

TRADEMARK LAW SEMINAR

LIMITATION OF TRADEMARK RIGHTS

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EUTMR 2017/1001, Art. 14

Limitation of the effects of an EU trademark

1. An EU trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade:
 - **(a)** the **name** or address of the third party, where that third party is a natural person;
 - **(b)** signs or indications which are **not distinctive** or which concern the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of the goods or services;
 - **(c)** **the EU trade mark** for the purpose of identifying or **referring to goods or services as those of the proprietor of that trade mark**, in particular, where the use of that trade mark is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts.
2. Paragraph 1 shall only apply where the use made by the third party is in accordance with **honest practices** in industrial or commercial matters.

- Art. 14 applies only to **civil, infringement proceedings**; not in Opposition proceedings.
- **Par. 1.a:** A third party is allowed to use **his own name**, even if it is the registered trademark of someone else.
- **Par. 1.b:** A third party is allowed to use **indistinctive or descriptive elements** that are part of a registered trademark of someone else **to refer to the goods traded by the third party (INDICATIVE USE)**.
- **Par. 1.c:** A third party is allowed to use **the trademark of someone else as such**, in order **to refer to the goods traded by the trademark owner. (REFERENTIAL USE)**.
- Par. 2: In all cases compliance with **“honest practices”** is required.
- Par. 2 (honest practices) can be associated to the concept of **“due cause”** in dilution (Art. 9.2.c).

EUTMR 2017/1001, Recital 21

The exclusive rights conferred by an EU trade mark should not entitle the proprietor to prohibit the use of signs or indications by third parties which are used fairly and thus in accordance with honest practices in industrial and commercial matters. In order to ensure equal conditions for trade names and EU trade marks in the event of conflicts, given that trade names are regularly granted unrestricted protection against later trademarks, such use should be **only considered to include the use of the personal name** of the third party. It should further **permit the use of descriptive or non-distinctive signs** or indications in general. Furthermore, the proprietor should not be entitled to prevent the fair and honest use of the EU trade mark **for the purpose of identifying or referring to the goods or services as those of the proprietor**. Use of a trade mark by third parties to draw the consumer's attention to the **resale of genuine goods that were originally sold by or with the consent of the proprietor** of the EU trade mark in the Union should be considered as being fair as long as it is at the same time in accordance with honest practices in industrial and commercial matters. Use of a trade mark by third parties for the purpose of **artistic expression** should be considered as being fair as long as it is at the same time in accordance with honest practices in industrial and commercial matters. Furthermore, this Regulation should be applied in a way that ensures full respect for fundamental rights and freedoms, and in particular the **freedom of expression**.

FREEDOM OF EXPRESSION IN TRADEMARK LAW

- ABSOLUTE GROUNDS

Trademarks that are contrary to public policy or principles of **morality** cannot be registered. Freedom of expression is an argument to overcome this obstacle.

See the CJEU judgement, C-240/18, FUCK JU GOEHTE.

- INFRINGEMENT PROCEEDINGS

Freedom of expression is an argument for the limitation of trademark rights. Although not explicitly mentioned in Art. 14, however, it is explicitly mentioned in Recital 21.

BMW 1999 (CJEU, C-63/97)

USING A THIRD PARTY'S TRADEMARKS IN ADVERTISING

- Another's trademark may be legitimately used under art. 14.1, in order **to indicate the intended purpose of a product or service**, provided such use is in accordance with honest practices; such a restriction of the trademark rights granted is necessary to strike a fair balance with free competition.
- Trademark rights cannot be invoked **to prevent the advertising by third parties of lawfully marketed products / services**, unless the **type of the advertisement seriously damages the reputation of the trademark** (see also **Dior / Evora, C-337/95** and **Copad / Dior, C-59/08**).
- Resellers can legitimately use the manufacturer's trademark to advertise that they are offering for sale the **respective** products, provided **the type of advertisement is customary for the respective products** and does not negatively affect the image and reputation of the trademark (see also Dior / Evora and Copad / Dior)

GERRI / KERRY, 2004 (GJEU C-100/02)

- **Earlier trademark and geographical term [NO L/C]**
- **Limitation of trademark rights**

Facts: Gerri was a registered trademark for waters. Kerry is a geographical term situated in Ireland. Someone was trading soft drinks under the mark Kerry. Such drinks were produced in Kerry Ireland with water from the Kerry spring.

- No L/C although there was aural similarity.
- The use of Kerry was in accordance with honest practices.
- Use of another's trademark may be legitimate if it is in accordance with honest practices.
- The mere fact that such use causes a likelihood of confusion does not mean that it is not in accordance with honest practices.

HOELTERHOFF V. FREIESLEBEN - SPIRIT SUN – CONTEXT CUT, 2002, CJEU C-2/00

(Art 7.3. case)

- The rights granted under art. 7.3 are destined to protect the functions of the trademark; if trademark functions are not frustrated there is no infringement (like OPEL, ARSENAL)

Facts: the registered trademarks SPIRIT SUN and CONTEXT CUT were used by a third party without authorization to describe the method of production and treatment of diamonds; such use was made in the context of negotiations and in order to describe the characteristics of the products to a professional jeweler.

- Such use did not establish an infringement, because it was not use as an indication of origin.
- It is not any use that qualifies as an infringement.
- This case interpreted art. 9.2, but it could have been deal under 14.1 as well.
- Note that this is another “**Double Identity**” case, where infringement was not found and in effect likelihood of confusion was required (see also **OPEL**).

GILLETTE v. LA Laboratories, 2005, CJEU, C-228/03

• **Referential use - Honest practices**

Facts: LA Laboratories manufactured blades for razors. In the packaging it states that its blades were compatible with Gillette handles. So, this was a case of spare parts and accessories.

- The following uses are not according to honest practices:
 - A use that gives the impression that there are commercial links
 - A use that results to unfair advantage from reputation or distinctiveness
 - A use which is detrimental to the reputation of the trademark
 - A use that presents a product as an imitation or a replica of another.
- The fact the LA Laboratories was manufacturing not only spare parts (blades), but also the product itself (i.e., their own handles with blades) does not by itself render the use not in accordance with honest practices.
- The use in question must be the only means to provide the necessary information; one should consider whether reference to technical specification would suffice.

LOENDERSLOOT v. BALLANTINE, 1997, CJEU, C-349/95

Facts: Parallel imports of Ballantine whisky, where the parallel importer removed product identification codes.

- The Court reasoned that if identification codes were used by the manufacturer to control the circulation of the goods and to prevent sales to parallel importers, then this was an illegitimate partitioning of markets practice; however, if identification codes were used to control defective goods, then such use was legitimate.
- So, a trademark owner may legitimately prevent removing and reaffixing a trademark, unless this results to partitioning of markets.

COMPANY NAMES

Conflicts among trademarks and company names are sometimes dealt with under Art. 14.1, that is, trademark rights are restricted to allow another part to use the same mark as a company name. However, note that after the last legislative revision of Reg. 2017/1001, Art. 14.1 was deduced to personal names only and not corporate names.

CELINE SARL V. CELINE SA, 2007, CJEU, C-17/06

- *Company names*
- *Use of an earlier trademark as a company name is “use in the course of trade”*
- *Limitation of rights as per art. 14.1 may apply.*

BADWEISER (Anheuser Busch), 2004, CJEU, C-245/02

- ***Art. 14.1 may apply to trademarks – company names conflicts***
- 1. Trademark rights are granted to provide protection against frustration of the trademark functions; if a trademark function is not frustrated there is no infringement (like OPEL, ARSENAL, HOELTERHOFF)
- 2. Use of another's trademark as a trade name (company name) may qualify as fair use, if it is in accordance with honest practices (see Art. 6.1).
- 3. Whether there is such a restriction of trademark rights is determined on the basis of an overall assessment taking into account all factors relevant to each case; such factors include among others:
 - - whether the relevant public would believe that there is a link with the trademark owner,
 - - whether there is an unfair advantage gained by the third party,
 - - whether the third party knew or should have known that there will be some unfair advantage.