need argument holds that particular colours may be "best" colours that may appeal to consumers and that the monopolization of such colours would unfairly restrict the ability of companies to meet consumer demands and packaging requirements. In other words monopolization of

---

<sup>208</sup> James L. Vana, *Color Trademarks*, <http://www.utexas.edu/law/journals/tiplj/volumes/vol7iss3/vana.pdf>, p. 389, last visited 2002-06-04

<sup>209</sup> International Trademark Organisation (INTA), *Protection of Color Trademarks*, [http://www.inta.org/downloads/tap\\_color1996.pdf](http://www.inta.org/downloads/tap_color1996.pdf), p. 5, last visited 2002-06-04

<sup>210</sup> Aktiebolaget Astra v. Glaxo Group Ltd., (1996) 33 IPR 123

<sup>211</sup> The U.S. Supreme Court in *Qualitex Co. v. Jacobson Products Co.*, 514 US 159 (1995), available at the Homepage of the LII, <http://supct.law.cornell.edu/supct/html/93-1577.ZO.html>, 2002-06-04 see also Caldarola, *Protection of a color under the law of the US, Germany and Japan*, <http://www.law.washington.edu/casrip/newsletter/Vol6/news6i2Caldarola.html>, 2005-10-20

colours would unfairly restrict the abilities of others to compete.<sup>212</sup>

This argument, however, is already answered through the doctrines of functionality and distinctiveness. The functionality doctrine will serve to prohibit the protection of colour as a trademark “where doing so will put a competitor or the public at a disadvantage”.<sup>213</sup> For example, where a particular colour identifies the type of product e.g. the colour of a medical pill to identify the type of medication, it is a competitive disadvantage to require competitors to use different colours. Additionally this would be potentially confusing and dangerous to the public. The *function* of the colour in that instance thus disqualifies it as a trademark.

Additionally, it cannot be seen why competing interests should keep one from being able to protect a colour as a trademark and thus exclude other competitors from using it. This is after all the whole principle of trademark law...to exclude other competitors from using a sign which one already uses for its own “commercial”. Some meet this with the argument of “colour depletion” which is in my opinion not maintainable. It will be discussed below:

#### **2.4.1.3. Colour Depletion:**

The colour depletion argument is quite similar to the above-mentioned arguments. The point of this argument is that there is only a limited number of colours and the allowance of protection does therefore deplete the supply of colour available for use by others.<sup>214</sup> It is further argued, even if one concedes that there exist hundred of colour pigments and that thousands of other colours can be obtained by mixing, the fact that not all colours are usable in a particular context limits the amount of available colours enormously.

This argument, however, cannot be held. If a colour is protected for a particular good, there will usually be alternative colours to use. Even if that was not the case, the functionality-principle would apply.<sup>215</sup> The functionality

---

<sup>212</sup> INTA, Protection of Color Trademarks, [http://www.inta.org/downloads/tap\\_color1996.pdf](http://www.inta.org/downloads/tap_color1996.pdf), p. 6, last visited 2002-06-04

<sup>213</sup> The U.S. Supreme Court in *Qualitex Co. v. Jacobson Products Co.*, 514 US 159 (1995), Homepage of the LII, available at: <http://supct.law.cornell.edu/supct/html/93-1577.ZO.html>, 2002-06-04

<sup>214</sup> INTA, Protection of Color Trademarks, [http://www.inta.org/downloads/tap\\_color1996.pdf](http://www.inta.org/downloads/tap_color1996.pdf), p. 7, last visited 2002-06-04

<sup>215</sup> see also Bereskin & Parr, *Color, Slogans & Shapes as Trademarks*, p. 7

doctrine, as we have seen, forbids the use of a product's feature as a trademark where doing so would put a competitor at a significant disadvantage.

Besides it can also be argued, if there were only a few colours available in a particular area of trade goods, those particular colours would not have distinctive character, since they most likely would already be used by several companies <sup>216</sup> before anyone would apply for special protection. For this reason, in cases of such restricted colour range those colours cannot in any case be protected under trademark law.

Thus the colour depletion theory cannot be accepted.

#### **2.4.1.4. Shade Confusion**

A lot of critics of colour registration argue that it is difficult and subtle to decide likelihood of confusion between different shades of colours. Additionally the courts were not equipped well enough to solve such problems. This was also brought up by the opponents of the *Qualitex* case, who argued that there will be uncertainty and disputes about what shades of colours a competitor may lawfully use, if the protection of colours is permitted. Besides, lighting affects the perception of the colours which would make it pretty difficult to decide whether the use of a similar colour on a similar product does or does not confuse customers and thereby infringe a trademark.

This argument has to be declined.

Disputes about the interpretation of a legal rule and its infringements are very usual and there is no point why that should be different in case of colour trademarks. Courts also have to decide about very difficult questions in other areas, e.g. whether two word phrases or symbols are sufficiently similar in regard to confuse the consumers. There appears to be no reason why it should be more difficult for courts to decide cases concerning the protection of a colour as a trademark than other trademark cases. The argument that the lighting conditions complicate the question may be right but this problem is not irresolvable since lighting conditions can be re-enacted in order to foresee what the customer will see.

Accordingly, the argument of shade confusion cannot be held.

---

<sup>216</sup> since there would be no other suitable colours available



#### 2.4.1.5. Graphic Representation

In the definition of the EC Regulation, the EC Harmonization Directive as well as in some national laws,<sup>217</sup> it is further stated that a sign will only be capable of being protected as a trademark if it is graphically described. This requirement exists in order to create transparency in the law. It shall be possible to determine a trademark after request at the registration office.<sup>218</sup>

Concerning the graphic representability of single colours it was argued that transparency in the law cannot be achieved since it is the nature and the character of the single colour mark that it is not fixed in one configuration but comes up in very different appearances. This, however, could not be graphically presented.

Since, as mentioned above, not being restricted in form and shape is the nature of a single colour as a trademark, it should be sufficient for the graphic representability of a colour trademark to give a sample of the particular colour that is not fixed in its configuration.

In the EU this is done by the pantone standard colour system. This system takes into account hundreds of shades available for appropriation. Thus trademark applicants could submit a sample of the colour and define the specific shade by using the particular pantone number.<sup>219</sup> By this means the system achieves a very precise representation of the colour which shows that the problem of graphic representation is not irresolvable.

However, until today in the U.S. the application of a colour filing for registration has to contain a description of the colour as well as of its position on the mark. Besides, the applicant has to hand in a clear drawing of the mark showing the mark in colour. Additionally, the applicant has to submit a claim that the colour is a feature of the mark.<sup>220</sup>

#### 2.4.2. Consequences of *Qualitex*:

Even though in *Qualitex* the Court decided that in principle a single colour could receive trademark protection, it leaves open whether protection of a single colour may also be

---

<sup>217</sup> e.g. the German Trademark Law, art. 8 (1)

<sup>218</sup> Maria Christina Caldarola, *Trademark protection in color: do it by the numbers*, available at: <http://www.law.washington.edu/casrip/newsletter/Vol6/newsv6i2Caldarola.html>, last visited: 2005-03-21

<sup>219</sup> loc.cit.

<sup>220</sup> 37 C.F.R. § 2.52(a)(3)

granted without the single colour having been used before. In the *Qualitex*-decision the green-gold colour in question was regarded capable of protection because it already had acquired distinctiveness through use and accordingly “secondary meaning”.

Thus, it is to examine whether single colours can be capable of protection also in the absence of secondary meaning.

The Supreme Court stated in *Qualitex*, “we cannot find any theoretical objection to the use of colour alone as a trademark *where that colour has attained secondary meaning* and therefore identifies and distinguishes a particular brand”<sup>221</sup>.

Because of that wording, some people argue that for a colour filing for trademark protection, secondary meaning is always required.<sup>222</sup>

This interpretation, however, contradicts the general principles regarding the assessment of the distinctive character of marks. As already described earlier<sup>223</sup> for the assessment of distinctiveness the Court groups the marks into five categories (as is generic, descriptive, suggestive, arbitrary and fanciful). If a mark is held arbitrary or fanciful it is held inherently distinctive and therefore capable of protection. According to these principles, secondary meaning will only be required if the mark is usually descriptive. Only descriptive marks can acquire distinctiveness through use when the consumer concerned primarily associates that mark with the particular source.

Consequently, if a colour is somehow arbitrary or fanciful it will be inherently distinctive and therefore capable of trademark protection even in the absence of secondary meaning.

Nonetheless, in *Qualitex* the court stated, “a product's colour is unlike “fanciful,” “arbitrary,” or “suggestive” as words or designs which almost automatically tell a customer that they refer to a brand”.

In other words, the Court was of the opinion that a colour was never fanciful or arbitrary and accordingly there was no way of regarding a colour inherently distinctive.

Even though the Court did not give any reason for its position, this is seized in the later case *Wal-Mart Stores v. Samara Brothers*.<sup>224</sup> In this case the Court held, while citing the *Qualitex*-decision, that an application of colour could never be inherently distinctive although it could be protected upon a showing of secondary meaning.

This was reasoned with the statement that consumers were aware of the fact that colours do not intend to identify the source but they rather make the product more desirable or

---

<sup>221</sup> *Qualitex Co. v. Jacobson Products Co.*, 514 US 159 (1995)

<sup>222</sup> see f.e. Caldarola, *Protection of a color under the law of the US, Germany and Japan*, <http://www.law.washington.edu/casrip/newsletter/Vol6/newsv6i2Caldarola.html>, 2005-10-20

<sup>223</sup> see above, p. 34

<sup>224</sup> *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 120 S.Ct. 1339

more appealing. However, it was admitted that over time customers might become used to the fact that a particular colour on a product or packaging could after all be used as signifying a brand. Thus, since colours can eventually come to indicate the origin of a particular product, it is concluded that a colour can be protected upon a showing of secondary meaning.

However, in *Two Pesos v. Taco Cabana*<sup>225</sup> the Supreme Court holds that a trademark would be capable of protection without a showing of secondary meaning if it was found to be inherently distinctive and that the trade dress of a product could be protected in the same fashion.

In the case *Two Pesos* the trade dress consisting of a festive eating atmosphere, bright colours, paintings and murals was found to be inherently distinctive and therefore was regarded as capable of protection.

The fact that a trade dress is regarded as inherently distinctive has the effect that it is demanded to treat colours the same way, since both - colours as well as trade dresses - constitute a special kind of signs, different from word marks. Thus, it was held that there was no reason to apply a different analysis to colours than to trade dresses. This is especially necessary, since the Supreme Court has swept away all obstacles to the equal protection of colours as a mark in *Qualitex*.<sup>226</sup>

Against that the Supreme Court states in *Wal-Mart* that the decision *Two Pesos* did not allow a different view concerning the inherent distinctiveness of colours since in *Two Pesos* trade dresses were at issue but not trade designs. Trade dresses are rather connected to product packaging which is treated differently from product design.

Additionally, it was concluded that even if there were close cases the Court should rather stay on the safe side and in case of doubt require secondary meaning.

At last it may be said that until today no U.S. Court has affirmed inherent distinctiveness of colours but all registrations have been done because of the evidence of secondary meaning.

---

<sup>225</sup> *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992)

<sup>226</sup> J. Hudis, Removing the boundaries of color, <http://www.oblon.com/media/index.php?id=83>, 2005-10-20

## **VI. Conclusion**

Even though with *Qualitex* the U.S. was a precursor regarding the assessment of colour marks, the EU caught up with it.

The U.S. Court may have stated that a colour as such was capable of being a trademark and allayed the doubts regarding the depletion of colours. Still the monopolization of single colours which are not restricted to a particular product, shape or design, cannot follow from *Qualitex* or subsequent U.S. courts decisions. In the U.S. single colours will only receive protection if they acquire secondary meaning and if they are bound to a particular format (f.e. the colour is placed at a special position on the good).

In other words, different from the EU, there will be no protection available for single colours as trademarks if they are not fixed in any fashion or shape.

Besides, other than in the EU, in the U.S. colours are denied inherently distinctiveness in any way.

Registration of a colour is also done differently. In the U.S. it is sufficient to specify the colour and its positioning on the mark within the application.

In the EU, however, one has to specify the colour by a standard colour system and additionally has to hand in a sample of the colour in question. The EU's registration system is much more precise than the system of the U.S. In any case, bearing in mind that in the U.S. colours will only be protectable if they are bound to a particular fashion and that registration does not provide the possibility of an unlimited way of use, the U.S. system is sufficient for its purposes.

It is astonishing to note that even though the U.S. as well as the EU are – in part - members of the same instruments providing trademark protection (for example the Paris Convention) they differ to a great extent in the way they solved this problem.

The fact that many provisions are a matter of interpretation has the effect that a uniform legislation in the field of intellectual property cannot be totally achieved. This is also for the reason that there are so many countries party to the several instruments that it is hard to give a legislation that is capable to be complied by the laws of all member countries.

Still, in order to stay abreast of the increasing globalisation, the aim to reach a certain level of universality in order to strengthen the trade in the international market should be followed up.

Until today, this aim is not yet reached.

The determination of the form of protection granted under trademark law is left to the national authorities, who of course have different views about what should or not be protected under

trademark law. In regard to the protection of single colours as trademarks there is still much uncertainty and – as we have seen - the opinions vary from country to country. This has the effect that those companies, whose sign is not yet recognized as a trademark on the international level or is at least subject to controversy, are rather hesitant to enter the international market. In order to encourage and strengthen trade on the international market, international instruments should provide more clarity in problem fields, for example, the protection of single colours as trademarks.

Within the EU, this is already resolved quite well by giving the ECJ (and the Court of First Instance) the competence to rule on such problematic matters. The decisions and rulings of the ECJ are binding to the member states and therefore provide more uniformity and legal certainty in the law. In the EU, member states are generally free on how to implement the law and – in parts – how to interpret the law. Regarding highly contestable matters, however, there is still the major instance of the ECJ having the final say.

In my opinion this sets a good example which should be extended to more countries.

It might be a good idea to establish a global court keeping an eye on the implementation and interpretation of treaties to which states from all over the world are member. Following the example of the EU, that global Court could give rulings and make decisions on the most contestable and crucial matters while on the other hand leaving enough room for own interpretations to the member states. The creation of such a Court may be a challenge but, at the same time, it would be a great asset to globalisation.

Until then, the instruments already existing are a big step towards the appropriation of trademark protection and have a high potential to develop in such a way that the intended aims will be reached one day.

# Bibliography

## Books

**Sowade**, Kirsten, *Markenschutz in den USA*, Köln 2001

**Stim**, Richard, *Trademark law*, Delmar Thomson Learning, Canada 2000

**WIPO** Worldwide Academy, *Collection of Documents on Intellectual Property*, 2001; compiled by WIPO Worldwide Academy

## Articles

Maria Christina **Caldarola**, *Trademark protection in color: do it by the numbers*, available at: <http://www.law.washington.edu/casrip/newsletter/newsv6i2Caldarola.html>, 2005-10-20

Maria Christina **Caldarola**, *Protection of a color under the law of the United States, Germany and Japan*, <http://www.law.washington.edu/casrip/newsletter/Vol6/newsv6i2Caldarola.html>, 2005-10-20

**European Commission**, *Guide to the implementation of directives based on the New Approach and the Global Approach*, Luxembourg: Office for Official Publications of the European Communities, 2000, available at: [http://europa.eu.int/comm/enterprise/newapproach/legislation/guide/document/1999\\_1282\\_en.pdf](http://europa.eu.int/comm/enterprise/newapproach/legislation/guide/document/1999_1282_en.pdf), 2005-10-20

J. **Hudis**, *Removing the boundaries of color*, <http://www.oblon.com/media/index.php?id=83>, 2005-10-20

International Trademark Association (**INTA**), *Protection of Colour Trademarks*, [http://www.inta.org/downloads/tap\\_color1996.pdf](http://www.inta.org/downloads/tap_color1996.pdf), 2005-10-20

International Trademark Association (**INTA**), *Trademark Infringements and statutory redress in the United States*, New York 2003, available at: [http://www.inta.org/info/basics\\_infringement.html](http://www.inta.org/info/basics_infringement.html), 2005-10-20

C.Lloyd **Sarginson** & Lillian **Sversky** by Bereskin & Parr, *Color, Slogans & Shapes as Trademarks – the transition from non-traditional to traditional*, Canada 1995 (document can be requested at: <http://www.bereskinparr.com/publications/articles/trademark-articles/trademark-articles-arc.html>, 2005-10-20)

James L. **Vana**, *Color Trademarks*,  
<http://www.utexas.edu/law/journals/tiplj/volumes/vol7iss3/vana.pdf>, 2005-10-20

## Instruments

Agreement on Trade Related Aspects of Intellectual Property Rights (1994) (TRIPS)

COUNCIL REGULATION (EC) No 40/94 of 20 December 1993 on the Community trademark

First Directive 89/104/EEC of the Council, of 21 December 1988, to Approximate the Laws of the Member States Relating to Trade Marks

Lanham Act – also called: Patent Act of 1870, Ch. 230, 16 Stat. 198-217 (July 8, 1870)  
 CHAP.CCXXX --An Act to revise, consolidate, and amend the Statutes relating to Patents and Copyrights

Madrid Agreement Concerning the International Registration of Marks (1891)

North American Free Trade Agreement (1983)

Paris Convention for the Protection of Industrial Property (1883)

Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (1989)

Trademark Law Treaty (1994)

Treaty Establishing the European Community

U.S. Code of Federal Regulations (1997)

United States Code

Uruguay Round, Understanding on Rules and Procedures Governing the Settlement of Disputes (1994)

## Table of cases

Aktiebolaget Astra v. Glaxo Group Ltd., (1996) 33 IPR 123

Andreas Stihl AG & Co. KG vs. OHIM, 9.07.2003, T-234/01

Bayer Co. v. United Drug Co., 272 F. 505 (S.D.N.Y. 1921)

Boston Beer Co. Ltd. Partnership v. Slesar Bros., Brewing Co., Inc., 9 F.3d 175, 181 (1st Cir. 1993)

DuPont Cellophane Co., Inc. v. Waxed Products Co., Inc., 85 F.2d 75 (2d Cir.1936)

In re Gyulay, 820 F.2d 1216, 3 USPQ2d 1009 (Fed. Cir. 1987)

In re Stanbel Inc., 16 USPQ2d 1469 (TTAB 1990)

KWS Saat vs. OHIM, 9.10.2002, T-173/00

Libertel Groep v. Benelux-Merkenbureau, Case C-104/01 (E.C.J.)

Qualitex Co. v. Jacobson Products Co., 514 US 159 (1995)

Two Pesos Inc. vs. Taco Cabana Inc., 505 US 763



Viking Umwelttechnik GmbH vs. OHIM, 25.09.2002, T-316/00

Wal-Mart Stores, Inc. v. Samara Brothers, Inc., 120 S.Ct. 1339

Wrigley Company vs. OHIM, LIGHT GREEN, R 122/98-3