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# Descriptive marks and the notion of distinctiveness

Absolute Grounds for Refusal according to Article 7 of  
Council Regulation (EC) No 40/94 on the Community Trade Mark

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# Summary

The criteria which are used when evaluating grounds for refusal to register trade marks are the main theme of my thesis. Numbers of absolute grounds for refusal must be taken into consideration *ex officio* by the registration authorities in question when considering registrability of trade marks and by the ECJ and the CFI under appeal. There are also relative grounds for refusal which relate to grounds on which registration of a trade mark may be refused, arising from conflicts with the rights of another party but those grounds are not dealt with in the thesis. I have investigated the two absolute grounds that apply when marks are examined and determined if they can be considered descriptive and/or devoid of any distinctive character, and thus do not pass the test to be registrable as trade marks.

The main focus will be on the Community Trade Mark (CTM), which is registered in accordance with the conditions contained in the Council Regulation on the Community Trade Mark (CTMR) but according to the Regulation a CTM shall be obtained by registration only and it is provided that the CTM is to have a unitary character and equal effect throughout the Community. The CTMR was first adopted in 1994 but it first obtained real meaning when the CTM office, the Office for Harmonization in the Internal Market (Trade Marks and Designs), the OHIM, which is placed in Alicante in Spain, opened on 1 April 1996. From that date it has been possible to establish trade mark rights within the Community as a whole by applying for registration to the OHIM.

The method to establish the criteria will be to examine especially one famous and controversial judgment from the ECJ, the *Baby-Dry* Judgment from 2001, which was the ECJ's first judgment on the CTM. In the Judgment the Court interpreted Article 7(1)(c) CTMR but raised many questions as well. In relation to interpretation of Article 7(1)(b), on marks devoid of any distinctive character, and 7(1)(c) the Court by assimilating the two subparagraphs caused confusion. The Judgment has been regarded a high-water mark case and has given reason to more lenient practice and is considered as an example of a more liberal or modern approach towards registrability than was known within the OHIM, the CFI and in some Member States of the EU before the Judgment. The Judgment has also been considered as wrong.

In the thesis I investigated a number of decisions from the OHIM and judgments from the CFI and the ECJ, both before and after *Baby-Dry*, with the central focus on composite word marks, and have established that the application of the two subparagraphs in Article 7 CTMR have not been consistent and the implications are considered. My conclusion is since the reasoning for each of the grounds evaluated is based on different criteria it would be natural to apply them separately, starting by assessing if the mark is descriptive and then, regardless of descriptiveness, evaluate if the mark is devoid of any distinctive character.

# Abbreviations<sup>1</sup>

AG	Advocate General
CFI	Court of First Instance
CTM	Community Trade Mark
CTMR	Council Regulation (EC) No 40/94 of 20 December 1993 on the Community Trade Mark
CMLRev	Common Market Law Review
EC	European Communities
ECJ	European Court of Justice
E.I.P.R.	European Intellectual Property Review
EU	European Union
I.P.Q.	Intellectual Property Quarterly
NIR	Nordic Intellectual Property Review
OHIM	Office for Harmonization in the Internal Market (Trade Marks and Designs)
OJ	Official Journal of the European Communities
Para(s)	Paragraph(s)
P	Page
PP	Pages
TMD	First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks.
TRIPs	The Agreement on Trade Related Aspects of Intellectual Property Rights
WTO	World Trade Organization

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<sup>1</sup> In this thesis, registered trade marks and terms that are applied for are reproduced in *italics*.

# 1 Introduction

## 1.1 General

This thesis concerns the criteria which are used by the European Court of Justice (ECJ), the Court of First Instance (CFI) and the Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM), when evaluating the absolute grounds for refusal to register trade marks according to Council Regulation No 40/94<sup>2</sup> on the Community trade mark (CTMR) and the First Council Directive 89/104/EEC<sup>3</sup> to approximate the laws of the Member States relating to trade marks (TMD). More specifically, I will examine when marks can be considered descriptive and/or devoid of any distinctive character and thus do not pass the test to be registrable as trade marks.

The main focus will be on the Community Trade Mark (CTM), but Article 1(1) CTMR provides that a trade mark for goods or services, which is registered in accordance with the conditions contained in the Regulation and in the manner therein provided, is referred to as a CTM. According to Article 6 of the Regulation a CTM shall be obtained by registration only, contrary to accepted practice in some Member States of the EU, where law provides that trade mark rights can come into existence through first use.<sup>4</sup>

The CTMR was first adopted in 1994. It first obtained real meaning when the CTM office, the OHIM, which is placed in Alicante in Spain, opened on 1 April 1996. From that date it has been possible to establish trade mark rights within the Community<sup>5</sup> as a whole, and thus since 1 May 2004 within 25 Member States, by applying for registration to the OHIM. Article 1(2) CTMR provides that the CTM is to have a unitary character and equal effect throughout the Community.

There have been moves to reach some degree of international agreement in the field of trade marks, since rules on trade marks obviously have a significant effect on trade. Among the most important agreements have been the Paris Convention for the Protection of Industrial Property<sup>6</sup> from 1883

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<sup>2</sup> Council Regulation (EC) No 40/94 of 20 December 1993 on the Community Trade Mark, OJ L 011, 14.1.1994, p. 1 (hereinafter the "Regulation").

<sup>3</sup> First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks, OJ 1989, L 40/1-7, (hereinafter the "Approximation Directive").

<sup>4</sup> Koktvedgaard, M. and Wallberg, K., *Varemærkeret*, Jurist- og Økonomforbundets Forlag, 3. udgave ved Wallberg, K., København 2004, pp. 82-83. See also Dansk Varemærkelov Nr. 341 af 6. juni 1991, med senere ændringer, Article 3.

<sup>5</sup> For consistency with the terminology of the Regulation, the term Community instead of European Union is used.

<sup>6</sup> Paris Convention for the Protection of Industrial Property from 1883, with later amendments, (hereinafter the Paris Convention or the Convention). Visited on 10 April 2005. [http://www.wipo.int/treaties/en/ip/paris/trtdocs\\_wo020.html](http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html)

and the TRIPs Agreement<sup>7</sup> from 1994. It is even more clearly desirable that uniformity prevails within any common or single market such as the Community. Following harmonization of the laws of the Member States of the EU by the TMD the further and more far-reaching step of establishing a CTM, in addition to the existing national trade marks, was taken by the CTMR.<sup>8</sup>

The CTM system's fundamental pillar is thus the CTMR, with later amendments. The material rules in the Regulation are harmonized with the rules in the TMD and thereby with the national Trade Mark Acts in the Member States. The TMD can though not be seen as completely harmonized with the national Trade Mark Acts, because it only contains the most important material rules, e.g. the definition of trade marks, the rights conferred by a trade mark and exceptions and the grounds for refusal or revocation or invalidity. The practical way of gaining trade mark protection is on the contrary to be found in the national trade mark legislation in the Member States.<sup>9</sup>

The CTM system exists as a parallel system to the national registration systems. The national practice and the OHIM practice does not have to be consistent.<sup>10</sup> The CFI has in a case from 2001, concerning the word *Vitalite*,<sup>11</sup> in relation to pharmaceutical preparations, herbal food and herbal and vitamin beverages in classes 5, 29 and 32 for the purpose of the Nice Agreement concerning the International Classification of Goods and Services,<sup>12</sup> stated that registrations already made in the Member States are only one factor which, without being given decisive weight, may merely be taken into consideration for the purposes of registering a CTM. This finding was given after the applicant claimed that the OHIM's Board of Appeal should have taken account of the fact that the word had been registered as a trade mark in 15 European States, 12 of which are members of the EU. In the same way it applies that interpretation of the CTMR is not binding for interpretation of the TMD and therefore not of national legislation on the same questions.<sup>13</sup> In a later judgment of 21 April 2004,<sup>14</sup> concerning possible registration of a mark, which contained an imitation of the symbol of the Council of Europe, the CFI highlighted, with respect to the earlier national registrations on which the applicant relied, that it was clear from

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<sup>7</sup> Agreement on Trade Related Aspects of Intellectual Property Rights, (hereinafter the TRIPs Agreement). Visited on 10 April 2005.

[http://www.wto.org/english/docs\\_e/legal\\_e/27-trips.pdf](http://www.wto.org/english/docs_e/legal_e/27-trips.pdf)

<sup>8</sup> See Opinion of Mr. AG Jacobs in C-383/99 P, *Procter & Gamble Company v. OHIM*, [2001] ECR I-6251, paras 4-5 of the Opinion. (*Baby-Dry*).

<sup>9</sup> Ryberg, B. *et al.*, Grundlæggende immaterialret, Gads forlag, København 2003, p. 160.

<sup>10</sup> Wallberg, K. and Lund-Johansen, N., 'EF-varemærket i praksis.' 4 *NIR* (2002), p. 334.

<sup>11</sup> T-24/00, *Sunrider Corporation v. OHIM*, [2001] ECR II-449, para. 33.

<sup>12</sup> Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of June 15, 1957, as revised and amended, (hereinafter the Nice Classification). Visited on 14 April 2005.

[http://www.wipo.int/treaties/en/classification/nice/trtdocs\\_wo019.html](http://www.wipo.int/treaties/en/classification/nice/trtdocs_wo019.html)

<sup>13</sup> Koktvedgaard, M. and Wallberg, K., *Varemærkeret*, Jurist- og Økonomforbundets Forlag, 3. udgave ved Wallberg, K., København 2004, p. 45. See also Wallberg, K., 'Varumärken i ljuset av EU-utvecklingen' 1 *NIR* (2005), p. 88.

<sup>14</sup> T-127/02, *Concept-Anlagen u. Geräte nach "GMP" für Production U Labour GmbH v. OHIM*, para. 70.

the case-law that the CTM regime is "an autonomous system with its own set of objectives and rules peculiar to it. The system is self-sufficient and applies independently of any national system." This statement is held to be the consequence of contradictory approaches among various European authorities threatening to jeopardize the perspectives of a real autonomous European intellectual property system.<sup>15</sup>

## 1.2 Purpose

As stated in the title of the thesis I intend to elaborate on the criteria for registration of descriptive marks and when marks can be considered as devoid of any distinctive character. The rules on descriptiveness and distinctiveness form a part of the absolute grounds for refusal to register trade marks according to Article 7 CTMR. Those are the grounds the OHIM are given to refuse registration *ex officio*.

Since the CTMR and the TMD could yield many topics to write about I will focus on two subparagraphs within Article 7, that is Articles 7(1)(b) and 7(1)(c), equivalent to Articles 3(1)(b) and 3(1)(c) TMD respectively. The former rule in the Regulation indicates that trade marks, which are devoid of any distinctive character, shall not be registered and the latter concerns descriptive marks and says that trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service, shall not be registered.

The intention is thus to investigate the notion of "distinctiveness" within Article 7(1)(b) CTMR, the requirement that a proposed mark must not be registered if it is devoid of any distinctive character and which in effect imposes a positive requirement that a trade mark must have an element of distinctiveness. Then I will assess the criteria applied when marks can be considered descriptive according to Article 7(1)(c), therefore not fulfilling the conditions to be registered as trade marks. I will especially evaluate if there is an overlap between those subparagraphs and thus consider if they are regarded dependent on each other or if they should be interpreted and applied separately.

## 1.3 Method

There has been a fair amount of writing on the CTM in general from different perspectives, mostly articles by scholars and practitioners from various journals. Most of the writings deal with analysis of decisions and judgments and I intend to investigate those in addition to many others. In the thesis I will focus on the CTM and the CTM system and the registration practice within the OHIM, the CFI and the ECJ, which the Member States are bound to follow. I will use a traditional legal method, starting with

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<sup>15</sup> Gioia, F., 'Alicante and the Harmonization of Intellectual Property Law in Europe: Trade Marks and Beyond.' 41 *CMLRev* (2004), p. 979.



analysing the function of trade marks in general and after that consider the importance of the CTM system for the common market. I will then look at the most important provisions of the CTM system, focusing on the unitary character of the CTM, the signs a CTM may consist of, persons who can be proprietors of a CTM and the use of a CTM in accordance with honest practices. In the main chapters, chapters 4-6, I will mostly describe facts, reasoning and findings of decisions and judgments and give examples on how they have been scrutinized by scholars.

In my investigation I will focus on and use as a starting point the famous *Baby-Dry* Judgment<sup>16</sup> from 2001. That was the first judgment from the ECJ regarding registration of a CTM. Briefly the case concerned registration for a trade mark for diapers. The question rose on the distinctive character of the mark according to Article 7(1)(b) and the fulfillment of Article 7(1)(c) on descriptive marks. The ECJ reversed the Judgment of the CFI, and the decisions from the OHIM as well, and held that the CFI erred in law by holding that the OHIM's Board of Appeal was right to find that *Baby-Dry* was not capable of constituting a CTM on the basis of the provision in Article 7(1)(c) on descriptive marks.

The Judgment is highly controversial and has been widely discussed. It has been said that the Judgment gave reason to more lenient practice than already existed by OHIM, not only concerning composite word marks, but also in a more general context<sup>17</sup> and that it represents the high-water mark for the school of thought which adopts a more liberal approach towards registrability, and emphasizes certain defences as a counterbalance.<sup>18</sup>

I will try to establish that in many cases before and following the *Baby-Dry* Judgment the application of the subparagraphs in Article 7 CTMR is not consistent and consider its implications. In my investigation I will therefore examine the practice within the OHIM and the CFI before the *Baby-Dry* Judgment to understand and estimate the changes in practice, if any, and then what has happened after it.

In the final chapter, chapter 7, conclusions will be drawn by evaluating the implications of the *Baby-Dry* Judgment. The influence of the alleged liberal approach towards registrability which appears in the *Baby-Dry* Judgment will be looked at in comparison with the more restrictive or conservative approach which has been practiced within the OHIM, the CFI and some of the Member States of the EU.

## 1.4 Delimitations

While investigating aforementioned decisions and judgments, I will mainly concentrate on the CTM system but not on the trade marks registered and/or used in the Member States of the EU, not defined or registered as CTMs, otherwise than in comparison with a CTM or when it is appropriate for the context. That will e.g. be the case when examining judgments, concerning

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<sup>16</sup> C-383/99 P, *Procter & Gamble Company v. OHIM*, [2001] ECR I-6251, Judgment of 21 September 2001. (*Baby-Dry*).

<sup>17</sup> Wallberg, K. and Lund-Johansen N., 'EF-varemærket i praksis.' 4 *NIR*, 2002, p. 339.

<sup>18</sup> Antill, J. and James, A., 'Registrability and the Scope of the Monopoly: Current Trends.' [2004] *E.I.P.R.* p. 157.

interpretation of articles in the TMD, equivalent to the articles in the CTMR, when questions have been referred to the ECJ in order to get a preliminary ruling according to Article 234 EC.<sup>19</sup>

When defining descriptive marks and comparing them with other types of marks and assessing the notion of distinctiveness in accordance with Articles 7(1)(b) and 7(1)(c) CTMR it will be necessary to focus on word marks, composite word marks, figurative marks and advertising slogans, but other possible types of marks like three-dimensional marks, color marks, sound, smell and taste will only be mentioned when appropriate for the context. It should be mentioned that a set of complex rules on the procedure concerning the connection and cooperation between OHIM and the national trade mark offices exists. Those rules are not dealt with directly in the thesis.

Interestingly there have been written a lot of books and articles on trade marks within the Nordic countries. What makes the reading in the Nordic languages so accessible, and easy to compare, is that the legal acts and rules in those countries are very similar and in most important aspects identical. That is not only due to the fact of the membership of Denmark, Finland and Sweden in the EU, but rather because the Nordic countries have a tradition of collaboration on legislation relating to trade marks and other intellectual property rights. That is why it is striking to notice that in today's writing the rules on the CTM and related rules are a center of attention. The judgments from the CFI and the ECJ, as precedents, are the ones to follow and national judgments are generally taken as examples of what is happening in every country in comparison with what is happening in that particular field within the EU. Therefore I will not use a comparative method, e.g. by comparing the EU practice with the practice in my country, Iceland, an EU outsider, but full participant in the internal market via the EEA Agreement,<sup>20</sup> and a part of the Nordic tradition. I will also not compare the EU practice with the Nordic practice in general, even though I am obviously inspired by the Nordic tradition.

Other absolute grounds for refusal to register trade marks within Article 7 CTMR, e.g. concerning trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade<sup>21</sup> or trade marks for wines or spirits, which contain or consist of a geographical indication identifying wines or spirits, with respect to such wines or spirits not having that origin,<sup>22</sup> will only be mentioned when appropriate for the context and understanding of judgments or in comparison. The same applies to the relative grounds for refusal in Article 8 of the Regulation, which relates to grounds on which registration of a CTM may be refused, arising from some conflicts with the rights of another party.

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<sup>19</sup> Treaty Establishing the European Community of 24 Dec. 2002, OJ 2002 C 325/33 -154.

<sup>20</sup> Agreement on the European Economic Area (EEA Agreement). Visited on 25 April 2005. <http://secretariat.efta.int>

<sup>21</sup> Article 7(1)(d) CTMR.

<sup>22</sup> Article 7(1)(j) CTMR.

## 2 The function of trade marks

A trade mark is defined as a sign that is capable of distinguishing the goods or services of one undertaking from those of other undertakings according to Article 4 CTMR. This definition is identical to that of a trade mark in Article 2 TMD. On the other hand the Paris Convention does not contain such a definition of a trade mark.

The term "sign" has numerous meanings, e.g. a symbol or word used to represent something or something that suggests the presence or existence of a fact, condition or quality.<sup>23</sup> In this respect it is interesting to see that 40 years ago it was stated that a proper notion of the classical term "confusion", within the field of trade marks, implied an analysis of the function of the trade mark in the modern world of mass production and large scale marketing. Against that background the trade mark might be defined as a symbol capable of promoting the sale and the marketing conditions.<sup>24</sup> And thus the trade mark as a symbol would represent something more than itself.<sup>25</sup> This definition still applies today and scholars have pointed out that it is largely true to say that a trade mark represents the value created by a company in the form of an image and therefore it is important to protect such expressions of advertisement value and goodwill.<sup>26</sup>

Some authors have defined the function of a trade mark simply as identification<sup>27</sup> but others have stated that there are three functions of a trade mark; the origin function, concerning indication of the source of the goods or services, the quality or guarantee function, which associates quality to the goods or services, and the investment or advertising function, concerning the investment in the promotion of the goods and services.<sup>28</sup> Of the three functions, it has been argued that the main function is an indication of the source of goods or services and that is manifested in the Preamble to the TMD.<sup>29</sup> The same words are used to describe the function of the CTM in the Regulation. It says there that the protection afforded by a CTM, "the function of which is in particular to guarantee the trade mark as an indication of origin, is absolute in the case of identity between the mark and the sign and the goods or services." The trade mark can therefore be said to identify the origin of goods or services and to allow producers to build the reputation of their goods with a view to future sales and as such it is a

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<sup>23</sup> Oxford Dictionary, Thesaurus, and Wordpower Guide, Oxford University Press 2001, p. 1202 and The American Heritage® Dictionary of the English Language, 4<sup>th</sup> ed., Houghton Mifflin Company, 2000. Visited on 19 May 2005. [www.dictionary.com](http://www.dictionary.com)

<sup>24</sup> Koktvedgaard, M., *Immaterialretspositioner*, Juristforbundets Forlag, København, 1965, p. 444.

<sup>25</sup> *Ibid.* p. 161.

<sup>26</sup> Levin, M. in SOU 2001:26, 'Ny varumärkeslag och ändringar i firmalagen.' p. 35. Visited on 20 May 2005. <http://www.regeringen.se/content/1/c4/06/06/35e48fda.pdf>

<sup>27</sup> Mollerup, P., *Marks of Excellence: The history and taxonomy of trademarks*, Phaidon Press, 2004, p. 45.

<sup>28</sup> Cornish W. and Llewelyn, D., *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights*, 5<sup>th</sup> ed., London, Sweet & Maxwell, 2003, pp. 586-587.

<sup>29</sup> Kilbey, I., "'Baby-Dry': A Victory for the Ephemera of Advertising." [2002] *E.I.P.R.* p. 494.

valuable marketing tool. It is also important for purchasers to be able to identify the origin of the products that they purchase. A trade mark can have a negative effect, indicating goods that are of a poor quality, as well as a positive one.<sup>30</sup> It can also be argued that once a consumer learns that he does not want e.g. particular goods the mark becomes a significant warning signal.<sup>31</sup>

When contemplating the function of a trade mark the ECJ held, already in the Hoffmann-La Roche Judgment<sup>32</sup> from 1978, concerning the exercise of the rights appertaining to the proprietor of a trade mark, that regard must be had to the essential function of the trade mark, which is "to guarantee the identity of the origin of the trade-marked product to the consumer or to the ultimate user, by enabling him without any possibility of confusion to distinguish that product from products which have another origin." In a judgment<sup>33</sup> from 1990, concerning the trade mark *HAG* for decaffeinated coffee, the ECJ developed its definition by putting the guarantee function into context. The ECJ held that trade mark rights are "an essential element in the system of undistorted competition which the Treaty seeks to establish and maintain." And the Court added that for the trade mark to be able to fulfil the role of enabling an undertaking to keep its customers due to the quality of its products and services it must offer a guarantee that all goods bearing it have been produced under the control of a single undertaking accountable for their quality.<sup>34</sup> This Judgment underlines the strong consumers interest that trade marks should function as a clear sign which makes it easier for the consumer to choose the right goods or services.<sup>35</sup>

The origin function of a trade mark has been understood in two quite different ways. The former approach, a limited and cautious approach to trade mark protection, is seen from the perspective that the law should concern itself only with the origin function, and thus refer to the producers of the goods or services. This approach has been labelled by AG Colomer as "simplistic reductionism" in the *Arsenal* case,<sup>36</sup> concerning interpretation of Article 5(1)(a) TMD, the scope of the proprietors exclusive right to the trade mark. He stated there that it seems to be "a simplistic reductionism to limit the function of the trade mark to an indication of trade origin." To understand this statement it is necessary to read further and see that he went on by saying that "experience teaches that, in most cases, the user is unaware of who produces the goods he consumes. The trade mark acquires a life of its own, making a statement,..., about quality, reputation and even, in certain cases, a way of seeing life."<sup>37</sup> This later statement by AG Colomer followed by the explanation that the messages the trade marks sends out are

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<sup>30</sup> *Ibid.* p. 494.

<sup>31</sup> Cornish and Llewelyn (2003), p. 587.

<sup>32</sup> Case 102/77, *Hoffmann-La Roche & Co. AG v. Centrafarm Vertriebsgesellschaft Pharmazeutischer Erzeugnisse mbH*, [1978] ECR I-1139, para. 7.

<sup>33</sup> C-10/89, *SA CNL-Sucal NV v HAG GF AG*, [1990] ECR I-3711.

<sup>34</sup> *Ibid.* para. 13.

<sup>35</sup> Kylhammar, A., 'Varumärken i ljuset av EU-utvecklingen' 1 *NIR* (2005), p. 121.

<sup>36</sup> See Opinion of Mr. AG Colomer in C-206/01, *Arsenal Football Club plc v. Matthew Reed*, [2002] ECR I-10273, para. 46 of the Opinion. See also Cornish and Llewelyn (2003), p. 590.

<sup>37</sup> *Ibid.* para. 46.

autonomous and that a distinctive sign can indicate at the same time "trade origin, the reputation of its proprietor and the quality of the goods it represents,"<sup>38</sup> has on the other hand been seen as an example of a broader, more modern approach, which tends to denigrate origin theories, by understanding them only to cover the first, specific usage. From that point of view it has been held that trade mark law covers a second, differentiation or identification function or communication function. Because of that there is an equal case for protecting the guarantees of quality and, indeed all investment values which develop in a mark, name or similar sign as an essential element of business goodwill.<sup>39</sup> Or as AG Colomer further articulated in his Opinion that he could "see no reason whatever not to protect those other functions of the trade mark and to safeguard only the function of indicating the trade origin of the goods and services."<sup>40</sup> The AG's comments involve a recognition that the advertising function of a trade mark is entitled to protection in addition to the origin function.<sup>41</sup>

Shortly after the delivery of the AG's Opinion in the *Arsenal* case the ECJ referred to the essential function of a trade mark as an indication of origin in its *Philips* Judgment,<sup>42</sup> concerning the interpretation of articles in the TMD on signs consisting exclusively of the shape of the product. In comparison with the *Baby-Dry* Judgment, decided by the Court four months earlier, it has been said that in the *Philips* case the ECJ placed much greater emphasis on the essential function of a trade mark as an indication of origin than it did in the *Baby-Dry* case, where this essential function appeared to be no more than a side issue.<sup>43</sup>

In its judgment in the *Arsenal* case<sup>44</sup> the ECJ referred to the definition on the essential function of a trade mark in the Hoffmann-La Roche case from 1978 and the *Philips* case<sup>45</sup> from 2002. The ECJ concluded by referring to the Preamble to the TMD concerning the aim of trade mark protection and by stating that the exercise of the exclusive rights under Article 5(1)(a) TMD "must be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods."<sup>46</sup>

In later judgments the CFI and the ECJ have related the interpretation of Article 7(1)(b), on marks devoid of any distinctive character, strongly to the trade mark function and the CFI in the *UltraPlus* case,<sup>47</sup> stated that signs which are devoid of any distinctive character are incapable of performing the essential function of a trade mark, namely that of identifying the

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<sup>38</sup> *Ibid.* para. 47.

<sup>39</sup> Cornish and Llewelyn (2003), p. 590.

<sup>40</sup> C-206/01, *Arsenal*, para. 47 of the Opinion.

<sup>41</sup> Antill and James (2004), p. 159.

<sup>42</sup> C-299/99, *Koninklijke Philips Electronics NV v. Remington Consumer Products Ltd*, [2002] ECR I-5475.

<sup>43</sup> Kilbey (2002), p. 497.

<sup>44</sup> C-206/01, *Arsenal*, para. 48 of the Judgment.

<sup>45</sup> C-299/99, *Philips*, para. 30 of the Judgment.

<sup>46</sup> C-206/01, *Arsenal*, paras 50-51 of the Judgment.

<sup>47</sup> T-360/00, *Dart Industries Inc. v. OHIM*, Judgment of 9 October 2002, [2002] ECR II-3867, para. 42. See also Simon I., 'What's Cooking at the CFI? More Guidance on Descriptive and Non Distinctive Trade Marks.' [2003] *E.I.P.R.* p. 324.

commercial origin of the goods or services, thus enabling the consumer who purchased them to repeat the experience if it proves to be positive, or to avoid it if it proves to be negative, on the occasion of a subsequent acquisition. In its *Sat.2* Judgment of September 2004 the ECJ focused on the essential function of a trade mark and its relation to Article 7(1)(b) by saying that the article was intended to preclude registration of trade marks which are devoid of distinctive character which alone renders them capable of fulfilling that essential function.<sup>48</sup>

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<sup>48</sup> C-329/02 P, *SAT.1 SatellitenFernsehen GmbH v. OHIM*, Judgment of 16 September 2004, para. 23. (*Sat.2*).

# 3 The Community Trade Mark system

## 3.1 The influence on the common market

The early years of the evolution of the European legal order, especially the 1970s and the 1980s, are largely the story of the case-law on the market. The market has been seen as the key concept, having been and remaining fundamental to that evolution. The removal by the ECJ of barriers to trade sometimes induced, or even compelled, the legislature to act. Much of the case-law is now devoted to the interpretation of the internal market legislation and an excellent example of the interaction of legislation and case-law is in the field of trade marks, where the trade mark Approximation Directive from 1988, took over principles developed by the case-law as a part of the free movement of goods.<sup>49</sup>

The common market needed an effective and secure system for the providers to protect the goods flowing freely. To establish a common trade mark system was already from the beginning of the cooperation within Europe seen as an important step in creating a well functioning common market.<sup>50</sup> In spite of that fact the CTMR and related rules were first adopted in 1994 and the CTM office, the OHIM, opened on 1 April 1996. From that date it has been possible to establish trade mark rights within the Community, as a whole, by applying for registration to the OHIM. In comparison, before 1 April 1996, 13 different applications<sup>51</sup> could be needed to register the same trade mark in the EU, with the assistance of a representative in each and every country with a lot of effort and cost. Then there was always a possibility that the national authorities in each country refused the registration of a trade mark on the basis of national trade mark law, varying from one country to another, e.g. because the trade mark was considered descriptive or because it was confusingly similar with a trade mark already registered in that respective country.

But why was it so important to establish a common trade mark system? The Commission expressed the view in the Explanatory Memorandum to its original Proposal for a Council regulation on CTMs of November 1980,<sup>52</sup> that "the creation of a Community trade mark existing alongside national rights is the only means whereby a common market in marked goods can eventually be achieved. The conflicts and hence the obstacles to the free movement of goods and services and to competition will diminish as more and more existing national trade marks are converted into Community trade marks and as new marks are increasingly registered as Community trade marks." In the Explanatory Memorandum it was also stated that the unitary

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<sup>49</sup> Jacobs, F.G., *The Evolution of the European Legal Order*, 41 *CMLRev* (2004), p. 304.

<sup>50</sup> Ryberg, *et al.* (2003), p. 192.

<sup>51</sup> 13 applications, since the Benelux Registration Office is counted as one.

<sup>52</sup> Doc. COM (80) 635 final, 19 November 1980, pp. 23 and 25.

character of a CTM was to be considered a fundamental principle of the Regulation which was not to be undermined and that derogations might therefore only be permitted in exceptional cases.<sup>53</sup>

The legal instrument of a CTM was meant to enable companies to make and distribute their goods or render their services under one and the same trade mark throughout the Community, or as set out in the Preamble to the CTMR, that the creation of a CTM should "enable undertakings to adapt their activities to the scale of the Community." First after the opening of the OHIM it was stated that the situation would not change in a short period of time, because national trade marks would also continue to exist. Companies, active on an international scale, often tried to opt for one trade mark for all their goods and services, for obvious reasons of cost, marketing and logistics.<sup>54</sup> At the same time it was, and still is, very difficult to find a unique trade mark which can be used without objections from owners of earlier rights. After the entry into force of the CTM system scholars pointed out that the CTMR did not force the Member States to change their national registration systems. It was seen as unacceptable to have two different registration systems, since it was a question of trade marks that were supposed to coexist in each and every country.<sup>55</sup>

At the end of 2002, the European Commission issued a Proposal for amendment of the CTMR,<sup>56</sup> which later became Council Regulation (EC) No 422/2004, amending the CTMR.<sup>57</sup> In the Proposal the Commission highlighted the positive effects of the CTM on the achievement of the internal market and excluded the need for substantive changes. On the other hand, however, it overtly acknowledged as a problem the lack of consistency among decisions of the various OHIM Boards of Appeal "in similar cases".<sup>58</sup>

Today changes have been made to the national registration systems in some of the Member States in accordance with the CTM system, like e.g. the Danish system that was amended in 2003,<sup>59</sup> and changes have been proposed on the Swedish registration system.<sup>60</sup> It must be kept in mind that those changes do not concern the absolute grounds for refusal, which the OHIM investigates *ex officio*. The biggest and most important change

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<sup>53</sup> van Kaam, M.J.M., 'General Provisions' in Franzosi, M. (ed.) *European Community Trade Mark, Commentary to the European Community Regulations*, Kluwer Law International, 1997, p. 176.

<sup>54</sup> *Ibid.* p. 175.

<sup>55</sup> Kockvedgaard, M., 'Reformovervejelser vedrørende den nordiske varemærkeret' in *Ånd og rett, Festskrift til Birger Stuevold Lassen på 70-årsdagen 19. august 1997*, Hagstrøm, V., et al. (eds.), Universitetsforlaget, Oslo 1997, p. 581.

<sup>56</sup> Proposal for a Council Regulation amending Regulation (EC) No 40/94 on the Community trademark, COM(2002)767 final, 2002/0308 (CNS), Brussels, 27 Dec. 2002.

<sup>57</sup> Council Regulation (EC) No 422/2004 of 19 February 2004 amending Regulation (EC) No 40/94 on the Community trade mark (Text with EEA relevance), OJ L 070, 9.3.2004, pp. 1-7.

<sup>58</sup> Gioia (2004), pp. 976-977.

<sup>59</sup> Kockvedgaard (2004), p. 336, Bilaga 3, Bekendtgørelse nr. 787 af 9. September 2003 om ansøgning og registrering m.v. af varemærker og fællesmærker.

<sup>60</sup> See SOU 2001:26. Visited on 20 May 2005.

<http://www.regeringen.se/content/1/c4/06/06/35e48fda.pdf>



concerns the abolition of official examination regarding relative obstruction, where relative obstructions primarily means previously registered marks.<sup>61</sup> These changes concern how relative grounds for refusal to register are estimated, but these grounds, which are fully set out in Article 8 CTMR, may be based either upon an earlier trade mark or on certain other prior rights.<sup>62</sup>

On the other hand the practical way of gaining trade mark protection, sanctions on infringements etc. are to be found in the national trade mark legislation in the Member States.<sup>63</sup> Rules concerning enforcement of intellectual property rights and thus harmonization with regard to sanctions on infringements will in the near future be implemented in the national legislation in the Member States according to Directive 2004/48/EC.<sup>64</sup> In the Preamble to the Directive it is stated that the protection of intellectual property is an essential element for the success of the internal market, not only for promoting innovation and creativity, but also for developing employment and improving competitiveness.

## 3.2 General provisions of the CTMR

### 3.2.1 The unitary character of the CTM

According to Article 1 CTMR a trade mark for goods or services which is registered in accordance with the conditions contained in the Regulation and in the manner therein provided is referred to as a CTM. The CTM shall have a unitary character and it shall have equal effect throughout the Community. Thus, the CTMR makes it possible to obtain one trade mark, for the whole territory of the Community, by means of one application submitted to one office under one procedure governed by one law.<sup>65</sup> The unitary character of the CTM system also provides that if a trade mark can not be registered in one or more Member States, e.g. if it is descriptive in one of the Member States languages, it can not be registered as a CTM.<sup>66</sup>

### 3.2.2 Signs of which a CTM may consist

In Article 4 CTMR it is stated that a CTM 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.

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<sup>61</sup> Lindberg, B., 'Swedish trade mark law in transition.' *Managing Intellectual Property*, Iss. 138, June 2004, p. 30.

<sup>62</sup> Morcom QC, C. and Edenborough, M., 'Relative Grounds for Refusal and Invalidity' in Franzosi, M. (ed.) *European Community Trade Mark, Commentary to the European Community Regulations*, Kluwer Law International, 1997, p. 201.

<sup>63</sup> Ryberg, *et al.* (2003), p. 160.

<sup>64</sup> Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, OJ L 157, 30.4.2004, pp. 45-87.

<sup>65</sup> van Kaam (1997), p. 176.

<sup>66</sup> Ryberg, *et al.* (2003), pp. 192-193.

This definition is identical to that of a trade mark in Article 2 TMD and there is a similar correspondence between the provisions of Article 7(1)(a) to (d) CTMR and Article 3(1)(a) to (d) TMD, so that registration as a CTM is in principle precluded on the same grounds as is registration as a national trade mark within the Member States. On the other hand the Paris Convention does not contain a definition of a trade mark such as that given in Article 4 CTMR. Provisions having the same general effect are common in trade mark laws throughout the world. In particular, a similar definition is found in Article 15(1) of the TRIPs Agreement, which is annexed to the Agreement establishing the World Trade Organization (WTO)<sup>67</sup> although it is differently worded. It says there that "any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark".

According to the definition in Article 4 CTMR two requirements have to be fulfilled. On the one hand a form requirement, that is a CTM may consist of any sign, provided that such a sign can be represented graphically. This is what the Commission's Implementation Regulation No 2868/95<sup>68</sup> provides in Article 3(1) and 3(2). It is also required by Article 15.1 of the TRIPs Agreement, although it is worded differently, but there it says that "members may require, as a condition of registration, that signs be visually perceptible." On the other hand a content requirement must be fulfilled, because Article 4 allows signs to be trade marks only if they are capable of distinguishing the goods or services of one undertaking from those of other undertakings. This latter requirement is usually referred to as the need for a sign to be endowed with a distinctive character.<sup>69</sup> This is also provided for in Article 15.1 of the TRIPs Agreement.

According to Article 4 all signs can potentially constitute a trade mark. The article provides a non-restrictive list of examples and no type of sign is automatically excluded. The examples given of signs are particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging. Article 15.1 of the TRIPs Agreement also provides that figurative elements can distinguish goods or services of a company and thus constitute a trade mark. The same article does not provide that a shape can constitute a trade mark, however, it does not forbid it. Advertising sign could be registered as a trade mark, because it exercises an attractive and promotional role in order to ensure better communication between the marked object and its potential buyers.<sup>70</sup>

In principle, solid colours or shades of colours and signs denoting sound, smell or taste are not excluded from constituting a CTM.<sup>71</sup> Article 3(5) of

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<sup>67</sup> Agreement establishing the World Trade Organization. Visited on 10 April 2005. <http://www.wto.org>

<sup>68</sup> Commission Regulation (EC) No. 2868/95 of 13 December 1995 implementing Council Regulation (EC) No 40/94 on the Community Trade Mark, OJ. L 303, 15.12.1995, p. 1-2. (hereinafter the Implementation Regulation).

<sup>69</sup> Gioia (2004) p. 979.

<sup>70</sup> Mollet-Viéville, T., 'Absolute Grounds for Refusal' in Franzosi, M. (ed.) *European Community Trade Mark, Commentary to the European Community Regulations*, Kluwer Law International, 1997, pp. 184 and 188.

<sup>71</sup> van Kaam (1997), p. 179.

the Implementation Regulation and Article 3.7 of the OHIM's Examination Guidelines<sup>72</sup> permit the registration of a trade mark in colour and Articles 8.2 and 8.3 of the Guidelines mention the registration of colours. Article 15.1 of the TRIPs Agreement provides that colour combinations can constitute trade marks. The Implementation Regulation does not include a provision for filing sound, smell or taste trade marks. However with regard to sound marks the Guidelines provide in Article 8.2 that such trade marks may be applied for, provided that they can be represented graphically, such as by musical notation.

According to Article 7 CTMR, on absolute grounds for refusal, it is stated in subparagraph 1(a) that signs which do not conform to the requirements of Article 4 shall not be registered. The relationship between the definition of a trade mark in Article 4 and the grounds for refusal in Article 7 was considered in the *Baby-Dry* case. It was noted that there is an overlap with the former requiring a positive capacity and the latter dealing with incapacity.<sup>73</sup> This relationship will be investigated in the following chapters in connection with examination of judgments.

### 3.2.3 Persons who can be proprietors of a CTM

Both natural and legal persons may apply for and hence own a CTM. Legal persons are covered by a broad definition according to Article 3 CTMR, on the capacity to act. Companies or firms and other legal parties shall be regarded as such if, under the terms of the law governing them, they are entitled to have rights and obligations and to accomplish legal acts and to sue and be sued.<sup>74</sup>

As a consequence of the TRIPs Agreement, Article 5 CTMR, which concerns the persons who can be proprietors of a CTM, was changed already in 1994,<sup>75</sup> but Article 3 of the TRIPs Agreement provides that each Member of the WTO shall accord to the nationals of other Members treatment no less favourable than it accords to its own nationals with regard to the protection of intellectual property. These changes were due to the implementation of the agreements concluded in the framework of the Uruguay Round. These changes meant e.g. that nationals of both Member States and non-Member States were entitled to apply for and own a CTM.<sup>76</sup>

In 2004 Article 5 was amended<sup>77</sup> again and simplified with the purpose of making the CTM system accessible to all, without any requirement of reciprocity, equivalence and/or nationality because such requirements would

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<sup>72</sup> Guidelines concerning proceedings before the Office for Harmonization in the Internal Market (Trade marks and Designs), (hereinafter the Guidelines). Visited on 11 April 2005. <http://oami.eu.int/en/mark/marque/direc.htm>.

<sup>73</sup> C-383/99, *Baby-Dry*, para. 43 of the Opinion.

<sup>74</sup> van Kaam (1997), p. 178.

<sup>75</sup> Council Regulation (EC) No 3288/94 of 22 December 1994, amending Regulation (EC) No 40/94 on the Community trade mark for the implementation of the agreements concluded in the framework of the Uruguay Round, OJ L 349, 31.12.1994, pp. 83-84.

<sup>76</sup> van Kaam (1997), p. 181.

<sup>77</sup> Council Regulation (EC) No 422/2004 of 19 February 2004 amending Regulation (EC) No 40/94 on the Community trade mark (Text with EEA relevance), OJ L 070, 9.3.2004, pp. 1-7.

make the system complex, inflexible and ineffective, as stated in the Preamble to the Regulation amending the CTMR. These changes were also aimed at encouraging trade in the world market. In addition, it says in the Preamble that in the context of the new Community design system, the Council took a flexible line on this question.

Article 5 CTMR today states that any natural or legal person, including authorities established under public law, may be the proprietor of a CTM.

### 3.2.4 Use of a CTM in accordance with honest practices

According to Article 9(1)(a) and (b) CTMR, the proprietor of a CTM may prevent all third parties from using in the course of trade an identical or confusingly similar sign in relation to identical or similar goods or services. On the other hand Article 12 CTMR provides that it is not possible to prevent the use of a trade mark for descriptive purposes, but Article 12(b) states that a CTM shall not entitle the proprietor to prohibit a third party from using in the course of trade indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of the goods or of rendering of the service, or other characteristics of the goods or service, provided he uses them in accordance with honest practices in industrial or commercial matters. Thus, Article 17 of the TRIPs Agreement authorizes, in spite of the existence of a trade mark registration, "fair use of descriptive terms, provided that such exceptions take account of the legitimate interest of the owner of the trade mark and of third parties."

In the *Baby-Dry* Judgment<sup>78</sup> the ECJ referred in its reasoning to Articles 7(1) and 12 CTMR and concluded that from those two provisions, taken together, it was clear that the purpose of the prohibition of purely descriptive signs or indications as trade marks was to prevent registration which could not fulfil the function of identifying the undertaking that markets them and are thus devoid of the distinctive character for that function. The connection between Articles 7 and 12 CTMR will be investigated further in the following chapters in relation to examination of judgments.

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<sup>78</sup> C-383/99 P, *Baby-Dry*, para. 37 of the Judgment.

## 4 Absolute grounds for refusal, Article 7 CTMR

Article 7 CTMR contains the absolute grounds for refusal to register trade marks. Those are the grounds the OHIM investigates *ex officio*. To be able to evaluate the influence of the now famous *Baby-Dry* Judgment on the interpretation of Articles 7(1)(b) and 7(1)(c) of the Regulation, concerning marks devoid of any distinctive character and descriptive marks, and consider if the Judgment is a turning point, it is necessary to briefly review the case, both the procedural aspects, the reasoning and the findings in every stage.

### 4.1 Summary of the *Baby-Dry* case

The US Company, Procter & Gamble, filed an application with the OHIM for registration of the term *Baby-Dry* as a CTM on 3 April 1996, in respect of disposable diapers made out of paper or cellulose and diapers made out of textile.<sup>79</sup> The registration was sought for a word mark in classes 16 and 25 of the Nice Classification.

The OHIM, both the examiner and the Board of Appeal, refused the application for registration of the term *Baby-Dry*. The examiner considered that the mark was ineligible for registration under Article 7(1)(c) CTMR on the grounds that it was descriptive of the goods for which registration was sought.<sup>80</sup> The Board of Appeal found that the term *Baby-Dry* could not be registered as a trade mark because the words described, in ordinary language, the nature, quality or intended purpose of the goods or services in respect of which it was to be used.<sup>81</sup> It also stated that although the contested decision mentioned only Article 7(1)(c), it was clear from the grounds of the decision that Article 7(1)(b) was also relevant.<sup>82</sup> Thus, the Board of Appeal dismissed the appeal and found that the term *Baby-Dry* was not eligible for registration under Articles 7(1)(b) and (c) of the Regulation. The Board refused to consider the evidence for acquired distinctiveness of the proposed trade mark on the grounds that this argument had not been raised before the examiner.<sup>83</sup>

On Procter & Gamble's appeal, the CFI agreed with the Board of Appeal on the descriptive point and added that such signs must be regarded as intrinsically incapable of distinguishing goods of one undertaking from those of another, even if the grounds for refusal obtain only in part of the Community. The CFI held that since the purpose of diapers was to be absorbent, in order to keep babies dry, the term *Baby-Dry* merely conveyed to consumers the intended purpose of the goods but exhibited no additional

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<sup>79</sup> C-383/99 P, *Baby-Dry*, para. 4 of the Judgment.

<sup>80</sup> C-383/99 P, *Baby-Dry*, para. 17 of the Opinion.

<sup>81</sup> Decision R 35/1998-1 of 31 July 1998, *Baby-Dry*, para. 15.

<sup>82</sup> *Ibid.* para. 14.

<sup>83</sup> *Ibid.* para. 22.

feature to render the sign distinctive.<sup>84</sup> The CFI nevertheless annulled the Board's of Appeal decision in order to allow the applicant, Procter & Gamble, to entertain arguments relating to Article 7(3) of the Regulation with regard to the acquisition of distinctive character through actual use.<sup>85</sup>

Although the principal claim by Procter and Gamble before CFI was simply for annulment of the Board's of Appeal decision, AG Jacobs stated in his Opinion that it was clear from the case-file that it was sought on the ground of infringement of Article 7(1)(b) and (c) CTMR and indeed the CFI had reformulated it, both in the Report for the Hearing and in its Judgment, as a request to annul the contested decision in so far as it found that the mark did not satisfy the conditions laid down in Article 7(1)(b) and (c).<sup>86</sup> Then he stated that in the context of the principal claim the CFI examined only Article 7(1)(c), pointing out that it was sufficient for one of the absolute grounds for refusal to apply for the sign to be ineligible for registration.<sup>87</sup>

The applicant, Procter and Gamble, appealed to the ECJ and asked the Court to set aside the Judgment under appeal inasmuch as the CFI held that the Board of Appeal had not infringed Article 7(1)(c) CTMR by adopting its decision,<sup>88</sup> regardless of the secondary meaning obtained through use. In its Judgment the ECJ held, as regards trade marks composed of words, "that descriptiveness must be determined not only in relation to each word taken separately but also in relation to the whole which they form." Then the Court added that "any perceptible difference between the combination of words submitted for registration and the terms used in the common parlance of the relevant class of consumers to designate the goods or services or their essential characteristics is apt to confer distinctive character on the word combination enabling it to be registered as a trade mark."<sup>89</sup>

In its further reasoning the Court held, after putting itself in the shoes of an English-speaking consumer, that while each of the two words in the combination may form part of expressions used in everyday speech to designate the function of babies' diapers, their "syntactically unusual juxtaposition" was not a familiar expression in the English language, either for designating babies' diapers or for describing their essential characteristics.<sup>90</sup>

The ECJ concluded that word combinations like *Baby-Dry* could not therefore be regarded as exhibiting, as a whole, descriptive character, they were "lexical inventions bestowing distinctive power on the mark so formed" and should not be refused registration under Article 7(1)(c) of the Regulation.<sup>91</sup>

The ECJ did not discuss the distinctiveness of *Baby-Dry* directly for procedural reasons. In AG Jacobs Opinion he stated, concerning the point,

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<sup>84</sup> C-383/99 P, *Baby-Dry*, para. 7 of the Judgment.

<sup>85</sup> T-163/98, *Procter & Gamble v. OHIM*, Judgment of 8 July 1999, [1999] ECR II-2383, para. 54. (*Baby-Dry*).

<sup>86</sup> C-383/99 P, *Baby-Dry*, para. 25 of the Opinion.

<sup>87</sup> *Ibid.* para. 27.

<sup>88</sup> *Ibid.* para. 32.

<sup>89</sup> C-383/99 P, *Baby-Dry*, para. 40 of the Judgment.

<sup>90</sup> *Ibid.* para. 43.

<sup>91</sup> *Ibid.* para. 44.

that Article 7(1)(b) was not in issue here and there was no reason that it should be. He said that the examiners original decision was based on Article 7(1)(c) alone and the Board's decision, by simply dismissing the appeal, did not in fact add Article 7(1)(b) as a further ground for refusal. Then he pointed out that the CFI did not address that provision in its Judgment.<sup>92</sup>

On the other hand, in its decision, the Board of Appeal had pointed out that there is some overlap between non-distinctiveness under Article 7(1)(b) and descriptiveness under Article 7(1)(c). A trade mark which merely describes the nature, quality or intended purpose of the goods in question is not capable of distinguishing the goods of one undertaking from those of another.<sup>93</sup> The Board came to the conclusion, as mentioned above, that *Baby-Dry* was not eligible for registration under Article 7(1)(b) and 7(1)(c) of the Regulation.

Following the Judgment of the ECJ the case was reallocated in its entirety to the OHIM's Board of Appeal, which held in its conclusion that the Board was bound by the ECJ's assessment on the distinctive character of the word combination *Baby-Dry*. It furthermore stated that even though the Board would depart from the limits of the operative part of the Judgment, which makes reference only to Article 7(1)(c) CTMR, the Board must follow the appreciation of the ECJ on the distinctive character of the trade mark. As a consequence, any obstacle to publication should be removed and the examiner's decision annulled.<sup>94</sup>

## 4.2 The consequences?

This description of this controversial and famous case, reasoning and findings will be examined more closely and in more detail in comparison with other decisions and judgments and its implications will be considered in the following chapters. One could ask if the Judgment of the ECJ is a breakthrough in the field of trade marks or if it is just a storm in a teacup in the evolution of trade mark rights? Did it cause a significant change in the practice or is it only an example of an individual judgment expressing a more liberal approach towards registrability than was accepted in general in many of the Member States of the EU before, and thus making the CTM system more autonomous? Is it possible to overlook the Board's disapproval with the reasoning in the Judgment of the ECJ without taking a position yourself?

In the following chapters I will consider what criteria are used for registration when assessing descriptive marks and distinctiveness, which were the crucial points in the *Baby-Dry* Judgment and in later judgments and has been one of the focal points in writings on the ECJ's precedents in this field.

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<sup>92</sup> C-383/99 P, *Baby-Dry*, para. 56 of the Opinion.

<sup>93</sup> Decision R 35/1998-1, *Baby-Dry*, para. 14.

<sup>94</sup> Decision R 35/1998-3 of 17 July 2002, *Baby-Dry*, para. 44.

# 5 Descriptive marks, Article 7(1)(c) CTMR, criteria for registration

## 5.1 General

As far as descriptiveness is concerned the crucial provisions are Article 7(1)(c) CTMR and Article 3(1)(c) TMD, which are virtually identical. Those articles deny registration to marks "which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of goods or of rendering of the service, or other characteristics of the goods or service". These words are derived from Article 6*quinquies* B.2 of the Paris Convention from 1883,<sup>95</sup> but the Convention speaks of the place of origin of the goods instead of their geographical origin and the Regulation has added that if the trade mark designates other characteristics of the goods or services, it shall be denied registration.<sup>96</sup>

The word "describe" is not used in Article 7(1)(c), instead the verb "designate" is the word with the descriptive meaning. In judgments and decisions, when the Courts or the Boards of Appeal are interpreting the articles it is always referred to as the rule on descriptiveness or on descriptive marks. The word "designate" can have different meanings, e.g. describe as, indicate or specify or characterize.<sup>97</sup>

The descriptive nature of a trade mark is assessed within the trade in question. This is reiterated in Article 8.4.2 of the Guidelines. In Article 8.4.1 examples are given on every type of elements that could describe the goods or services in question, such as "light" for their kind, "premium" for their quality, "numbers" for quantity, "kitchen" for intended purpose, "cheapest" for value, a place for geographical origin, a year for the time of production of the goods, "24 hour banking" for the time of rendering of the service or other characteristics of the goods or services, such as "lead free" for petrol.

The wording of Article 7(1)(c) has been interpreted in such a manner that a sign can not be denied registration only because it is evocative, since a sign must be denied registration when it "may serve...to designate...characteristics of the goods..." A sign that evokes only one of

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<sup>95</sup> Article 6*quinquies* B.2 of the Paris Convention provides e.g. that "Trademarks covered by this Article may be neither denied registration nor invalidated except in the following cases:.....2. when they are devoid of any distinctive character, or consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, place of origin, of the goods, or the time of production....".

<sup>96</sup> Mollet-Viéville (1997), pp. 189-190.

<sup>97</sup> Oxford Dictionary, Thesaurus, and Wordpower Guide, Oxford University Press 2001, p. 329 and The American Heritage® Dictionary of the English Language, 4<sup>th</sup> ed, Houghton Mifflin Company, 2000. Visited on 19 May 2005. [www.dictionary.com](http://www.dictionary.com)



the characteristics of the goods could be registered because it does not necessarily designate a characteristic that determines the buyer's choice.<sup>98</sup>

Article 7(2) CTMR requires that descriptiveness must be taken into account even when it only concerns part of the Community and Article 2.3 of the Guidelines specifies that it can be “any part of the Community”.

## 5.2 Strong, suggestive and descriptive marks

A sign can only be protected as a CTM if it is capable of distinguishing the goods or services from which it is used according to Article 4 CTMR. Coined words, which have no meaning and are not descriptive or generic for the goods for which they are used, are strong trade marks which can be properly protected and defended against younger identical and similar trade marks. Good examples of such marks are *Kodak* for films, photographic supplies, cameras etc., *Camel* for cigarettes, *Ajax* for cleaning supplies, *ESSO* for oil products and *IKEA* for furniture. However, many trade marks are more or less descriptive. Such weak trade marks are difficult to protect and can thus hardly be defended against similar trade marks used for identical or similar goods.<sup>99</sup>

Allusive or suggestive marks should be mentioned in comparison, but the dividing line between them and purely descriptive marks can sometimes be difficult to define. One of the best examples I found of such a mark comes from Norwegian practice, that is the trade mark *Top Secret* for toupees.<sup>100</sup> This mark can as well be considered a strong suggestive mark because of its humoristic elements and thus the dividing line between suggestive and strong marks become vague. As a rule suggestive marks should not be denied protection, since they present no obstacle for competitors to promote their own goods or services as articulated in the *Oilgear* case<sup>101</sup> from 1998, decided by the OHIM's Board of Appeal, in relation to hydraulic pumps, motors and machine tools. There it was also stated that enterprises have a legitimate interest in using allusive or suggestive marks in the sense that they indicate a link or connection with the activities, goods or services of the enterprise. In another decision from 1998 the Board of Appeal, considering the mark *Netmeeting*,<sup>102</sup> in relation to e.g. computer programs and multimedia, held that it was aware of the difference between a descriptive and an allusive or suggestive trade mark. A trade mark is considered to be suggestive whenever it makes reference in an indirect way to certain characteristics of the products or services, and in that respect the Board referred to the *Oilgear* decision, or when a mental effort is required from consumers in order to transform a suggestive or emotional message, into a rational evaluation. This did, however, not mean that suggestive

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<sup>98</sup> Mollet-Viéville (1997), p. 191.

<sup>99</sup> van Kaam (1997), p. 179.

<sup>100</sup> Lassen, B. S. and Stenvik, A., *Oversikt over norsk varemerkerett*, Annen utgave – revidert versjon, Institutt for privatrett, Oslo 2003, p. 86.

<sup>101</sup> Decision R 36/1998-2 of 22 September 1998, *Oilgear*, para. 10.

<sup>102</sup> Decision R 26/1998-3 of 27 November 1998, *Netmeeting*.

marks should be considered as special types of trade marks that are always and per se eligible for registration.<sup>103</sup>

Later in the *UltraPlus* case,<sup>104</sup> concerning plastic ovenware, the registrability of allusive or suggestive signs was still considered. The OHIM's Board of Appeal had agreed that terms that are ambiguous, suggestive and open to several interpretations when assessed by reference to consumer perception, in relation to the goods and services in question, are registrable. However it maintained that this was not the case with the mark *UltraPlus*, a word which directly described the very good quality of the ovenware without the need for further thought on the part of the relevant consumers, and so could not be considered merely allusive.<sup>105</sup> The CFI, on the other hand, concluded, after estimating the words "Ultra" and "Plus", separately and in combination, that the mark *UltraPlus*, when taken as a whole, was not such that the relevant public would immediately and without further reflection make a definite and direct association between plastic ovenware and the mark. Use of the mark might suggest the very good quality of the goods and perhaps even the excellence of the plastic used, but this level of suggestion did not constitute a mark which was descriptive under Article 7(1)(c).<sup>106</sup>

### 5.3 The approach of the OHIM before Baby-Dry in 2001

The approach taken by the OHIM before the Judgment of the ECJ in *Baby-Dry* seems to be quite consistent and the interpretation of the Boards of Appeal on descriptive marks in Article 7(1)(c) is inspired by the approach that descriptive marks must remain freely available to everyone and cannot be the subject of monopolistic or exclusive rights in favour of the owner of the trade mark.

The registrability of the term *Baby-Dry* was first decided by OHIM's examiner in January 1998 and then by a Board of Appeal in July 1998, saying that the term could not be registered as a trade mark because the words described, in ordinary language, the nature, quality or intended purpose of the goods in respect of which it is to be used, that of keeping babies dry. No undertaking might be given an exclusive right to use in the course of trade such a sign.<sup>107</sup> The Board therefore deduced that the sign was exclusively descriptive and could not be registered as a CTM in the view of the terms of Article 7(1)(c). The Board also considered the mark devoid of any distinctive character within the meaning of Article 7(1)(b).

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<sup>103</sup> *Ibid.* paras 24-25.

<sup>104</sup> T-360/00, *UltraPlus*.

<sup>105</sup> Decision R 278/2000-1 of 22 September 2000, *UltraPlus*, paras 16-17. See also Simon (2003), p. 323.

<sup>106</sup> T-360/00, *UltraPlus*, paras 27-28.

<sup>107</sup> Decision R 35/1998-1, *Baby-Dry*, paras 15 and 17.

### 5.3.1 The practice before Baby-Dry

To establish that the OHIM was consistent in its approach before the ECJ Judgment in *Baby-Dry* some decisions will be examined. The first decision I have chosen to mention is the *Laser Tracer* decision<sup>108</sup> from October 1998, where the Board of Appeal came to the conclusion that the term *Laser Tracer*, in relation to laser guiding units for equipment for construction and agriculture, was descriptive and thus not eligible for registration under Article 7(1)(c). The Board pointed out that each mark had to be assessed on the basis of the specific circumstances of the case and the validity of a decision could not be called into question on the grounds that in other decisions relating to different trade marks a less restrictive approach appeared to have been followed.

One month later in the *Companyline* case,<sup>109</sup> in respect of insurance and financial affairs, the Board of Appeal confirmed, on the basis of Article 7(1)(b), that the term *Companyline* was not capable of constituting a CTM. In the decision an important statement concerning Article 7(1)(c) was put forward, that the formulation “may serve” in the article shows that a sign or indication must be refused registration if it may serve in trade to designate the characteristics of the goods, without it being necessary to show that the sign or indication is actually used or needed by the trade in question.

Some days later, in the surprising *Netmeeting* decision,<sup>110</sup> in relation to e.g. computer programs and multimedia, it was stated that even though there might be some overlap between the different subparagraphs in Article 7 CTMR, each should be interpreted and applied separately. However, this did not mean that a trade mark could not be affected simultaneously by more than one absolute ground for refusal. In this decision a useful description of the criteria for the use of Article 7(1)(c) can be found. The Board mentioned that the article states two conditions as regards absolute grounds for refusal. Firstly, the concerned sign or indication must constitute exclusively the content of the trade mark and secondly, according to the wording “which may serve, in trade, ...”, reference must be made to the relevant trade, even if not necessarily intended as a real trade. However, the application of Article 7(1)(c) must be carefully considered, taking into account the relevant circumstances. This meant that a descriptive sign or indication might be registered as a trade mark “whenever it is applied to unrelated products, used in a fanciful way, affected by some alteration considered sufficiently distinctive or combined with one or more descriptive signs or indications in such a way as to result in a new single word, as a whole, without a univocal meaning or understandable reference to specific goods or services.” Then the Board found that the word combination *Netmeeting* did not suggest a direct correlation with the specific goods and that the mark did not exclusively designate the intended purpose or other characteristics of the goods in question.

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<sup>108</sup> Decision R 62/1998-3, of 13 October 1988, *Laser Tracer*, paras 15 and 17.

<sup>109</sup> Decision R 72/1998-1 of 18 November 1998, *Companyline*, para. 20.

<sup>110</sup> Decision R 26/1998-3 of 27 November 1998, *Netmeeting*, paras 17-18 and 28.

In the *Siteproducer* decision<sup>111</sup> from December 1998, concerning computer software, software development and authoring tools, the Board emphasized that the trade mark must be considered as a whole and stated that the message conveyed by the mark *Siteproducer* was simple, clear and direct and did not entail a covert allusion. The words “Site” and “producer”, alone or combined, must remain freely available to everyone and could not be the subject of monopolistic or exclusive rights in favour of a trade mark applicant. In this decision Article 7(1)(c) was not mentioned but it is a clear example of the general monopolistic approach when considering the absolute grounds for refusal in Article 7 CTMR.

Shortly before the CFI gave its judgment in the *Baby-Dry* case, in July 1999, the Board of Appeal found that the term *Doublemint*,<sup>112</sup> in particular for chewing gums, was exclusively descriptive. This combination of two ordinary English words, with no additional element that could be regarded as fanciful or imaginative, immediately conveyed to potential consumers the message that the goods contained twice the usual amount of mint or that they are flavoured with two varieties of mint. The word *Doublemint* was therefore descriptive of certain characteristics of the goods in question and could not be registered as a trade mark for those goods under Article 7(1)(c). The Board pointed out that the existence of alternative meanings for each of the elements combined in the expression *Doublemint* was not relevant. When assessing whether a trade mark is descriptive, dictionary definitions cannot be applied mechanically without regard for commercial reality or for the context in which the trade mark is to be used.<sup>113</sup> The *Doublemint* case will be analysed further in the following chapters since the CFI in assessing the “ambiguous and suggestive meaning...open to various interpretations” came to the conclusion that the word *Doublemint* went beyond the merely descriptive and was capable of being registered as a CTM.<sup>114</sup> And later the ECJ set the Judgment of the CFI aside.

In December 1999, the Board of Appeal dealt with the question of the mark *Instant Internet*,<sup>115</sup> for software facilitating access to the communication and information networks and software services, being registrable. The Board held here, like in the *Baby-Dry* decision, that although the contested decision mentioned only Article 7(1)(b), it was clear from the grounds of the decision that Article 7(1)(c) was also relevant. The Board came to the conclusion that the term *Instant Internet*, described the kind and intended purpose of the claimed goods and services and was ineligible for registration, pursuant to Article 7(1)(c). It also stated that the mark was devoid of distinctive character within the meaning of Article 7(1)(b). The Board nevertheless, in the light of the Judgment of the CFI in the *Baby-Dry* case, found that it was appropriate to remit the case to the

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<sup>111</sup> Decision R 107/1998-3 of 8 December 1998, *Siteproducer*, para. 14.

<sup>112</sup> Decision R 216/1998-1 of 16 June 1999, *Doublemint*.

<sup>113</sup> *Ibid.* paras 10-11.

<sup>114</sup> T-193/99, *WM. Wrigley Jr. Company v. OHIM*, Judgment of 31 January 2001, [2001] ECR II-417, para. 30. (*Doublemint*).

<sup>115</sup> Decision R 124/1999-1 of 22 December 1999, *Instant Internet*.

examiner, so that the issue of acquired distinctiveness under Article 7(3) of the Regulation might be addressed.<sup>116</sup>

In January 2000 the Board of Appeal considered the term *Easybank*,<sup>117</sup> sought for on-line banking services, especially electronic banking services, after the applicant restricted the list of services concerned. Essentially the Board took the view that the term *Easybank* was descriptive and devoid of distinctive character, and therefore fell within the scope of Article 7(1)(b) and (c). The term *Easybank* was considered nothing more than a simple combination, perfectly ordinary and without ambiguity, of two current English words, and the banking consumers, particularly attentive, would perceive the sign as a perfectly descriptive indication of the nature of the service offered and not of their commercial origin. The Board concluded that the clearly descriptive information conveyed by the term in question was immediately obvious as an indication of the kind, quality and destination of the service<sup>118</sup> and thus the term was regarded as being exclusively descriptive of the services of an online bank. The Judgment of the CFI concerning this mark will be considered more closely in chapter 5.4.1.

In March 2000 the Board found that the term *New Born Baby*,<sup>119</sup> for dolls to play with and accessories for such dolls in the form of playthings, was descriptive within the meaning of Article 7(1)(c) for all goods claimed in the trade mark application, at any rate in the English-speaking Member States. It concluded that it must be refused registration as a CTM under Article 7(2) of the Regulation.<sup>120</sup> The Board maintained that the words *New Born Baby* would be clearly understood by an English-speaking person, representative of the class of persons targeted, as meaning “new-born baby” whether or not that is tautologous. The goods in question included dolls resembling newborn babies with the bodily functions of an actual baby. Thus, according to the Board, the mark was composed exclusively of indications designating the kind and qualities of the goods, that is, dolls to play with and, in the case of the accessories for those dolls, their intended purpose.<sup>121</sup>

In September 2000 the Board considered the term *UltraPlus*,<sup>122</sup> for plastic ovenware for use in microwave, convection and conventional ovens, and stated that *UltraPlus* described, directly and without requiring further thought, the particular quality or the nature of the product or an essential feature thereof, namely the very good quality of the ovenware. The Board argued that the descriptiveness of a sign must be assessed by reference to the meaning perceived by the consumer in relation to the goods and services in question.<sup>123</sup> This last statement was then repeated in the *Best Buy*

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<sup>116</sup> *Ibid.* paras 12 and 18.

<sup>117</sup> Decision R 316/1999-3 of 31 January 2000, *Easybank*, paras 25 and 27.

<sup>118</sup> T-87/00, *Bank für Arbeit und Wirtschaft AG v OHIM*, Judgment of 5 April 2001, [2001] ECR II-1259, paras 7 and 18-19. (*Easybank*).

<sup>119</sup> Decision R 348/1999-3 of 21 March 2000, *New Born Baby*.

<sup>120</sup> Article 7(2) provides that paragraph (1) shall apply notwithstanding that the grounds of non-registrability obtain in only part of the Community.

<sup>121</sup> T-140/00, *Zapf Creation AG v. OHIM*, Judgment of 3 October 2001, [2001] ECR II-2927, paras 17-18. (*New Born Baby*).

<sup>122</sup> Decision R 278/2000-1 of 22 September 2000, *UltraPlus*.

<sup>123</sup> T-360/00, *UltraPlus*, paras 16-17.

decision,<sup>124</sup> from March 2001, concerning the figurative mark for e.g. business management consultancy, installation and maintenance of automotive audio equipment and technical consultancy. It was further stated there that the term *Best Buy* established an obvious and direct link between the trade mark and one of the basic characteristics of the services applied for. It indicated that these services are giving the most advantageous relation between price and value. And the Board held that no trader might be given an exclusive right to use expressions in ordinary language which informed consumers directly and unambiguously that their aspirations regarding good prices are likely to be fulfilled in the best way.<sup>125</sup> It further said that the figurative elements of the sign did not lessen its descriptive character.<sup>126</sup> The Board finally came to the conclusion that the mark was not eligible for registration pursuant to Article 7(1)(c), but the Board had already found that the sign, as a whole, was devoid of any distinctive character under Article 7(1)(b).

### 5.3.2 Established criteria by the OHIM

From the aforementioned decisions it is possible to state that the OHIM's approach before *Baby-Dry* in 2001, in relation to composite word marks, was cautious and consistent and the interpretation of the Boards of Appeal on descriptive marks in Article 7(1)(c) can certainly be said to have been inspired by the approach that descriptive marks must remain freely available to everyone and could not be the subject of monopolistic or exclusive rights in favour of the owner of the trade mark, see e.g. in that respect the *Siteproducer* and the *Best Buy* decisions. It is, however, difficult to state that there is a consistency in the reasoning in different decisions that lead to the conclusion that Article 7(1)(c) applied. It is clear from the decisions that even though there may be some overlap between the different subparagraphs in Article 7 CTMR, each should be interpreted and applied separately. However, trade marks can be affected simultaneously by more than one absolute ground for refusal, see as an example the *Netmeeting* decision. Sometimes the conclusions are based on both Articles 7(1)(c) and (b), see the *Instant Internet* and the *Best Buy* decisions, and sometimes on only one of them, as in the *Siteproducer* decision. Sometimes the Boards considered first the distinctive character of a mark or term in question and thereafter evaluated whether a mark was descriptive, like in the *Best Buy* decision, but sometimes it was the other way around as in the *Instant Internet* decision. One could state that if both criteria are to be considered, there should be a more logical way of estimating first if the mark is descriptive or not and then find out, regardless of descriptiveness, if the mark is devoid of any distinctive character.

Instructions on the criteria that are used in evaluating the descriptive terms, that can be derived from these decisions, are that the formulation “may serve” shows that a sign or indication must be refused registration if it is possible that it will in trade designate the characteristics of the goods,

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<sup>124</sup> Decision R 44/2000-3 of 21 March 2001, *Best Buy*.

<sup>125</sup> *Ibid.* para. 21.

<sup>126</sup> *Ibid.* para. 22.

without it being necessary to show that the sign or indication is actually used or needed by the trade in question. The conclusion can be drawn from the *Netmeeting* decision that a descriptive sign or indication may be registered as a trade mark whenever it is applied to unrelated products, used in a fanciful way, affected by some alteration considered sufficiently distinctive or combined with one or more descriptive signs or indications in such a way as to result in a new single word, as a whole, without a univocal meaning or understandable reference to specific goods or services. However, the *Netmeeting* decision is the only decision previously mentioned which from my point of view is inconsistent with the OHIM's practice in general concerning interpretation of Article 7(1)(c), in spite of being one of the best reasoned decisions. Even though each application for registration has to be considered in its context, I find it incompatible to state that the term *Netmeeting*, in relation to e.g. computer programs and multimedia, can be considered non-descriptive and registrable while the term *Doublemint* and *Instant Internet* are considered exclusively descriptive. Considering the term *Netmeeting* as a trade mark today is impossible with all the possibilities in Internet meetings that people use on a daily basis through products like Skype. You can almost state that no average consumer would consider the term as a trade mark, only a description. Despite the fact that this decision is from the year 1998 the criteria seem to be in order but the conclusion drawn from it appears to be more lenient than in the other decisions and not in conformity with the monopolistic approach.

## 5.4 The approach of the CFI before *Baby-Dry* in 2001

In its *Baby-Dry* Judgment,<sup>127</sup> in July 1999, the CFI agreed with the OHIM's Board of Appeal on the descriptive point of the term, that the mark was exclusively descriptive. The CFI held that since the purpose of diapers was to be absorbent, in order to keep babies dry, the term *Baby-Dry* merely conveyed to consumers the intended purpose of the goods but exhibited no additional feature to render the sign distinctive. The CFI nevertheless annulled the Board of Appeals decision in order to allow the applicant, Procter & Gamble, to entertain arguments relating to Article 7(3) of the Regulation with regard to the acquisition of distinctive character through actual use.<sup>128</sup>

Concerning interpretation of the absolute grounds for refusal in general the CFI stated in the *Trustedlink* case<sup>129</sup> in September 2000 that the Board of Appeal had rightly pointed out that each of the absolute grounds for refusal connected with lack of distinctiveness, descriptiveness and customary usage had its own sphere of application and they were neither interdependent nor mutually exclusive. It was clear from Article 7(1) of the Regulation, that for a sign to be ineligible for registration as a CTM, it was sufficient that one of

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<sup>127</sup> T-163/98, *Baby-Dry*.

<sup>128</sup> C-383/99 P, *Baby-Dry*, paras 7-8 of the Judgment.

<sup>129</sup> T-345/99, *Harbinger Corporation v. OHIM*. Judgment of 26 October 2000, [2000] ECR II-3525, para. 31. (*Trustedlink*).

the absolute grounds for refusal applied. And even if those grounds were applicable separately, they might also be applied cumulatively. In this respect it referred to its judgments in *Baby-Dry* and in *Companyline*.

#### 5.4.1 The practice before *Baby-Dry*

To establish if the CFI in a way predicted the outcome for the ECJ in its interpretation of Article 7(1)(c) and to estimate if the monopolistic approach was predominant or not within the Court before the *Baby-Dry* Judgment in September 2001, and even before the delivery of the AG Jacobs' Opinion in the case in April 2001 of the same year, two major judgments will be investigated.

The former judgment concerns the term *Doublemint*,<sup>130</sup> in particular for chewing gum, which the Board of Appeal found exclusively descriptive. The CFI on the other hand found that the mark *Doublemint* had an ambiguous and suggestive meaning open to various interpretations and as such did not enable the public concerned to immediately and without further reflection detect the description of a characteristic of the goods in question.<sup>131</sup> The CFI held that the Board of Appeal was wrong in regarding the term *Doublemint* as exclusively descriptive. In the Judgment it said that the Board itself had stated that the word "Double", more particularly when combined with the word "mint", had two distinct meanings for the potential consumer, twice the usual amount of mint or flavoured with two varieties of mint. On the basis of that finding, it was not possible to infer from the mere term *Doublemint* whether the product referred to contains twice as much mint, for example peppermint, or whether it was flavoured with two different variants of mint, for example peppermint and spearmint. Thus the CFI concluded that therefore the numerous meanings of the composite term *Doublemint* were immediately apparent, at least by association or allusion, to an average English-speaking consumer. Therefore it deprived that sign of any descriptive function for the purpose of Article 7(1)(c), whereas for a consumer who did not have a sufficient mastery of the English language, as the term at issue would, by its very nature, have a vague and fanciful meaning.<sup>132</sup>

The latter judgment is on the term *Easybank*.<sup>133</sup> On the same day as AG Jacobs delivered his Opinion in the *Baby-Dry* case the CFI came to the conclusion that the term *Easybank*, in relation to online banking services, could not in any event be regarded as having an exclusively descriptive character for the purposes of Article 7(1)(c), as the Board of Appeal had stated. The CFI stated that the link between the meaning of the term *Easybank* on the one hand and the services capable of being provided by an on-line bank on the other, appeared to be too vague and indeterminate to confer descriptive character on that term in relation to those services. Thus

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<sup>130</sup> T-193/99, *WM. Wrigley Jr. Company v. OHIM*, Judgment of 31 January 2001, [2001] ECR II-417. (*Doublemint*).

<sup>131</sup> *Ibid.* para. 30.

<sup>132</sup> *Ibid.* paras 23, 25, 26 and 29. See also Pfeiffer, T., 'Descriptive Trade Marks: The Impact of the *Baby-Dry* case considered.' [2002] *E.I.P.R.* pp. 375.

<sup>133</sup> T-87/00, *Easybank*, para. 32.



the term *Easybank* did not as such enable potential customers to immediately and precisely identify either the specific banking services or one or more of their characteristics.<sup>134</sup>

#### 5.4.2 Established criteria by the CFI – a more lenient practice?

It is impossible to make a general statement concerning the criteria used by the CFI before *Baby-Dry* on the basis on my examination. But the Judgments in *Doublemint* and *Easybank* are difficult to explain in comparison with the practice already established within the OHIM in interpreting Article 7(1)(c) otherwise than that they contain a change in the practice and that the Court is developing towards a more liberal approach regarding registrability. The CFI found the term "Double" to be ambiguous, and that it did not immediately and without further thought inform the consumer about particular features of the product. Later the ECJ reversed this Judgment. In the latter case the CFI held that the term *Easybank* did not objectively or specifically describe a feature of financial services. One of the possible explanations for inconsistent practice within the CFI on the one hand and the OHIM on the other, but the Boards of Appeal had considered both terms exclusively descriptive, could be the instable approach when evaluating the subparagraphs by the OHIM, as mentioned above. Different criteria were used in many of the cases. From my point of view the term *Easybank*, for financial service like bank service, is unimaginable as a trade mark and there is no explainable difference in the level of descriptiveness when comparing terms as *Instant Internet* or *New Born Baby* versus *Easybank*.

### 5.5 The approach of the ECJ before and after *Baby-Dry* in 2001

Since the *Baby-Dry* Judgment was the ECJs first judgment on the CTM the practice before the *Baby-Dry* Judgment relates to interpretation of Article 3(1)(c) TMD, identical to Article 7(1)(c) CTMR.

#### 5.5.1 The *Baby-Dry* Judgment and the practice before

In the Windsurfing *Chiemsee* case from 1999<sup>135</sup> the ECJ considered *Chiemsee*, the name of the largest lake in Bavaria, Germany, as a trade mark for sports clothing. This case came before the ECJ through preliminary ruling by the Landgericht, München, Germany under Article 234 EC [ex. Article 177 of the EC Treaty].

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<sup>134</sup> *Ibid.* para 31. See also Harmeling, Hub. J., 'The ECJ Rescues Descriptive Marks.' Managing Intellectual Property, Iss. 114, November 2001, p. 16.

<sup>135</sup> C-108/97 and 109/97 Joined cases, *Windsurfing Chiemsee v. Hube*, Judgment of 4 May 1999, [1999] ECR I-2779.

In this case the ECJ identified the purpose of Article 3(1)(c) TMD and stated that it “pursues an aim which is in the public interest, namely that descriptive signs or indications relating to the categories of goods or services in respect of which registration is applied for may be freely used by all.” And the Court added that the article therefore “prevents such signs and indications from being reserved to one undertaking alone because they have been registered as trade marks.” According to the Court the application of Article 3(1)(c) did not depend on there being a real, current and serious need to leave a sign or indication free. Equally, geographical indications were not considered to disqualify automatically for trade mark protection.<sup>136</sup> Concerning the interpretation of Article 3(1)(c) the Court came to the conclusion, in addition to the above mentioned aim in the public interest, that a mark which consisted of nothing more than a description of a characteristic of the goods was not registrable for those goods and even where there was no current association in the public mind between the respective mark and goods, if such an association was reasonably foreseeable in the future, a mark might not be registered.<sup>137</sup>

It has been pointed out that this conclusion seems to move away from the monopolistic approach and in a way predicted the outcome of *Baby-Dry*.<sup>138</sup> In another way it did not, as the ECJ held that Article 6(1)(b) of TMD, equivalent to Article 12(b) CTMR,<sup>139</sup> did not have a decisive bearing on the interpretation of Article 3(1)(c) TMD.<sup>140</sup> With regard to this interpretation of Article 6 TMD, equivalent to Article 12 CTMR, versus Article 7 of the Regulation, AG Jacobs in his Opinion in *Baby-Dry* interpreted Article 7(1)(c) as preventing the registration of signs or marks that are purely descriptive of the characteristics of the goods or services concerned. Further he argued that, pursuant to Article 12(b) CTMR, trade marks might contain descriptive signs or marks. This was because Article 12(b) would otherwise serve no purpose. Therefore Article 7(1)(c) only excluded trade marks consisting purely of such descriptive signs and which were thus devoid of any distinctive character.<sup>141</sup>

In AG Jacobs Opinion in *Baby-Dry* he argued that although keeping babies dry is the principal function of diapers, the term *Baby-Dry* is not used in ordinary language to refer to diapers or their intended purpose. In essence his position was that the words did not automatically suggest diapers. It could refer, for example, to rain hoods for prams or compact tumble dryers. Although a diaper was designed to keep a baby dry, the words *Baby-Dry* were found by the AG to be “extremely elliptical in nature”, of “unusual structure” and “resistant to any intuitive grammatical analysis.” For these

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<sup>136</sup> *Ibid.* paras 25, 35 and 37.

<sup>137</sup> *Ibid.* para. 37. See also Antill and James (2004), p. 157.

<sup>138</sup> Harmeling (2001), p. 17.

<sup>139</sup> Article 12(b) provides that a trade mark owner may not prevent third parties, in the course of trade, from using indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of the goods or of rendering of the service, or other characteristics of the goods or services.

<sup>140</sup> C-108/97 and 109/97 Joined Cases, *Windsurfing Chiemsee*, para. 28.

<sup>141</sup> C-383/99, *Baby-Dry*, para. 81 of the Opinion. See also Gielen, C., ‘European Community: Trade Marks - Possible Shift in Interpretation of Non-Descriptive.’ [2001] *E.I.P.R.*, p. 143.

reasons he came to the conclusion that the Judgment of the CFI was wrong.<sup>142</sup>

In the *Baby-Dry* Judgment<sup>143</sup> the ECJ first referred to Articles 7(1) and 12 CTMR and concluded that from those two provisions interpreted together it was clear that the purpose of the prohibition of purely descriptive signs or indications as trade marks was to prevent registration as trade marks of signs or indications which, because they are no different from the usual way of designating the relevant goods or services or their characteristics, could not fulfil the function of identifying the undertaking that markets them and are thus devoid of the distinctive character for that function. And the Court continued that such purpose renders these provisions compatible with Article 4 CTMR,<sup>144</sup> allowing undertakings to appropriate available terms and signs, or as stated in the Judgment that “that interpretation is the only interpretation which is also compatible with Article 4 of the Regulation” and the signs and the indications referred to in Article 7(1)(c) are “thus only those which may serve in normal usage from a consumer's point of view to designate, either directly or by reference to one of their essential characteristics, goods or services.” In its further reasoning the Court added that a mark composed of signs or indications satisfying that definition should not be refused registration “unless it comprises no other signs or indications” and the purely descriptive signs or indications of which it is composed are “not presented or configured in a manner that distinguishes the resultant whole from the usual way of designating the goods or services concerned or their essential characteristics.”<sup>145</sup>

The ECJ thus refused to focus on the individual signs or indications of which the mark is composed. Only when the sum of these composite parts was not presented or configured in a manner that distinguishes the resulting signs from a usual way of designating the goods or services concerned or their essential characteristics, was the sign disqualified from registration as a trade mark. And the Court held that any “perceptible difference” between the combination of words submitted for registration and the terms used in the “common parlance” of the relevant class of consumers to designate the goods or services or their essential characteristics is apt to “confer distinctive character on the word combination” enabling it to be registered as a trade mark.<sup>146</sup>

The Court put itself in the shoes of an English-speaking consumer, after stating that if words are purely descriptive in one Community language they would be unregistrable, and concluded that whilst the term *Baby-Dry* did unquestionably allude to the function the goods were supposed to fulfil, it still did not satisfy the disqualifying criteria. And whilst each of the two words in the combination might form part of expressions used in every day

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<sup>142</sup> *Ibid.* paras 86 and 90. See also Kilbey (2002), p. 494.

<sup>143</sup> C-383/99 P, *Baby-Dry*, para. 37 of the Judgment.

<sup>144</sup> Article 4 provides 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.

<sup>145</sup> C-383/99 P, *Baby-Dry*, paras 37-39 of the Judgment.

<sup>146</sup> *Ibid.* para. 40.

speech to designate the function of babies' diapers, their “syntactically unusual juxtaposition” was not a familiar expression in the English language, either for designating babies' diapers or for describing their essential characteristics. The word combination *Baby-Dry* could therefore not be refused registration, according to the Court. It was a “lexical invention bestowing distinctive power on the mark so formed.”<sup>147</sup>

In comparison with the Windsurfing *Chiemsee* case the ECJ emphasized here the availability of defences according to Article 12, and in consequence appeared to require a fairly low standard for registration of composite word marks.<sup>148</sup>

## 5.5.2 The Baby-Dry aftermath

### 5.5.2.1 Judgments of the CFI

Two weeks after the ECJ's *Baby-Dry* ruling the CFI came to the conclusion concerning the term *New Born Baby*, for dolls to play with and accessories for such dolls in the form of playthings, with regard to Article 7(1)(c), that the words did not designate the quality, intended purpose or any other characteristic of dolls or accessories for dolls. In any event, a sign descriptive of what a toy represents could not be considered descriptive of the toy itself, unless the persons targeted, in their purchasing decision, combined the toy and what it represented. The accessories neither represented nor were intended for new-born babies, nor was there any direct and specific link between the mark and the accessories as such.<sup>149</sup>

The OHIM appealed the Judgment of the CFI and wanted it reversed which AG Jacobs contested in his Opinion. There he said that the reasoning of the CFI concerning that a sign which is descriptive of that which a toy represents cannot be considered to be descriptive of the toy itself, other than in so far as the persons targeted, when making their purchasing decision, combined the toy and what it represents, was clearly wrong in law.<sup>150</sup> He argued that the contention that the relevant persons would instantly understand that the goods, in this case accessories for dolls in the form of playthings, had a particular characteristic, namely that they look like new-born babies could not be accepted since accessories for dolls in the form of playthings did not represent new born babies but other items, such as miniature clothes or shoes.<sup>151</sup> Unfortunately for the clarity of the interpretation of Article 7(1)(c) the defendant, Zapf Creation AG, withdrew its application for registration of the words *New Born Baby* as a CTM and the ECJ came to the conclusion in its Order on 1 December 2004 that since

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<sup>147</sup> *Ibid.* paras 42-44.

<sup>148</sup> Antill and James (2004), p. 158.

<sup>149</sup> T-140/00, *Zapf Creation AG v. OHIM*, Judgment of 3 October 2001, [2001] ECR II-2927, paras 21-33. (*New Born Baby*).

<sup>150</sup> C-498/01 P, *New Born Baby*, paras 25-26 of the Opinion.

<sup>151</sup> *Ibid.* paras 27-29 and 33.

the parties coincided in the view that the dispute was settled it was not necessary to give judgment in the case.<sup>152</sup>

In March 2002 the CFI considered the terms *Tele Aid*, *Carcard* and *Truckcard*<sup>153</sup> registrable for some of the goods and services in question, and thus annulled the decisions of the OHIM's Boards of Appeal. The Boards had refused to register the latter two on the grounds that the words fell within Articles 7(1)(b) and (c) and in the first case it came to the same conclusion, except concerning class 12 of the Nice Classification, that the term *Tele Aid* was only registrable for automobiles and parts thereof. The same reasoning is to be found in all three cases in respect to Article 7(1)(c). Firstly, that the provision pursued an aim which was in the public interest, namely that descriptive signs or indications may be freely used by all, and the Court referred to the Windsurfing *Chiemsee* case in that respect. Secondly that signs and indications referred to in the article were those which might serve in normal usage from the point of view of the intended public to designate, either directly or by reference to one of their essential characteristics, the goods or services, and in that respect the Court cited the *Baby-Dry* case. Accordingly, a sign's descriptiveness can only be assessed by reference to the goods and services concerned and to the way it is understood by a specific intended public. Thirdly the Court stated that the use of Article 3(1)(c) did not depend on there being a real, current or serious need to leave a sign free. Accordingly, it was only necessary to consider whether, from the point of view of the intended public, there was a sufficiently direct and specific association between the sign and the categories of the goods and services. Finally, as regards the meaning of all these terms, the Court pointed out that it was sufficient that at least one of the possible meanings of a word sign identified a feature of the goods or services concerned.<sup>154</sup> In the *Tele Aid* Judgment it was recalled that it is settled case-law that for a sign to be ineligible for registration as a CTM, it is sufficient that one of the absolute grounds for refusal applies. According to the Court the Board of Appeal inferred, in substance, that *Tele Aid* was not distinctive because of its descriptive character. The Court held that the sign *Tele Aid* could not be refused on the basis of Article 7(1)(c). Consequently, the reasoning of the Board of Appeal in relation to Article 7(1)(b) had to be rejected, since it was based on that error.

The last case mentioned is the judgment of the CFI in *Europremium*<sup>155</sup> from January 2005, in relation to paper and paper products, advertising, transport and storage. In this Judgment the same criteria were used when deciding if Article 7(1)(c) should apply as in the above mentioned Judgments and the Court referred to many of them. The conclusion here was

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<sup>152</sup> Order of the Court (Second Chamber) of 1 December 2004 in Case C-498/01 P, *OHIM v. Zapf Creation AG*, Appeal under Article 49 of the EC Statute of the Court of Justice, brought on 20 December 2001. (*New Born Baby*).

<sup>153</sup> T-355/00, *DaimlerChrysler AG v. OHIM* [2002] ECR II-1939, (*Tele Aid*), T-356/00, *DaimlerChrysler AG v. OHIM*, [2002] ECR II-1963, (*Carcard*) and T-358/00, *DaimlerChrysler AG v. OHIM*, [2002] ECR II-1993, (*Truckcard*), Judgments of 20 March 2002.

<sup>154</sup> *Tele Aid*, paras 24-30, *Carcard*, paras 24-30 and *Truckcard*, paras 25-31.

<sup>155</sup> T-334/03, *Deutsche Post EURO EXPRESS GmbH v. OHIM*, Judgment of 12 January 2005, para. 46. (*Europremium*).

that the Board of Appeal infringed Article 7(1)(c) when it dismissed the appeal on the ground that the article precluded registration of the mark *Europremium*, since it was likely to be perceived by consumers as an indication of the notable quality and European origin of the goods and services. It did so by failing in its reasoning to relate its analysis to the goods and services in question and by failing to show that the word sign *Europremium*, understood as a reference to high-quality goods and services coming from Europe, might serve to designate those goods and services directly.

### 5.5.2.2 Judgments of the ECJ

The *Doublemint* case<sup>156</sup> was the first case after *Baby-Dry*, in which the ECJ was asked to rule on appeal on the correct interpretation of Article 7(1)(c). The ECJ set aside the Judgment of the CFI, which found the term *Doublemint* registrable because the numerous meanings of the composite term were immediately apparent, at least by association or allusion, to an average English-speaking consumer and thus deprived that sign of any descriptive function for the purpose of Article 7(1)(c).

In this case the ECJ again drew attention to the public interest in refusing the registration of trade marks consisting of descriptive signs or indications so that they might be freely used by all. In this respect it referred to the Windsurfing *Chiemsee* case and the Linde case,<sup>157</sup> where the ECJ was asked to consider applications to register three-dimensional signs in the field of watches, torches and fork lift trucks.

Later in AG Jacobs' Opinion in the *New Born Baby* case,<sup>158</sup> delivered in February 2004, he held that it was now clear that any possible conflict between the Windsurfing *Chiemsee* and the *Baby-Dry* Judgments, had been settled by the Courts judgment in *Doublemint*. The aim of Article 7(1)(c) CTMR is to ensure that descriptive terms may be freely used by all. This was stated after he estimated the OHIM's and the UK's concern over the *Baby-Dry* Judgment, in so far as it might be interpreted to the effect that Article 12(b) of the Regulation obviated any need to keep descriptive terms free for general use.

Furthermore, in the *Doublemint* case, the Court found that the CFI had asked itself the wrong question when determining whether the mark *Doublemint* was exclusively descriptive. The Court pointed out that it was not necessary for the words in question to be in descriptive use, it was sufficient that the words could be used for such purposes and it was sufficient if one of the possible meanings attributable to the trade mark designated a characteristic of the product.<sup>159</sup> The reason given by the CFI for holding that the word at issue could not be refused registration under Article 7(1)(c) was that signs or indications, whose meaning went beyond

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<sup>156</sup> C-191/01 P, *WM. Wrigley Jr. Company v. OHIM*, Judgment of 23 October 2003. (*Doublemint*).

<sup>157</sup> C-53/01 to 55/01 Joined Cases *Linde AG and Others*, Judgment of 8 April 2003, [2003] ECR I-3161, para. 73.

<sup>158</sup> C-498/01 P, *New Born Baby*, paras 18-19 of the Opinion.

<sup>159</sup> C-191/01, *Doublemint*, para. 32 of the Judgment.

the merely descriptive, are capable of being registered as CTMs and that the term *Doublemint* could not be characterized as exclusively descriptive. It thus took the view that Article 7(1)(c) had to be interpreted as precluding the registration of trade marks which are exclusively descriptive of the goods or services, or of their characteristics. The ECJ held that the CFI had applied a test based on whether the mark was exclusively descriptive, which is not the test laid down by Article 7(1)(c) and it thereby failed to ascertain whether the word at issue was capable of being used by other economic operators to designate a characteristics of their goods and services. Thus it follows that it erred as to the scope of Article 7(1)(c) of the Regulation.<sup>160</sup>

In this Judgment the ECJ did not make any specific reference to the *Baby-Dry* Judgment but AG Jacobs in his Opinion compared the terms, *Doublemint* and *Baby-Dry*. He came to the conclusion that the Court should annul the Judgment of the CFI in *Doublemint* and criticised the reasoning in the Judgment. In his Opinion he also stated that the effect of the *Baby-Dry* Judgment had been widely misunderstood.<sup>161</sup> He explained that in his Opinion in *Baby-Dry* he took the view that Article 7(1)(c) should be viewed independently of Article 7(1)(b). Then he stated that it was true that a term which might serve in trade to designate product characteristics would almost certainly be devoid of distinctive character, but none the less considered it preferable, in the legislative context of the Regulation, neither to combine the two criteria nor to view them as inherently interdependent.<sup>162</sup>

From the *Doublemint* Judgment the conclusion can be drawn that it is a sufficient hindrance to registration if at least one of the possible meanings of a word mark is descriptive and it is not necessary for a mark to be in current use as a description before it is susceptible to a descriptiveness objection. It is enough that it is capable of being used to describe goods or services or their characteristics. According to e.g. the UK Registry the meaning of capable in that connection is found by assessing whether third parties are likely to want to use it. This assessment will take into account the position at the date of the application and new uses that are reasonably foreseeable at that date.<sup>163</sup> It is then striking to read the statement of AG Jacobs in his Opinion that it might be helpful for the Court to clarify the concept of "any perceptible difference" from the *Baby-Dry* Judgment, in relation to combination of words submitted for registration and the terms used in the common parlance of the relevant class of consumers. It has been said that this was a diplomatic way of saying that he thought the ECJ had gone too far in *Baby-Dry*.<sup>164</sup>

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<sup>160</sup> *Ibid.* paras 33-36.

<sup>161</sup> C-191/01 P, *Doublemint*, para. 2. of the Opinion.

<sup>162</sup> *Ibid.* paras 51 and 53.

<sup>163</sup> Jones, C. and Swaine, K., 'A Year in the Life of a Trade Mark.' IP Insight, News from the World of Intellectual Property, Wragge & Co, Autumn 2004, p. 1. Visited on 17 May 2005. [http://www.wragge.com/files/ip\\_insight\\_nov04.pdf](http://www.wragge.com/files/ip_insight_nov04.pdf)

<sup>164</sup> Gibbins, David, 'A breath of fresh air for semi-descriptive marks?' News & views, Wragge & Co, February 2004, p. 2. Visited on 17 May 2005. [http://www.wragge.com/files/IPNL\\_Feb04.pdf](http://www.wragge.com/files/IPNL_Feb04.pdf)

By two judgments<sup>165</sup> made on the same day in February 2004, in the *Postkantoor* case, which translates as post office in relation to goods such as paper and postage stamps, and the *Biomild* case, in relation to milk products, the ECJ defined very precisely what criteria are applicable when deciding if a sign is descriptive, when interpreting Article 3(1)(c) TMD. First the Court confirmed that there exists a clear overlap between Article 3(1)(b), (c) and (d) TMD, even if each of these grounds for refusal must be examined separately.<sup>166</sup> A word mark that is descriptive is, from this fact, necessarily devoid of distinctive character. A mark may none the less be devoid of distinctive character in relation to goods or services for reasons other than the fact that it may be descriptive.<sup>167</sup> The ECJ then established the presumption that if a mark is composed exclusively of descriptive elements - in the *Biomild* case it was a question of a mark consisting of a neologism composed of descriptive elements - it is itself descriptive unless there is a "perceptible difference between the word and mere sum of its parts". And the Court went on by saying that it assumes either that a perceptible difference arises where the word combination has an unusual nature and if it has such a nature then the new word means more than the sum of its parts.<sup>168</sup> Or, as the ECJ held in the *Postkantoor* case, that the word had become part of everyday language and had acquired its own meaning, with the result that it was now independent of its components.<sup>169</sup> The ECJ also stated in these cases that the fact that there are synonyms capable of indicating the same characteristics is irrelevant.<sup>170</sup> In this respect the reasoning from the *Doublemint* case can be recalled.

In these two cases the ECJ also introduced new requirements when assessing descriptiveness. These requirements have been open to a certain degree of criticism.<sup>171</sup> First, the ECJ considered that if the mark is a word mark, destined to be heard as much as read, registration should be refused if the descriptive character of the mark is either visually perceptible, or aurally perceptible.<sup>172</sup> Since February 2004 the CFI has not made reference to this double condition nor can it be seen that ECJ has confirmed it in its later judgments. On the other hand the ECJ found that the mark can be descriptive with regard to both essential and ancillary characteristics of the goods and services. The Court further stated that in the light of the public interest underlying the provision, any undertaking must be able to freely use such signs and indications to describe any characteristic whatsoever of its

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<sup>165</sup>C-363/99, *Koninklijke KPN Nederland NV v. Benelux-Merkenbureau*, (*Postkantoor*), and C-265/00, *Campina Melkunie BV v. Benelux Merkenbureau*, (*Biomild*), Judgments of 12 February 2004.

<sup>166</sup> *Postkantoor*, para. 67 and *Biomild*, para. 18.

<sup>167</sup> *Postkantoor*, paras 67 and 86 and *Biomild*, paras 18-19.

<sup>168</sup> *Postkantoor*, para. 100 and *Biomild*, para. 41.

<sup>169</sup> *Postkantoor*, para. 100.

<sup>170</sup> *Postkantoor*, para. 104 and *Biomild*, para. 25.

<sup>171</sup> Folliard-Monguiral, A. and Rogers, D., 'Significant Case Law from 2004 on the Community Trade Mark from the Court of First Instance, the European Court of Justice and OHIM.' 2005 *E.I.P.R.* p. 136.

<sup>172</sup> *Postkantoor*, para. 99 and *Biomild*, para. 40.



own goods, irrespective of how significant the characteristic may be commercially.<sup>173</sup>

This later requirement is in contrast with the reasoning of the ECJ in the *Baby-Dry* case where the Court emphasized that the signs and indications referred to in Article 7(1)(c) were only those which might serve in normal usage from a consumer's point of view to designate, either directly or by reference to their essential characteristics, goods or services and has not been referred to by the CFI in its later judgments.<sup>174</sup> It seems that in its judgments after the *Postkantoor* case the CFI has not followed the innovations of the ECJ and has maintained the reasoning that in order to be descriptive a sign must either directly describe the goods and services, or designate one of their essential characteristics. The ECJ has not confirmed this interpretation in later cases.

## 5.6 Summary of developments

In this chapter it has been established that the practice before the OHIM before *Baby-Dry*, in relation to registration of composite word marks, was consistent and inspired by the approach that descriptive marks must remain freely available to everyone and should not be the subject of monopolistic or exclusive rights in favour of the owner of the trade mark. The same can not be said about consistency in the reasoning in different decisions that lead to the conclusion that Article 7(1)(c) applied. The reason could be that the practice was still evolving and the interpretation had not yet stabilized and there was no settled case-law concerning CTMs from the ECJ and limited practice from the CFI.

It was admitted by the CFI that there might be some overlap between the different subparagraphs in article 7 CTMR, but each should be interpreted and applied separately and it was sufficient that one of the absolute grounds for refusal applied. Accordingly it was not necessary to rule on the alleged infringement of Article 7(1)(c) in e.g. the *Companyline* case from January 2000, since Article 7(1)(b) applied. Then the Court found that if the Board of Appeal considered a mark not distinctive because of its descriptive character it inferred in substance and the Court held that the mark in question could not be refused on the basis of Article 7(1)(c). Consequently, the reasoning of the Board of Appeal in relation to Article 7(1)(b) had to be rejected, since it was based on that error.

It is a more controversial question if the practice of the CFI before *Baby-Dry* indicated a change in emphasis and the threshold for interpreting Article 7(1)(c) may be considered to have been lower than with the OHIM. Only two major cases were investigated but the question must be asked if the Court was developing towards a more liberal approach towards registrability or simply finding itself in creating an autonomous CTM system and in a way predicting the outcome of *Baby-Dry*. The CFI on the other hand considered the term *Baby-Dry* descriptive.

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<sup>173</sup> *Postkantoor*, para. 102.

<sup>174</sup> C-383/99, *Baby-Dry*, para. 39 of the Judgment. See also Folliard-Monguiral and Rogers (2005), p. 136.

From my point of view the most important questions that have to be evaluated regarding the *Baby-Dry* Judgment, concern the interpretation on Articles 7(1)(c) and (b). In comparison with the Windsurfing *Chiemsee* case from 1999, where the Court emphasized that the aim of Article 3(1)(c) TMD, equivalent to Article 7(1)(c) CTMR, was to ensure that descriptive terms might be freely used by all, the ECJ Judgment in *Baby-Dry* has been understood as it might be interpreted to the effect that Article 12(b) CTMR of the Regulation obviated any need to keep descriptive terms free for general use, and thus the Court emphasized the availability of the defences according to Article 12, and in consequence appeared to require a fairly low standard for registration of composite word marks. It is also clear from the *Baby-Dry* Judgment, even though the AG viewed the two sets of criteria as overlapping but independent, and in spite of the CFI's precedent concerning that point, that the ECJ appeared to assimilate Article 7(1)(c) and (b) to some extent in its findings. That is maybe one of the main reasons why the Judgment has possibly been widely misunderstood as AG Jacobs stated in his Opinion in *Doublemint*, but the Judgment in *Doublemint* on the other hand cleared that any possible conflict between the Windsurfing *Chiemsee* and the *Baby-Dry* Judgments had been settled. The aim of Article 7(1)(c) CTMR is to ensure that descriptive terms may be freely used by all.

The concept of any perceptible difference, the controversial concept from the *Baby-Dry* Judgment, has been explained with regard to the criteria used when interpreting Article 7(1)(c). A perceptible difference arises where the word combination has an unusual nature and if it has such a nature then the new word means more than the sum of its parts or that the word has become part of everyday language and had acquired its own meaning, with the result that it is now independent of its components. It has also been cleared that the fact that there are synonyms capable of indicating the same characteristics of a mark is irrelevant.

Finally, new controversial conditions have been introduced by the Court on how to assess descriptive marks and it remains to be seen if those conditions will be a part of the criteria in interpreting descriptive marks in the future or if they are just sidesteps which will be settled in future practice. This has certainly not lead to a clarification or simplification of the criteria of assessing whether a sign is descriptive or not.

# 6 The notion of distinctiveness, Article 7(1)(b) CTMR, criteria for registration

## 6.1 General

As far as distinctiveness is concerned the crucial provisions are Article 7(1)(b) CTMR and Article 3(1)(b) TMD, which are virtually identical. Those articles deny registration to marks "devoid of any distinctive character". These words are, like the words in Article 7(1)(c), derived from Article 6*quinquies* B.2 of the Paris Convention from 1883. The adjective "distinctive" has numerous meanings, e.g. serving to identify or distinguishing or individually characteristic.<sup>175</sup>

The negative condition in Article 7(1)(b) is tautological in relation to the substance condition imposed in Article 4 CTMR with regard to signs which must be capable of distinguishing the goods or services of one undertaking from those of others. Distinctiveness rests on the binary or arbitrary relationship between the goods and the sign to which it is applied. It is not arbitrary to use the word "soap" to designate soap, whereas using the sign "soap" to designate automobiles is arbitrary and therefore distinctive.<sup>176</sup>

In Article 8.3 of the Guidelines examples are given and it says there that the trade mark must not be devoid of distinctive character and must therefore do more than describe the goods or services whether in words or graphically. A word such as "wine" in respect of wine is devoid of distinctive character, a trade mark consisting of one or two letters or digits, unless represented in an unusual fashion, would, except in special circumstances, be devoid of distinctive character and a mere change in typeface, such as italics, does not of its own accord confer a distinctive character on a trade mark. Where the graphic representation of the goods or services is unusual or fanciful the trade mark is not devoid of distinctive character. Simple designs such as circles or squares, whether on their own or in conjunction with descriptive elements, are generally considered to be devoid of distinctive character. Single, especially primary colours of simple designs are usually devoid of distinctive character. Where a trade mark consists of a combination of several elements which on their own would be devoid of distinctive character, the trade mark taken as a whole may have distinctive character.

A sign's distinctiveness does not necessarily lie in its novelty or originality because trade marks must be considered in the application of the

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<sup>175</sup> Oxford Dictionary, Thesaurus, and Wordpower Guide, Oxford University Press 2001, p. 359 and The American Heritage® Dictionary of the English Language, 4<sup>th</sup> ed., Houghton Mifflin Company, 2000. Visited on 19 May 2005. [www.dictionary.com](http://www.dictionary.com)

<sup>176</sup> Mollet-Viéville (1997), p. 187.

sign to an object. Therefore, such signs need not be new or original in itself and not all novelties are distinctive.<sup>177</sup>

If a distinctiveness is a matter of a degree, where does the line between the lack of distinctiveness versus minimum distinctiveness lie on the one hand and the lack of distinctiveness and distinctive character on the other hand?

## 6.2 Assessing if marks are devoid of any distinctive character

### 6.2.1 The Baby-Dry Judgment and the practice before

The ECJ did not discuss the distinctiveness of *Baby-Dry* directly for procedural reasons. In AG Jacobs' Opinion he stated, concerning the point, that Article 7(1)(b) was not in issue here and there was no reason that it should be.<sup>178</sup> Later in his Opinion in *Doublemint* he clarified his approach in the Opinion in *Baby-Dry* and said that in the latter case he took the view that Article 7(1)(c) should be viewed independently of Article 7(1)(b), which precludes registration of signs lacking any distinctive character.<sup>179</sup> He went on by saying that this view was not universally shared and although the CFI had tended to take the same approach, viewing the two sets of criteria as overlapping but independent, the ECJ appeared to assimilate them to some extent in its *Baby-Dry* Judgment.<sup>180</sup>

In 2002 it was pointed out that when interpreting Articles 3(1)(b) and 3(1)(c) TMD, it appears to be clear from the Windsurfing *Chiemsee* Judgment from 1999, that descriptiveness and distinctiveness are closely connected, in other words, that the assessment of distinctiveness in particular depends on the assessment of descriptiveness and further that the ECJ in *Baby-Dry* confirmed this by holding that any perceptible difference between the combination of words submitted for registration and the terms used in the common parlance was apt to confer distinctive character on the word combination enabling it to be registered as a trade mark.<sup>181</sup> However, later in the *UltraPlus* case<sup>182</sup> from 2002, in which registration was sought for plastic ovenware for use in microwave, convection and conventional ovens, the CFI offered different justifications in its Judgment for the two subparagraphs in Article 7. In the case the comments on descriptive marks in Article 7(1)(c) seemed to rely on the argument, of the type put forward in the Windsurfing *Chiemsee* case, that Article 3(1)(c) TMD pursues the public interest aim of ensuring that descriptive signs can be freely used by all.<sup>183</sup> The Judgment under Article 7(1)(b) on the other hand focused exclusively

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<sup>177</sup> *Ibid.* p. 188.

<sup>178</sup> C-383/99 P, *Baby-Dry*, para. 56 of the Opinion.

<sup>179</sup> C-191/01 P, *Doublemint*, para. 51 of the Opinion.

<sup>180</sup> *Ibid.* para. 52, See also C-383/99, *Baby-Dry*, paras 40 and 44 of the Judgment.

<sup>181</sup> Pfeiffer (2002), p. 379.

<sup>182</sup> T-360/00, *UltraPlus*.

<sup>183</sup> *Ibid.* para. 21.

on its ability to function as a trade mark.<sup>184</sup> In this Judgment the CFI stated clearly that the fact that a sign is not descriptive does not automatically mean that it is distinctive.<sup>185</sup>

## 6.2.2 The Baby-Dry aftermath

Some days after the ECJ gave its judgment in *Baby-Dry* the distinctiveness was discussed in the CFI Judgment concerning the term *New Born Baby*.<sup>186</sup> The Board of Appeal had denied the distinctiveness of *New Born Baby* owing to its finding that it was descriptive. Given that the CFI rectified the ruling in respect of the descriptiveness, it also concluded that the ruling of the Board in respect of distinctiveness could not be based on that finding. The Court confined its ruling in respect to distinctiveness to the fact that the distinctive character of a sign must be assessed in relation to the goods or services in respect of which registration was claimed and that lack of distinctiveness could not be found merely because it was found that a sign was unimaginative.<sup>187</sup>

In September 2002, in the *Companyline* case,<sup>188</sup> in respect to insurance and financial affairs, the ECJ dismissed in its entirety the appeal of the applicant, DKV, but the CFI deduced that the sign *Companyline* was devoid of any distinctive character. In its finding the CFI articulated that the sign composed exclusively of the words "Company" and "line", both of which are customary in English-speaking countries, were generic words which simply denoted a line of goods or services for undertakings. Coupling them together without any graphic or semantic modification did not add to them any additional characteristics such as to render the sign, taken as a whole, capable of distinguishing the applicant's services from those of other undertakings. The fact that the word *Companyline* as such did not appear in dictionaries, whether as one word or otherwise, did not in any way alter that finding. In this case the CFI made it clear that since Article 7(1)(b) applied, it was not necessary to rule on the plea, alleging infringement of Article 7(1)(c).<sup>189</sup>

In September and October 2004 the criteria on distinctiveness was clarified in two judgments of the ECJ. The former judgment concerned the term *Sat.2*,<sup>190</sup> in respect of services which are connected with satellite broadcasting. Here the Court set aside the Judgment of the CFI inasmuch as it found that the OHIM's Board of Appeal had not infringed Article 7(1)(b) and the ECJ found that the CFI had misinterpreted that provision. In its reasoning the ECJ focused on the essential function of a trade mark and its relation to Article 7(1)(b). By referring to the Hoffmann-La Roche case from 1978 and the *Philips* case from 2002 it recalled that the essential

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<sup>184</sup> Simon (2003), p. 325.

<sup>185</sup> T-360/00, *UltraPlus*, para. 30.

<sup>186</sup> T-140/00, *New Born Baby*.

<sup>187</sup> *Ibid.* paras 38 and 40-41.

<sup>188</sup> C-104/00, *DKV Deutsche Krankenversicherung AG*, Judgment of 19 September 2002, [2002] ECR I-7561, (*Companyline*).

<sup>189</sup> T-19/99, *Companyline*, paras 26, 28 and 31.

<sup>190</sup> C-329/02 P, *Sat.2*.

function is "to guarantee the identity of the origin of the marked product to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin." Article 7(1)(b) is thus intended to preclude registration of trade marks which are devoid of distinctive character which alone renders them capable of fulfilling that essential function. Then the Court pointed out that each of the grounds for refusal in Article 7(1) is independent of the others and requires separate examination. Moreover, it is appropriate to interpret those grounds in the light of the general interest which underlies each of them and the public interest underlying Article 7(1)(b) is manifestly inseparable from the essential function of a trade mark. Finally the Court found, as regards a trade mark comprising words or a word and a digit, the distinctiveness of each of those terms or elements, taken separately, might be assessed, in part, but must, in any event, depend on an appraisal of the whole which they comprise. Indeed, the mere fact that each of those elements, considered separately, is devoid of distinctive character does not mean that their combination cannot present a distinctive character.<sup>191</sup> In this respect the Court referred to, by analogy, the *Biomild* case and the *Postkantoor* case.<sup>192</sup>

The latter judgment was given in October 2004, in relation to the advertising slogan *Das Prinzip Der Bequemlichkeit*.<sup>193</sup> The ECJ dismissed the appeal and found that the CFI was right to annul the contested Board of Appeal decision for imposing different and stricter criterion for assessing the distinctiveness on such trade marks. In this case it was confirmed that it is clear from the case-law of the ECJ that, as far as assessing distinctiveness is concerned, every trade mark, of whatever category, must be capable of identifying the product as originating from a particular undertaking, and thus distinguishing it from those of other undertakings. The Court also confirmed, according to case-law, that although the criteria for assessing distinctiveness are the same for the various categories of marks, it may be apparent, in applying those criteria, that the relevant public's perception is not necessarily the same for each of those categories. In this respect the Court referred to precedents concerning three-dimensional marks and added that the possibility cannot be excluded that this case-law is also relevant to word marks consisting of advertising slogans. That could be the case in particular if it were established that it served a promotional function, consisting, for example, of commending the quality of the product in question and that the importance of that function was not manifestly secondary to its purported function as a trade mark, namely that of guaranteeing the origin of the product.<sup>194</sup>

In comparison with the criteria of word marks, composite word marks and advertising slogans it must be emphasized that these important criteria are valid for all types of trade marks and that the ECJ assessed distinctiveness of a three-dimensional shape of a trade mark for goods for

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<sup>191</sup> *Ibid.* paras 23, 25, 27 and 28.

<sup>192</sup> C-363/99, *Postkantoor*, paras 99-100 and C-265/00, *Biomild*, paras. 40-41.

<sup>193</sup> C-64/02 P, *OHIM v. Erpo Möbelwerk GmbH*, Judgment of 21 October 2004. (*Das Prinzip Der Bequemlichkeit*).

<sup>194</sup> *Ibid.* paras 33-35.

the purposes of Article 3(1)(b) TMD in the Linde case.<sup>195</sup> The Court stated that a stricter test must not be applied than that used for other marks, but recognised that particularly without prior use it may in practice be more difficult to establish distinctiveness in relation to the shape of goods mark.<sup>196</sup> This statement was confirmed by the ECJ, concerning interpretation of Article 7(1)(b), in three judgments from the same day in April 2004, in relation to three-dimensional tablets for washing machines or dishwashers.<sup>197</sup> In the Judgments it says that the same applies to colours as to three-dimensional mark consisting of a shape.

And when considering registrability of *colour per se* as a trade mark, the Court said in the Libertel case,<sup>198</sup> concerning interpretation of Articles 3(1)(b) and 3(3) TMD, that when assessing the potential distinctiveness of a colour as a trade mark, "regard must be had to the general interest in not unduly restricting the availability of colours for the other traders who offer for sale goods or services of the same type as those in respect of which registration is sought". And further the ECJ stated in its KWS case<sup>199</sup> from October 2004, concerning interpretation of Article 7(1)(b), in relation to an *orange colour*, that the relevant public's perception is not necessarily the same in the case of a sign composed of a *colour per se* as it is in the case of a word or figurative mark, where the sign is independent of the appearance of the goods which it identifies. While the public is accustomed to perceiving word or figurative marks immediately as signs identifying the commercial origin of the goods, the same does not necessarily hold true where the sign forms part of the external appearance of the goods. In the case of *colour per se*, distinctiveness without prior use is inconceivable save in exceptional circumstances, and in particularly where the number of goods or services for which the mark is claimed is very restricted and the relevant market very specific.<sup>200</sup>

In comparison with the *Baby-Dry* Judgment it is clear that the reliance on the defences approach can be more difficult to apply in cases concerning shape or colour. In the case of a word mark or a composite word mark it may be possible to identify what is a trade mark or descriptive use, in the case of shape or colour it is much harder. The danger is therefore that once registration is granted, the monopoly will be very extensive.<sup>201</sup> Or as stated in the Libertel case, that a monopoly on colour trade marks would "be incompatible with a system of undistorted competition, in particular because it could have the effect of creating an unjustified competitive advantage for a single trader".<sup>202</sup>

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<sup>195</sup> C-53/01 to 55/01 Joined cases, *Linde AG and Others*.

<sup>196</sup> *Ibid.* paras 48-49. See also Antill and James (2004), p. 160.

<sup>197</sup> C-456/01 P and C-457/01 P Joined cases, *Henkel KgaA v. OHIM*, para. 38, C-468/01 P and C-472/01 P Joined cases, *Procter & Gamble Company v. OHIM*, para. 36 and C473/01 and C-474/01 P Joined cases, *Procter & Gamble Company v. OHIM*, para. 36, Judgments of 29 April 2004.

<sup>198</sup> C-104/01, *Libertel Groep BV v. Benelux-Merkenbureau*, para. 60, Judgment of 6 May 2003. (*Colour per se*).

<sup>199</sup> C-447/02 P, *KWS Saat AG v OHIM*, Judgment of 21 October 2004. (*Orange colour*).

<sup>200</sup> *Ibid.* paras 78-79.

<sup>201</sup> Antill and James (2004), p. 160.

<sup>202</sup> C-104/01, *Colour per se*, para. 54.

## 6.3 Acquired distinctiveness through use, Article 7(3) CTMR

### 6.3.1 General

Article 7(3) provides that paragraphs 1(b), (c) and (d) shall not apply if the trade mark has become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it. This article is derived from Article 6*quinquies* C.1 of the Paris Convention from 1883.<sup>203</sup> A consistent use may thus strengthen the trade marks character and accordingly relatively weak signs may acquire distinctiveness through use and obtain trade mark character which makes it possible to register and defend such signs as a CTM.<sup>204</sup>

According to Article 8.12 of the Guidelines, objection under paragraphs 1(b)-(d) may be overcome if the applicant can demonstrate that the trade mark has become distinctive in relation to the goods or services as a result of the use made of it. The burden of proof is on the applicant to make this claim and provide evidence in support to it. The evidence should show the place, time, extent and nature of the use and the evidence may be in form of documents and items such as packaging, labels, price lists, catalogues, invoices, photographs and advertisement. The same is true of opinion surveys.

The acquisition of distinctiveness must be achieved throughout the Community, even if it is only by means of advertising campaigns. If the absence of distinctiveness relates to a part of the Community only the evidence must be assessed in that context.<sup>205</sup>

### 6.3.2 Interpretation

In the *Windsurfing Chiemsee* case from 1999, when considering Article 3(3) TMD, equivalent to Article 7(3) CTMR, the ECJ held that the former constituted a major exception to the rules laid down in paragraphs 3(1)(b), (c) and (d) TMD, and highlighted that distinctive character acquired through use meant that the mark must serve to identify the product in respect of which registration was applied for, as originating from a particular undertaking, and thus to distinguish that product from the goods of other undertakings.<sup>206</sup> The Court added that in determining the distinctive character of a mark the national court had to make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services, for which it had been registered, as coming from a particular undertaking,

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<sup>203</sup> Article 6*quinquies* C.1 of the Paris Convention provides that in order to assess whether a mark can be protected, one should take into account all facts, "particularly the length of time the mark has been in use."

<sup>204</sup> van Kaam (1997), p. 179.

<sup>205</sup> Mollet-Viéville (1997), p. 198.

<sup>206</sup> C-108/97 and C-109/97, Joined cases, *Windsurfing Chiemsee*, paras 45-46.



and thus to distinguish those goods or services from those of other undertakings.<sup>207</sup>

In AG Jacobs' Opinion in *Baby-Dry* he considered the relationship between the definition of a trade mark in Article 4 CTMR and the grounds for refusal in Article 7. He noted that there is an overlap between the articles, with the former requiring a positive capacity and the latter dealing with incapacity, that is the same criteria are viewed from different angles, as positive requirements for registration and as negative grounds for refusal. Furthermore, Article 7(3) might save an otherwise indistinct mark if it could be shown to have become distinctive through use. Confusion arises from applying the two articles together instead of keeping them separate. If a sign does not conform with the definition in Article 4 it cannot be registered as a CTM. With regard to the overlap between Article 7(1)(a), which provides that signs which do not conform to the requirements of Article 4 shall not be registered, and Articles 7(1)(b) to (d), the AG said that this should just be accepted.<sup>208</sup> Then he went on by saying that in theory, since Article 7(3) relates only to Article 7(1)(b) to (d) and not to Article 7(1)(a), it might be thought necessary to differentiate between signs which are incapable of distinguishing and marks which are devoid of any distinctive character or composed entirely of descriptive elements. In practice, however, if acquired distinctiveness can be established then there must be an underlying capacity to distinguish.<sup>209</sup>

Concerning the evaluation of Article 7(3) it can be seen from the *BSS* case<sup>210</sup> from October 2004, that substantial evidence is required for proof of distinctiveness through use to be accepted. The CFI held that the Board of Appeal had been right in considering that the applicant had failed to show that the *BSS* mark had acquired distinctive character through use for the purposes of Article 7(3). The ECJ found that the CFI had correctly determined, when considering all evidence produced by the appellant and the intervener respectively, that the *BSS* mark had become customary for the target public concerned and that the use made of the mark had not been able to confer distinctive character on it.

## 6.4 Summary of developments

In respect to distinctiveness the CFI has confirmed that the distinctive character of a sign must be assessed in relation to the goods or services in question and the lack of distinctiveness can not be found merely because it is found that a sign was unimaginative. The fact that the words do not appear in dictionaries, either as one word or otherwise, does not in any way alter that finding.

In its later judgments the ECJ has focused on the essential function of a trade mark and its relation to Article 7(1)(b). Article 7(1)(b) is thus intended to preclude registration of trade marks which are devoid of distinctive

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<sup>207</sup> *Ibid.* para. 54.

<sup>208</sup> C-383/99, *Baby-Dry*, paras 61-70 of the Opinion.

<sup>209</sup> *Ibid.* para. 71. See also Kilbey (2002), p. 494.

<sup>210</sup> C-192/03 P, *Alcon Inc. v. OHIM*, Judgment of 5 October 2004, paras 15 and 31. (*BSS*).

character which alone renders them capable of fulfilling the essential function to guarantee the identity of the origin of the marked product to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin. The public interest underlying Article 7(1)(b) is manifestly indissociable from the essential function of a trade mark.

The criteria for assessing distinctiveness should be used when assessing trade marks consisting of advertising slogans but although the criteria are the same for the various categories of marks, it may be apparent, in applying those criteria, that the relevant public's perception is not necessarily the same for each category of marks. In that respect three-dimensional and colour marks should be given special attention.

Distinctiveness will always be subject to evaluation, taking many aspects into account. The fact that a sign is not descriptive does not automatically lead to the conclusion that it is to be considered distinctive unless the relevant public will perceive it as an indication of the commercial origin of the goods. As a practical example here is the term *Good Morning* for orange juice, but registrability of the term in Swedish, *God Morgon appelsinjuice med fruktött*, was decided by the Supreme Court in Norway in 2002.<sup>211</sup> This term can not be considered directly descriptive for orange juice, no more than for bread or all sorts of cereals commonly eaten for breakfast, but is it devoid of any distinctive character? The Supreme Court in Norway found that it was not, after it had e.g. referred to the practice of the CFI. It has been stated that the Court set the lowest possible level for distinctivity in Norwegian legal practice, and in that way gave a useful definition. At the same time it is a question if such a judgment of principle on interpretation of EU law will hold.<sup>212</sup> In comparison with the *Baby-Dry* case the main problem lies in the fact that the ECJ came to the conclusion that the term *Baby-Dry* was not descriptive but instead of assessing its distinctiveness independently it assimilated the two criteria with the result that interpretation of registrability for composite word marks became disrupted.

On the other hand regarding terms that are considered descriptive it has been stated that a term which might serve in trade to designate product characteristics would almost certainly be devoid of distinctive character, but in spite of that fact it should be preferable in the legislative context of the Regulation, neither to conflate the two criteria nor to view them as inherently interdependent. The ECJ has confirmed, when interpreting Article 3(1)(b), (c) and (d) TMD, equivalent to articles in the CTMR, that a word mark that is descriptive, from this fact, is necessarily devoid of distinctive character. A mark may none the less be devoid of distinctive character in relation to goods or services for reasons other than the fact that it may be descriptive.

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<sup>211</sup> Høyesteretts dom 11 April 2002, Staten v/ Nærings-og handelsdepartementet v. Jo-Bolaget Fruktprodukter HB. See also Stenvik, A., 'Fra norsk rettspraksis' 3 *NIR* (2002) pp. 313-323.

<sup>212</sup> Gundersen, A., 'Norsk varemerkerett i lys av EU-utviklingen' 1 *NIR*, (2005), p. 109.

# 7 Conclusions

## 7.1 The implications of *Baby-Dry*

### 7.1.1 General

Since the *Baby-Dry* Judgment has been the center of attention in my thesis, both the Judgment itself, including the extensive Opinion of AG Jacobs, and in comparison with other judgments, it is time to estimate if it can be put so strongly that the Judgment is after all a high-water mark for the school of thought which adopts a more liberal approach towards registrability of trade marks than was accepted or practiced before September 2001 or if it was just a storm in a teacup in the evolution of trade mark rights? Is it possible to establish that it did cause a significant change in the practice of the CTM system and within the Member States or is it only an example of an individual judgment making the CTM system more autonomous? There have been different opinions among scholars on which approach regarding registrability prevails, on the one hand a liberal or modern approach or on the other hand a conservative or monopolistic approach.

The Judgment in *Baby-Dry* was made when the CTM system, as an autonomous system, was still in its first years of development and it certainly was a milestone for many reasons. Discussion and writings are always an indication of which judgments are considered important or even crucial in its field, even if those judgments cannot be considered as steps forward or the reasoning is so vague that all sorts of interpretations are possible. The confusion is also included in inconsistent writing where scholars interpret the judgments differently, use different emphases, sometimes instead of looking at the judgment in question in a broader context. The *Baby-Dry* Judgment within the field of trade marks is one of those judgments and no matter what opinion one might have on the reasoning and findings in the Judgment it has undeniably resulted in development of the CTM system.

A valuable interpretation on articles in the Regulation can be found in the Opinion of AG Jacobs in *Baby-Dry*, that is regarding Article 4, on signs of which a CTM may consist, versus Article 7, on the absolute grounds for refusal, and Article 7 versus Article 12, on the limitation of the effects of a CTM, the use of a trade mark in accordance with honest practices. From my perspective the Opinion was a turning point and paved the way for the Judgment by adopting, in a sense, the applicant's reasoning of considering the monopolistic approach in protecting marks, which is attributed to countries like the UK and Germany, which traditionally excluded any descriptive elements as a matter of principle, unacceptable. It was striving against a more modern approach, such as France and the Benelux countries adhered to, which examined each case on its merits and only excluded signs which were exclusively descriptive in the light of the goods in question.<sup>213</sup>

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<sup>213</sup> C-383/99, *Baby-Dry*, para. 47 of the Opinion.

## 7.1.2 Suppliers and consumers

The *Baby-Dry* Judgment draws the attention to the concept of "the average consumer", whoever that may be. It also raised the question of the undertaking, the supplier in this case. Could it be true as AG Colomer stated in his Opinion in the *Arsenal* case that experience has taught us that, in most cases, the user is unaware of who produces the goods he consumes and therefore a trade mark acquires a life of its own, making a statement about quality, reputation and even, in certain cases, a way of seeing life?<sup>214</sup>

The undertaking in *Baby-Dry* and the trade mark applicant was the US Company Procter & Gamble and the goods or the diapers in question were *Pampers Baby-Dry*, which should be common to most parents of young children in Europe, as one of the biggest trade marks or brand<sup>215</sup> names for diapers on the market. For a parent as a consumer with respect to diapers it is impossible to go shopping and find *Baby-Dry* diapers. It was even stated in 2002 that the diapers were marketed throughout Europe as *Pampers Baby-Dry* only, not as *Baby-Dry* diapers.<sup>216</sup> Lexical invention or not, the average English-speaking parent looks for *Pampers* or another brand name and considers the style and size in accordance with the baby's age. *Pampers Baby-Dry* you find from the Procter & Gamble Company, which otherwise does probably not ring a bell for the average consumer.

According to the ECJ's precedents on the assessment of distinctiveness it must be recalled that the distinctive character of a sign must be assessed in relation to the goods or services in respect of which registration was applied for and the ECJ has focused on the essential function of a trade mark and its relation to Article 7(1)(b). On the other hand the interpretation of Article 7(1)(c) has taken into account the aim in the public interest to keep descriptive signs freely available for all.

In my opinion it is important here that the ECJ in *Baby-Dry* did not evaluate if the term was capable of distinguishing the goods, the diapers, of the undertaking, Procter & Gamble, from those of other undertakings, but according to Article 4 CTMR a trade mark shall be capable of distinguishing the goods or services of one undertaking from those of others. It has been stated that it seems like the Court focused on the fact that the goods and services could be distinguished but not the undertakings and therefore, if the origin function of a trade mark is taken into account in the sense that it refers to the producers of the goods or services in question, the Judgment of the ECJ can be considered wrong.<sup>217</sup> The trade mark should differentiate between the undertakings and not only the goods and services, because it is the name of the organisation taking responsibility for the quality of the goods or services that is, in fact, the main selling point.<sup>218</sup>

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<sup>214</sup> C-206/01, *Arsenal*, para. 46 of the Opinion.

<sup>215</sup> The term brand has been defined as having the meaning of "a product (or a class of products) including its trademark, its brand name, its reputation and the atmosphere built up around it." See Mollerup (2004), p. 56.

<sup>216</sup> Kilbey (2002), p. 495.

<sup>217</sup> *Ibid.* p. 496.

<sup>218</sup> *Ibid.* p. 496.

The ECJ put itself in the shoes of an English-speaking consumer and came to the conclusion that the mark was a "lexical invention bestowing distinctive power on the mark so formed"<sup>219</sup> and might thus not be refused registration under Article 7(1)(c). It has been confirmed in later judgments, when defining the average consumer, that when the goods and services are intended for all consumers, the relevant public must be deemed to be composed of the average consumer, reasonably well informed and reasonably observant and circumspect,<sup>220</sup> and if e.g. signs are composed of English words, the relevant public is English-speaking. In the shoes of an English-speaking consumer the ECJ concluded that even though the term *Baby-Dry* did unquestionably allude to the function which the goods are supposed to fulfil and each of the two words in the combination might form part of expressions used in every day speech to designate the function of babies' diapers, their "syntactically unusual juxtaposition" was not a familiar expression in the English language, either for designating babies' diapers or for describing their essential characteristics.<sup>221</sup>

In relation to *Baby-Dry* the diapers were not intended for all consumers and thus the relevant public is parents of a small children, whose most important target in life is to keep their babies dry and for practical reasons they are or at least ought to be critical of the quality of the product. An assessment of whether goods from Procter & Gamble could be confused with goods from other undertakings was not made in *Baby-Dry* and to state that the average English-speaking consumer could assume that *Baby-Dry* diapers, lexical invention or not, were *Pampers Baby-Dry* and thus the product of Procter & Gamble is asking too much. Theory ruled and the criteria for assessing descriptive and distinctive marks were assimilated and were therefore not clear.

It is also worth mentioning in this context that the difficulty of the average consumer of knowing what product he is buying can be great. OEM-agreements (Original Equipment Manufacturer) are e.g. used where a buyer is supplied with a product already available on the market, usually under a well-known brand name. Then the buyer will apply his own trade mark, like the *ICA* food store chain in Sweden, to this product when taking it to the market, sometimes in competition with the original product.<sup>222</sup> This is not for amateurs to discover, since most of the products are not labelled so it is impossible to see the origin of the product. And even sometimes, without the consumer noticing, the same product can be found, side by side, in a store under different brand names. Despite the fact that most average consumers only regard the price of the product it is insufficient for those who want to know the origin of the product and possibly want to pay a little more for quality.

For a parent as an average consumer buying diapers, one would like to know e.g. if the *ICA* diapers are *Pampers Baby-Dry* and thus from the

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<sup>219</sup> C-383/99 P, *Baby-Dry*, para. 44 of the Judgment.

<sup>220</sup> C-329/02 P, *Sat.2*, para. 24 of the Judgment.

<sup>221</sup> C-383/99, *Baby-Dry*, para. 43 of the Judgment.

<sup>222</sup> Lidgard, H.H., *Competition Classics, Material & cases on European Competition Law and Practices*, Part I, 2004/2005, Lund 2004, p. 226.

Procter & Gamble Company, or *Libero* diapers or diapers from yet another producer. The information of *Baby-Dry* for diapers does not say anything about the undertaking who produces them and refer only to a characteristic of use, but hardly quality, and thus an average parent consumer is unable to distinguish them from other goods or services from different undertakings, which is the criterion for the assessment of distinctive character of a sign. Therefore I must come to the conclusion that the level of distinctiveness in this case was so low that the mark in question should have been considered, regardless of descriptiveness, devoid of any distinctive character.

## 7.2 A liberal and a conservative approach towards registrability

### 7.2.1 A liberal or a modern approach

The liberal and conservative approaches are, in most writings and discussions, set out as opposite and often with the understanding that the liberal is a modern and the conservative is a restrictive monopolistic approach. But is it not oversimplifying to say that the former is positive and the latter is negative when it comes to registration of trade marks and is this just a question of which of the two approaches should prevail? What do the rules on the CTMR say and what has been the practice of the Member States for the last decades?

The *Baby-Dry* is held to be an example of a liberal approach and a turning point in that respect. The applicant, Procter & Gamble, articulated that simply because a sign was descriptive, it did not follow that it could not be distinctive of the goods of a particular undertaking, they supported the fair use defence and opposed the so-called monopolistic approach. In the AG's Opinion in *Baby-Dry* he seemed to share these views and he stated that the provision prohibiting descriptive trade marks intended not so much to prevent any monopolizing but rather to avoid registration of descriptive brand names for which no protection could be available.<sup>223</sup>

Did the Judgment in *Baby-Dry* cause a change in the practice? Is it possible to state this only four years after the ECJ gave its Judgment, taking into account later judgments that seem to have taken the steps backwards in interpreting registrability of descriptive marks? Has the lowered threshold for registration of semi-descriptive marks maybe been most striking for those who write and practice within this field and are looking for a consistent practice?

Even though it can be pronounced that applications to register CTMs have increased in the years 2002-2004 according to statistics from the OHIM<sup>224</sup> it is clear that the number of applications in the year 2000 were of the same magnitude as the last two years which shows that many other

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<sup>223</sup> C-383/99, *Baby-Dry*, para. 78 of the Opinion.

<sup>224</sup> OHIM's Annual Report 2004. Visited on 19 May 2005.

<http://oami.eu.int/en/office/diff/pdf/ar2004.pdf>

factors than one particular judgment of one type of trade mark influence the number of applications. One of these factors is the connection made on 1 October 2004 of the CTM system and the Madrid-Protocol of 27 June 1989,<sup>225</sup> concerning international registration of marks, which means that it is on the one hand possible to apply for a CTM through the Protocol and on the other hand that a CTM can be used as a basis for a international application according to the Protocol. This probably increased the number of applications for the year 2004 and will do so in the future. The influence on the interpretation in the Member States is another story according to the writings of scholars in the wake of *Baby-Dry* and the Judgment has certainly been referred to as a precedent in the Member States practice and has even caused changes in practice outside the EU. As a clear example the Judgment of the Norwegian Supreme Court in the *God Morgon* case can be recalled.

Later judgments from the ECJ and the CFI have mitigated the interpretation in *Baby-Dry* rather than supporting it and maybe a concession is around the corner but it is clear that people will always have different points of view on registrability of trade marks. In my view it should be looked at in a broader context and regarded as a necessary evolution of trade mark rights taking into account the development of the market and new emphases.

## 7.2.2 A conservative or a restrictive approach

Some of those who adhere to the monopolistic approach have the position that descriptive trade marks should not be registered or protected because of fears that the language would be monopolised by a few traders. The underlining idea of this approach is that the greater the right of the trade mark owner to prohibit any use whatsoever by a third party, the greater the tendency to exclude from the category of registrable marks any element which would be wrong to remove from the public domain. Consequently, it has been argued that the requirement for signs to be free of objection in respect to absolute grounds for refusal should be seen as the first line of protection for the legitimate interest of other traders and possible defences should only be considered at a later stage.<sup>226</sup>

According to AG Jacobs in *Baby-Dry* the line taken by the CFI had generally been in the context of a monopolistic approach to the trade mark rights. In the past at least it had been followed by the courts of many countries, including some Member States. However, that was not appropriate in the context of Article 12 CTMR, which precludes owners from prohibiting the use of indications of the kinds listed in Article 7(1)(c).

In the *Baby-Dry* Judgment the ECJ stated after referring to Articles 7 and 12 CTMR that the purpose of the prohibition of purely descriptive signs or indications as trade marks was to prevent registration of signs or indications which could not fulfil the function of identifying the undertaking that markets them and are thus devoid of the distinctive character for that

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<sup>225</sup> Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks. Visited on 19 May 2005.

[http://www.wipo.int/treaties/en/registration/madrid\\_protocol/index.html](http://www.wipo.int/treaties/en/registration/madrid_protocol/index.html)

<sup>226</sup> Pfeiffer (2002), p. 373.

function. And the Judgment has been understood in such a manner that the Court was emphasizing defences as a counterbalance.

In contrast with the alleged liberal approach in *Baby-Dry* AG Colomer has taken a more restrictive approach towards registrability in his Opinions in the *Companyline*, *Philips* and *Postkantoor* cases<sup>227</sup> with the focus on the public interest in free access to functional and descriptive signs. In the *Companyline* case he rejected the approach that the risk that certain traders might monopolize particular descriptive indications for themselves is mitigated by the limitations on the effects of the mark imposed by the defences in Article 12 CTMR. He stated that there was nothing in the Regulation that suggested that the task of assessing a mark's descriptiveness from the time of registration to the responsibility of the Court for ensuring that the rights conferred by the mark are exercised, secured the fair use defence and he even stated that in the case of a dispute where Article 12 would be relied on there would be no doubt that the trade mark proprietor would always enjoy an advantage.<sup>228</sup> He also pointed out that the long list of obstacles to registration in the EC legislation, and the extensive systems of appeals available in the event of a refusal to register, suggest that examination for the purposes of registration is intended to be more than summary in nature,<sup>229</sup> but the CTMR and the TMD set out complex tests to establish the registrability of a mark.

This is a case of two schools of thought crossing swords but it has to be admitted that the influence of the *Baby-Dry* Judgment was temporary since conflicting judgments have been passed since and the interpretation in the Judgment has been degraded. The long term effect is that the viewpoints of the Member States, which have a stake in this, have been contested. These two AGs are truly representatives for these schools and therefore the advice to the ECJ in the field of trade marks is inhomogeneous. However, it remains to be seen if the interpretation of composite word marks will be settled.

## 7.3 Final remarks

In order to summarize if there is an overlap between subparagraphs 1(b) and (c) in Article 7 CTMR or if they are independent and should be interpreted and applied separately the following should be taken into account:

If a term is descriptive it should be enough to apply only Article 7(1)(c). But the precedents show that if a mark has been considered descriptive and on that finding the interpretation of Article 7(1)(b) has been based, then later, if the mark is not considered descriptive under appeal, the interpretation of Article 7(1)(b) is based on that error. The ECJ has confirmed while interpreting Article 3(1)(c) TMD, equivalent to Article 7(1)(c) CTMR, that there exists a clear overlap between Articles 3(1)(b), (c) and (d) TMD even if each of these grounds for refusal must be examined

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<sup>227</sup> C-104/00, *Companyline*, para. 36 of the Opinion, C-299/99, *Philips*, para. 31 of the Opinion and C-363/99, *Postkantoor*, para. 73 of the Opinion. See also Antill and James (2004), p. 158.

<sup>228</sup> C-104/00, *Companyline*, para. 86 of the Opinion.

<sup>229</sup> *Ibid.* para. 85.



separately. A word mark that is descriptive is, from this fact, necessarily devoid of distinctive character.

If a term is not considered descriptive according to Article 7(1)(c) it can nevertheless be considered devoid of any distinctive character and Article 7(1)(b) applies, since the fact that a sign is not descriptive does not automatically mean that it is distinctive.

If the descriptiveness is not considered and the conclusion is only based on Article 7(1)(b), that article can stand alone according to settled case-law entailing that there is an overlap between the subparagraphs but they are independent and it is enough that one of the absolute grounds applies. But under appeal of the decision or judgment it is always possible that the court in question would reach another conclusion, that is that a mark which was not evaluated from the perspective that it could be descriptive is considered as such and Article 7(1)(c) should apply. Then the decision or the judgment could be annulled.

It has been confirmed that the criteria for assessing descriptive marks seem to rely on the argument that it pursues the public interest aim of ensuring that descriptive signs can be freely used by all but when interpreting Article 7(1)(b), on the other hand, the ECJ has focused exclusively on the sign's ability to function as a trade mark. Based on this it is logical to assess these two subparagraphs independently. Taking this into account it is hard to accept the reasoning in the *Baby-Dry* Judgment where the subparagraphs were not evaluated independently, but rather the ECJ assimilated those criteria in the Judgment.

Should it thus be clear for the OHIM's examiner and the Boards of Appeal which criteria are to be used in assessing the two subparagraphs in Article 7? There has certainly been a development towards clarity but it cannot be overlooked that in the *Whitening Multi-Action* decision,<sup>230</sup> from June 2004, the OHIM's Board of Appeal stated that the case-law of the ECJ and the CFI and the decisions of the Boards of Appeal prove one thing above all, that trade mark examination is not as simple and straightforward as might sometimes be thought. Then the Board presented four different tests where the criteria still seem to be mingled. The first test concerned what impression the sign would make on a typical consumer of the goods, the second what effect would the granting of exclusive rights to the sign to the applicant have on other traders, the third if the sign, even if it consists essentially of the nature of the goods or services, nonetheless contain something that elevates it above the level of the purely descriptive, allowing it to impress itself on the consciousness of consumers as a badge of origin and finally even if each of the elements of the sign fails the above tests, do those elements, in combination, merit protection because there is something unusual, striking or fanciful about the way they are combined.<sup>231</sup> And further the Board stated that these tests could not be applied mechanically.<sup>232</sup> This has certainly not lead to the result that the

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<sup>230</sup> Decison R-118/2003-2 of 22 June 2004, *Whitening Multi-Action*. See also Simon (2005), p. 72.

<sup>231</sup> *Ibid.* para. 11.

<sup>232</sup> *Ibid.* para. 12.

disagreement on interpretation of the subparagraphs can be considered settled.

Even though the OHIM's practice is independent of the national practice and the CTM system is supposed to be an autonomous system it cannot be overlooked that there is a tradition of decades of interpretation of comparable provisions as in Articles 7(1)(b) and (c) CTMR, derived from the Paris Convention, in the Trade Mark Acts of the Member States. It is therefore mystifying why the practice is not more stable and why there is not more consistency between different stages of appeal almost 10 years after the CTM registration was started in April 1996. One of the most important factors is ambiguity at the top level as *Baby-Dry* is a clear example of and therefore that Judgment, with all its pros and cons, can be considered as two steps forwards and one step backwards in the evolution of the CTM system.

My conclusion is, concerning word marks and composite word marks, that since the reasoning for each of the grounds examined in this thesis is based on different criteria it would be natural to apply them separately, starting by assessing if the mark is descriptive and then, regardless of descriptiveness, evaluate if the mark is devoid of any distinctive character.

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