THE LIKELIHOOD OF ASSOCIATION OF TRADE MARKS: AN ASSESSMENT IN THE LIGHT OF THE RECENT CASE LAW OF THE COURT OF JUSTICE [1]

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SUMMARY: Introduction; I. Benelux Law; II. The Trade Mark Directive; III. The function of a trade mark; IV. Sabel v Puma; V. Where does it all lead us?

Introduction

The Trade Mark Directive introduced the concept of «likelihood of association» into trade mark law in the areas of infringement and relative grounds of invalidity. The origins of this concept can be traced back to Benelux Trade Mark Law [2]. Much of the confusion surrounding the concept has been caused by the fact that too many commentators have focused on the facts of a few spectacular cases, rather than on the theoretical foundations of the concept. Starting from these foundations this article is an attempt to re-assess the situation in the light of the decision of the Court of Justice in Sabel v Puma [3] and certain elements of other judgments.

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[2] I would like to thank Judge Jan J. Brinkhof for his helpful comments and suggestions concerning this part of the article.

[3] Case C-251/95, [1998] 1 C.M.L.R. 445.

I. Benelux Law

The concept of association

The Uniform Benelux Trade Mark Law did away with the concept of confusion, as a prerequisite for infringement. Its Article 13A (1) and (2) does not contain any reference to such a prerequisite. Instead it distinguishes between two types of infringement. The most obvious type of trade mark infringement arises when the mark, or a similar mark, is used in relation to goods (or services) in relation to which the mark has been registered, or in relation to similar goods. Article 13A (1) is based on the presumption that in such a situation, which involves use in relation to identical or similar goods or services, every use [4] of the mark or of a similar mark will cause damage to the rightholder. According to Article 13A (2) of the Uniform Benelux Trade Mark Law that presumption is no longer applicable if the use of an identical or similar mark is not in relation to identical or similar goods [5]. This second type of infringement requires that the rightholder proves the likelihood of damage [6]. as a result of the allegedly infringing use. On top of that the allegedly infringing use must be use without good reason in an economic context. Identical marks do not give rise to problems, but how does one decide whether or not a mark is similar to the registered trade mark without relying on the concept of confusion?

The similarity test is based on the concept of association [7]. What is being assessed in an objective way, is whether the mark sounds or looks similar to the registered mark or whether the ideas underlying the mark and the registered mark are similar. This similarity must be

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[4] See the *Jacobs Coffee* decision of the Benelux Court of Justice, [1982] BIE 227.

[5] See the *Tanderil* decision (*Nijs v Ciba-Geigy*) of the Benelux Court of Justice, [1984-1985] R.W. 527.

[6] There is no need to show real damage, the rightholder can act before damage occurs in practice. See the Superox decision of the Benelux Court of Justice, [1982-1983] R.W. 2059.

[7] See the *Union-Soleure* (*Jullien v Verschuere*) decision of the Benelux Court of Justice, [1984] BIE 137, [1983-1984] R.W. 153.

such that a person who knows the registered marks links the mark with the registered mark when he is confronted with it. Associations between the mark and the registered mark are created in his mind [8].

These associations are by no means limited to the origin of the product or service. There is no need to show that the public will assume that both products or services originate from the same source. It is sufficient that due to the associations the new mark sounds instantly familiar to the client [9]. In that sense an infringement will take place when the goodwill that is associated with the registered is borrowed without apparent justification [10].

As part of this assessment the inherent distinctive character of the trade mark, the fact whether or not the registered mark is well known (the strength of the mark) and the particular circumstances of the case are taken into account [11]. A stronger mark will more easily give rise to cases of association than a weak mark [12].

The effects of the concept

Confusion is narrowly linked to the origin function of the trade mark. If one sees the function of a trade mark primarily or exclusively as an indication of the origin of the goods or services to which it is applied, any confusion that arises in the mind of the consumer must be an indication of trade mark infringement. If the consumer buys a similar product that is labelled with the allegedly infringing mark when he sets out to buy the original product, labelled with the registered trade mark, he must be confused in relation to the origin of the infringing product.

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[8] Martens, [1971] BIE 198, at 202-203.
[9] Ibid, at 203.
[10] Bodenhausen [1960] BIE 15.
[11] See the Lux decision (*Lever v International Metals*) of the Benelux Court of Justice, [1985] N.J. 770.
[12] See the *Wrigley v Benzon* decision of the Benelux Court of Justice, [1982-1983] R.W. 1299.

The Uniform Benelux Trade Mark Law was drafted on the assumption that trade marks were no longer exclusively indications of origin[13]. It was accepted that trade marks had acquired other functions and that in certain cases where they are used as a separate commodity, they do no longer indicate the origin of the product. For example, there is no suggestion that every product, such as a T-shirt, that is labelled with the Coca-Cola trade mark originates from the Coca-Cola Company. The goodwill that is associated with the mark becomes the essential element in this new commercial reality. People will buy a product because it is backed up by the mark and the goodwill that is associated with it [14]. They rely on the association between the product and the goodwill that exists in the trade mark.

The concept of association fits in with this development. It is wider in scope than confusion and it is accepted that harm may be done to the goodwill that is associated with the trade mark even in situations where there is no confusion. If the public associates a new mark which is used in relation to goods or services of a dubious quality with an existing registered trade mark the goodwill of the registered mark will be affected negatively[15]. The fact that the distinctive character of the mark is affected negatively by breaching its exclusivity through the use of a similar mark for other goods, where this similar mark creates associations with the original mark, dilutes the mark. The existing goodwill will somehow have to be shared between the new and the original mark. This has a negative impact on the original mark. Of course, cases of confusion will still amount to infringement. The association has then become so strong that it misleads the consumer in relation to the origin of the product or the service.

Clear examples

The Union-Soleure decision of the Benelux Court of Justice [16] deals with a case where the two marks include the prefix «Union».

[13] See Gielen, "Harmonisation of Trade mark Law in Europe: The First Trade Mark Harmonisation Directive of the European Council", [1992] 8 EIPR 262 at 264.
[14] See the Jacobs Coffee decision of the Benelux Court of Justice, [1982] BIE 227.
[15] See the annotations of the Lux decision of the Benelux Court of Justice by LWH, [1985] N.J. 770.
[16] Jullien v Verschuere, [1983-1984] R.W. 153, [1984] BIE 137.

The prefix is followed by another word. The plaintiff owned various trade marks which all included the prefix «Union». He also owned the mark «Union». The defendant used the mark «Union Soleure». The Court ruled that similarity could be demonstrated in this case, even if it was clear that there was no confusion between the two marks. It was sufficient that associations between the two marks would be created. The two marks must be looked at in their entirety when examining these associations [17] and the examination takes the particular circumstances of each case into account. This case shows clearly that association goes further than confusion.

Just how far the concept of association goes is shown by the Claeryn decision of the Benelux Court of Justice [18]. It should be mentioned as a preliminary point that this was a decision under Article 13A (2) of the Uniform Benelux Trade Mark Law. Similarity between the two products was therefore not required. When the owners of the «Claeryn» trade mark for gin objected to the use of the «Klarein» for a cleaning product, they had to demonstrate that the «Klarein» mark would be associated with the «Clarein» mark and that they were likely to suffer damage as a result of that association. They needed to show that their goodwill would be affected negatively. It is important in this respect to point out that both marks sound identical when pronounced in Dutch and that they are both invented words based on the same idea. Both the gin and the cleaning-product producers thought it would be a good idea to combine the words «klaar» (clear) and «rein» (clean) to highlight the positive aspects of their products, although in the case of the gin there is also the reference to the Dutch word «klare» (clear, transparent) that is often used as a synonym for gin.

[17] See also two judgments of the Belgian Cour de Cassation-Hof van Cassatie (Supreme Court), judgment of 21st January 1988, [1988-1989] R.W. 120 and judgment of 29th September 1988, [1988-1989] R.W. 849.

[18] *Claeryn/Klarein*, [1974-1975] R.W. 2059.

The decision makes it clear that an association leading to infringement will exist if the damage that occurs is found in the diminished attractiveness of the original product due to the new use of the similar mark that creates repulsive connotations [19]. In general terms, every reminiscence that lowers the desire to buy the original product will be caught under Article 13A (2). The consumer is likely to buy fewer bottles of Claeryn gin if each time he sees the mark the cleaning product comes to mind. The Court also accepted that the use of a similar mark would give rise to a certain loss of exclusivity. Dilution of the mark would follow if the public would not immediately and exclusively link the mark to the original product. This fact can only lead to infringement through association if the original mark is fairly well-known and if the mark has a high level of inherent distinctiveness.

Another element is generally ignored in relation to the latter point. The alleged infringer will escape liability if he is able to demonstrate that he has a valid reason to use the similar mark. However, the Court made it clear that a reasonable interest, such as for example the combination of the words clear and clean for use in relation to a cleaning product in Claeryn or the use of «LUX-Talc» for a product made by a Luxembourg based company in Lux, does not amount to a valid reason. The Court requires that the alleged infringer is under a reasonable necessity to use the mark. A situation in which the alleged infringer could de facto not participate in economic life without using the similar mark would clearly meet that requirement. Original marks with a high degree of inherent distinctiveness will get stronger protection than fairly descriptive marks in this respect, as it will be much easier to demonstrate the relative necessity to use the latter marks.

Reform

The above discussion of Benelux law remains particularly relevant, because no major changes have been put in place as a result of

[19] The case was primarily concerned with the concept of damage in the old version of Article 13A(2) of the Benelux Trade Marks Act.

the implementation of the Trade Mark Directive [20]. The Protocol which amended the Benelux Trade Mark Law in the light of the Directive, which was signed on 2nd December 1992 and entered into force on 1st January 1996, did not introduce a requirement of confusion. The association criterion was retained and a reputation requirement was added for use in relation to dissimilar goods or services. Whilst the Directive will be discussed below, it may be worth while to refer here to the precise wording of the most recent version of Article 13A(1) of the Benelux Trade Mark Law:

«Regardless of the application of the general law concerning responsibility on the basis of tort, on the basis of his exclusive right the trade mark owner may oppose against:

(a) any use of the mark, in the course of trade, in relation to goods for which the mark is registered;

(b) any use of the mark, in the course of trade, of the mark or a similar sign in relation to goods for which the mark is registered or for similar goods, if this could lead to the possibility that the public associates the sign with the mark;

(c) any use, without due cause in the course of trade, where the mark or a similar sign has a reputation in the Benelux, in relation to goods, dissimilar to those for which the mark is registered, if this use can lead to the taking of unfair advantage of, or detriment to the distinctive character or repute of the mark;

(d) any use, other than for the purpose of distinguishing goods, without due cause in the course of trade, of a mark or a similar sign, if this use can lead to the taking of unfair advantage of, or detriment to the distinctive character or repute of the mark.»

Paragraphs (b) and (c) are particularly relevant for our present purposes.

[20] First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks [1989] OJ L 40/1.

II. The Trade Mark Directive

It serves no purpose to ask the abstract question whether or not the Directive copied the Benelux approach. One should rather start from the provisions of the Directive and return to the influence of Benelux law when the provisions of the Directive are not clear and need to be interpreted.

The structure of Article 5 of the Directive makes it clear that the article is to be divided into two parts. Article 5(1) contains the mandatory provisions, whilst Article 5(2) adds an optional element [21].

It is submitted that Article 5(1) will only allow an infringement action to succeed if confusion can be shown. The wording of the Article leads to that conclusion because it stipulates that the proprietor of a trade mark has the right to prevent all third parties that have not obtained his consent from using in the course of trade:

5(1)(a) «any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered»;

5(1)(b) «any sign where, because of its identity with, or similarity to the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark».

The word confusion does not appear in the first paragraph of this provision, but it is plainly obvious that the public will inevitably be confused when it is presented with an identical mark on goods or services of the same type. For example the public will not be able to distinguish between a hairdryer labelled with trade mark X and a slightly different hairdryer labelled with a sign that is identical to trade mark

[21] See Gielen, n 12 above, at 266-267.

X. Confusion inevitably reigns in the situation described in the first paragraph. It was not necessary to spell that out in the provision itself.

The second paragraph is even clearer in this respect. A likelihood of confusion on the part of the public is introduced as a necessary requirement in the situation where the trade mark is allegedly infringed by the use of an identical or a similar sign in relation to identical or similar goods or services. An action for trade mark infringement will, in these circumstances, only be successful if there is a likelihood of confusion. This requirement also applies to the situation where there is only a likelihood of association between the sign and the trade mark. Otherwise this latter possibility cannot be included in the likelihood of confusion, as is stipulated by the wording of the provision. It follows that the concept of likelihood of association needs to be defined accordingly and needs to include the element of confusion.

Article 5(2) applies to an entirely different situation. This situation involves trade mark infringement in relation to goods or services that are not even similar to those for which the trade mark is registered. The use of a sign that is identical or similar to the registered trade mark can infringe the trade mark if certain requirements are met. First, the trade mark needs to have a reputation in the country for which it is registered. Second, the use of the sign should be without due course. Third, the use of the sign takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark. In this situation no confusion or likelihood of confusion is required. The wording of the Article is clear on this point:

«Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where the use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark».

Here the influence of Article 13A(2) of the Benelux Trade Mark Act becomes apparent. Cases such as Claeryn/Klarein are good examples of this situation. It should indeed be recalled that, whilst consumer confusion was no requirement in that case, the existence of a reputation in the trade mark was a necessary requirement. Dilution of the mark and taking unfair advantage of the mark without a good reason are equally concepts that featured prominently in that situation in similar Benelux cases. Article 5(2), just as Article 13A(2) of the Benelux Trade Mark Act, does not require confusion as such.

It is on the other hand clear that Article 5(1) cannot be interpreted with Article 5(2) in mind [22]. The wording of Article 5(1) clearly requires confusion and cannot be said to be a mere copy of the provisions of the Benelux Trade Mark Act [23]. That leaves us with the fundamental question of how to define confusion through the likelihood of association. Can the Benelux case law assist us in these cases too, even if the requirement of confusion needs to be added? It is submitted that no straightforward answer can be given to this question before addressing the issue of the function of a trade mark. Can one still assume that it is obvious that the function of a trade mark is simply to indicate the origin of the product or the service [24]? And can one still derive therefrom that the consumer's confusion must necessarily relate to the origin [25] (i.e. the sole function of the trade mark) of the product or the service [26]? Maybe the crucial issue is found here. Maybe whilst the restraining confusion requirement is still in operation, it applies no longer solely to the origin of the product or service [27]. This discussion will eventually

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[22] See Prescott, *«Think Before You Waga Finger»*, [1996] 6 EIPR 317 at 319-320.

[23] For a different opinion see Gielen, n 12 above, at 266-267 and Kamperman Sanders, *«Some Frequently Asked Questions About The 1994 UK Trade Marks Act»*, [1995] 2 EIPR 67 at 69-72.

[24] It is clear though that one should not readily assume that all functions of a trade marks need to be protected by trade mark law.

[25] i.e. that a certain product originates from a certain producers or manufacturer or that a certain service originates from a certain service provider.

[26] For a positive answer see the opinion of Advocate General Jacobs in Case C-251/95 *Sabel BV v Puma AG Rudolf Dassler Sport*, [1998] 1 C.M.L.R. 445. In needs to by mentioned that the court did not repeat this link expressis verbis in its judgment.

[27] Contra: Laddie J. judgment in *Wagamama Ltd. v City Centre Restaurants Plc and Another* [1995] FSR 713.

lead us back to the Benelux Trade Marks Act, since is was exactly the fact that trade marks were no longer seen as mere indications of origin that led to the replacement of the confusion requirement in that act.

III. The function of a trade mark

A theoretical approach

It is not to be doubted that trade marks were introduced historically to identify the origin of a product and to distinguish the products of one producer from the identical or similar products of another company. The seals found on Roman pottery illustrate this point [28]. However, for more than forty years now trade mark experts have argued that trade marks have moved away from this historical starting point and function. In 1956 already Prof. Bodenhausen, a former Director General of WIPO, argued that:

«Today, while the trade mark remains a means of identifying a product as regards its origin, it is also much more. Because it can be used not only on the product itself, but also in an immense volume of publicity, the trade mark has acquired a function in, and via, this publicity. By means of it, the mark can be kept continually before the minds of the public, thereby acquiring a goodwill which may partly be independent of the quality of the product (which, by the way, in itself is not an unqualified advantage!). Moreover, as trade marks are now used mainly for products of consistent quality, the public sees in the mark also a guarantee of his standard quality.»

It is submitted that the indication of the origin of the product or service is still the primary function of a trade mark [30]. However, modern commercial practice has moved away from the concept of

[28] See J. Holyoak and P. Torremans, *Intellectual Property Law*, Butterworths (1995), at 293-294.
[29] [1956] Bijblad bij de Industriële Eigendom (BIE) 69.
[30] See in an EU context e.g. Case 119/75 Terrapin v Terranova [1976] ECR 1039, [1976] 2 CMLR 482 and Case 102/77 *Hoffmann-La Roche v Centrafarm* [1978] ECR 1139, [1978] 3 CMLR 217.

one manufacturer and one mark in a situation were every manufacturer produced its own products. Licensing, franchising and outsourcing have changed the picture radically. The trade mark does no longer guarantee that the same person manufactures everything that is labelled with the mark. On the other hand, the trade mark is now an indicator of a certain level of quality, which also comes at a certain price. The consumer of branded goods and services is able to use the trade mark as a means of identifying goods or services of which he knows he can expect that certain level of quality. The trade mark enables and facilitates the choice of the consumer. This link between the trade mark and an identifiable level of quality enables the producer and the trade mark owner to create a certain level of consumer goodwill in the mark. This goodwill gives the mark its modern commercial value. As a result of this producers and retailers can advertise their products and services efficiently through the use of the trade mark and this activity will in turn strengthen the existing level of goodwill. The trade mark functions as a means of identification and communication [31].

This leads to the conclusion that the function of a trade mark has at least three aspects. These are the identification of origin, the creation and the protection of commercial goodwill and the enabling of consumers to expect a certain level of quality. One could argue that all this is really only an extended version of the origin function of the trade mark, since every use of the trade mark needs to have some link with the original producer and trade mark owner, eventually via licensing or via franchising, if the trade mark is to perform its role properly and if it is to keep its commercial value. It is submitted that this stretches the concept of origin too far and makes it too vague. In reality the trade mark now has multiple functions. The link with the function of origin explains though why the function of indication of origin must remain the primary function of the trade mark.

[31] See Gielen, n 12 above, at 264.

Has the change already been included into trade mark legislation?

The next issue which is to be addressed is whether the view that trade marks have multiple functions has been incorporated into trade mark law. Under English law the starting point in the old Trade Marks Act 1938 is clear. Confusion was necessarily confusion as to the source or origin of the goods or services bearing the allegedly infringing mark. The case law in relation to Section 4(1) left no doubt in that respect [32]. Did the Trade Marks Act 1994 depart from that position? Section 10 does not include the word «origin». Whether or not this is significant needs to be examined in the light of the Directive which the Act is supposed to implement. Article 5 of the Directive does not include the term «origin» either, but a more detailed analysis of the Directive is revealing [33]. The preamble of the Directive specifies at paragraph 10 that a registered trade mark has «in particular» the function to guarantee the origin of the labelled product or service. There must therefore also be other functions of a trade mark which the legal system put in place by the Directive protects. Otherwise the terms «in particular» is devoid of any meaning. This confirmation that a trade mark has more than one function is not contradicted by any other provision of the Directive. Article 4 on the refusal to register a mark uses wording that is similar to that of Article 5 on infringement and that wording does once again not include the restriction that the confusion of the consumer has to be in relation to the origin of the product or the service.

The extension of the function of trade marks is also obvious in the recent case law of the Court of Justice. The Court has explicitly recognised, in the context of Articles 30-36 of the Treaty [34] and their equivalent in Article 7 of the Trade Mark Directive, that a trade mark

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[32] See the discussion in *Wagamama Ltd v City Centre Restaurants Plc and Another* [1995] FSR 713 at 720-721.

[33] See the conclusion of Advocate General Jacobs in *Sabel BV v Puma AG Rudolf Dassler Sport*, Case C-251/95 [1998] 1 C.M.L.R. 445, at paragraphs 16 to 30.

[34] See e.g. Case 102/77 *Hoffmann-La Roche v Centrafarm* [1977] ECR 1139.

can essentially be used to protect the goodwill of the trade mark owner and that the identification of products or services of a certain quality by the consumer has to be safeguarded. These two functions of trade marks have been protected by the court on various occasions. National trade mark law, as harmonised by the Directive, is allowed and supposed to protect these functions, because in the view of the Court they form the essence of any trade mark right. Two recent examples illustrate this clearly. In Bristol Myers-Squibb [35] the Court specifically authorised the trade mark owner to object on the basis of its trade mark rights against any defective way of repackaging its pharmaceutical products. The Court accepted that a low quality container or box could damage the reputation and goodwill of the trade mark owner. This has nothing to do with the protection of the function of origin. The confusion that could be created would not relate to the origin of the product, since the other requirements that were imposed by the Court guaranteed that the original producer and trade mark owner would be identified as the party from which the product originates. As the Court accepted that national trade mark infringement provisions, based on the Directive, could be used in this context, the Court necessarily accepted that the confusion that is required by these provisions would not be in relation to the origin of the product. The consumer would be confused because he would think that the trade mark owner is in some way related to the low quality packaging. Goodwill and reputation are equally functions of the trade mark that will be protected. A negative effect on the goodwill or reputation of the trade mark owner due to confusion in that respect will have the same unacceptable impact as confusion in relation to origin. A second example is found in *Dior* [36]. The Court accepted in that case that the trade mark owner can use trade mark infringement provisions to object against certain low quality forms of publicity in which its trade

[35] Cases C-427/93, C-429/93 and C-436/93 *Bristol Myers-Squibb* [1996] ECR I-3457; see also Cases C-71/94, C-72/94 and C-73/94 *Eurim-Pharm* [1996] ECR I-3603 and Case C-232/94 *MPA Pharm* [1996] ECR I-3671.

[36] Case C-337/95 *Parfums Christian Dior v Evora* [1998] 1 CMLR 737.

mark is reproduced by a parallel importer. Here too there is no link with the function of identification of origin, since the publicity specifically intended to link the perfume to the original producer and trade mark owner in the minds of the public. The sole message was that they could buy the original product at a much lower price.

The Court confirmed in these cases that the provisions on refusal of registration and on trade mark infringement are to be used to safeguard the legitimate functions of the trade mark and that the identification of the origin of the labelled product or service is no longer the sole function of the trade mark [37]. This leads us to the conclusion that the concept of confusion that is used in the relevant provisions of the Directive cannot be restricted to confusion in relation to the origin of the goods or services. It must be interpreted as confusion in relation to any of the legitimate functions of a trade mark.

This means that concept of confusion that is contained in the UK Trade Marks Act 1994 cannot be restricted to confusion in relation to origin either, as it is supposed to implement the Directive and the wording of the Act does not impose the opposite conclusion in the absence of any explicit wording on this point.

IV. Sabel v Puma

The case

Sabel v Puma 38 was referred to the Court of Justice by the German Bundesgerichtshof under Article 177 of the Treaty for a preliminary ruling on the interpretation of Article 4(1)(b) of the Trade mark Directive. Article 4 is concerned with refusal to register a mark, but the grounds for such a refusal are extremely similar to those that

[37] See also the conclusion of Advocate General Jacobs in *Sabel BV v Puma AG Rudolf Dassler Sport*, Case C-251/95 [1998] 1 C.M.L.R. 445, at paragraph 32.

[38] 207 Case C-251/95 *Sabel BV v Puma AG Rudolf Dassler Sport*, [1998] 1 C.M.L.R. 445.

are contained in Article 5 of the Directive in relation to trade mark infringement. Identical wording is used in relation to the issues of confusion and association, with which we are concerned at present. For our present purposes any interpretation of Article 4 is equally applicable to Article 5.

Sabel had attempted to register its bounding feline trade mark, which also included the word «Sabel», in Germany. Puma opposed that registration on the basis of its two existing trade marks that were also based on the idea of a bounding or jumping feline[39]. The Bundesgerichtshof had concluded that no likelihood of confusion existed in the traditional sense of the word, but it sought clarification of the concept of likelihood of association which is according to Article 4 of the Directive to be included into the likelihood of confusion. The Court of Justice was specifically asked «whether the mere association which the public might make between the two marks, through the idea of a "bounding feline", justifies refusing protection to the SABEL mark in Germany for products similar to those on the list of articles covered by Puma's priority mark» [40].

Its impact

It is not proposed to comment here on every aspect of the case. Only a number of essential aspects will be analysed in detail.

First, the judgment of the Court contains a full copy of the tenth recital in the preamble to the Directive [41]. This is significant for a number of reasons. Primarily, because that recital does confirm that a trade mark has multiple functions by adding the words «in particular» to the reference to the function of indication of origin. Secondly,

[39] For a detailed overview of the history of the case before the German Courts see the conclusion of Advocate General Jacobs at paragraphs 1 to 14.
[40] Case C-251/95 *Sabel v Puma* [1998] 1 C.M.L.R. 445, at paragraph 7 of the judgment.
[41] Ibid. at paragraph 9.

because that preamble deals with the issue of confusion and association, without mentioning the word "origin" in that respect. This confirmation of the fact that a trade mark has multiple functions must also be seen in the light of the conclusion of Advocate General Jacobs. The Advocate General referred to the various functions of trade mark before he suggested that the Court should answer the question by referring specifically to confusion in relation to the origin of the product of service. It may be significant to note that the Court did not retain this reference to the function of origin in its judgment. The Court did not follow the suggestion of its Advocate General to restrict the concept of confusion explicitly to confusion in relation to the origin of the product of service. This may be an oversight, as a decision on this point was not strictly necessary to decide the case before the Court, but, as we have argued above, it falls in line with the other recent trade mark decisions of the Court and it fits in with the wording of the Directive.

Second, the Court addressed the main issue before it. How should the concept of likelihood of association be interpreted for the purposes of the Directive? Two views were put to the Court. The Benelux countries argued that their concept of association had been incorporated into the wording of the Directive and should be followed [42]. That meant that in an extreme case likelihood of association may arise «where the public considers the sign to be similar to the mark and perception of the sign calls to mind the memory of the mark, although the two are not confused» [43]. For example, the Sabel mark would infringe, or should be refused registration in this Article 4 case, if it was first of all similar to the Puma mark. It was readily accepted that the marks were similar, as both of them relied on the idea of a bounding feline. On top of that, when confronted with the Sabel mark, the public should associate it with the Puma mark in the sense that the Puma mark should come to mind, without leading the public to con-

[42] Ibid. at paragraphs 14 and 15.
[43] Ibid. at paragraph 16.

fuse the two marks and think that it saw the Puma mark. It was argued that such an association could affect the goodwill attached to the mark and dilute the image linked to it. Sabel, the Commission and the United Kingdom strongly opposed this view. They argued that the wording of the Directive excluded this interpretation. The Court agreed and argued that «it follows from th[e] wording «there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark» that the concept of likelihood of association is not an alternative to that of likelihood of confusion, but serves to define its scope; the terms of the provision itself exclude its application where there is no likelihood of confusion on the part of the public» [44]. This confirms our view, expressed above, that this is, realistically speaking, the only way to interpret the Directive. The Directive only uses the concept of association to define the scope of the concept of confusion. For the purposes of the Directive there can be no likelihood of association if there is not at least a certain form of confusion. The Court backs its view up with a reference to the «tenth recital in the preamble of the Directive, according to which "the likelihood of confusion" ... constitutes the specific condition for such protection» [45].

V. Where does it all lead us?

In general terms

Both in relation to refusal to register a sign as a trade mark and in relation to trade mark infringement the following guidelines for the interpretation of the provisions in Articles 4 and 5 of the Directive and their respective implementing provisions in the national trade mark acts of the Member States can be established.

[44] Ibid. at paragraph 18.
[45] Ibid. at paragraph 19.

First, a fundamental distinction needs to be made between the use in the course of trade of the mark or a similar sign in relation to identical or similar goods or services on the one hand and use in the course of trade in relation to dissimilar goods or services on the other hand. The latter form of use is subject to a sui generis regime that does not require evidence of confusion on the side of the public. In this sui generis regime the existence of reputation in the existing trade mark [46], the absence of a due cause for the use of the sign [47] and the fact that the use of the sign takes unfair advantage of; or is detrimental to the distinctive character or the repute of the existing trade mark [48] are the main elements instead. The latter requirement can be seen as an extension of the association criterion. In the absence of confusion the principles of Benelux law will apply in such a situation to trade marks with a reputation and the examples such as the Claeryn case may be of assistance in interpreting this provision [49]. Maybe this is the only situation in which the extreme examples of Benelux style association cases are relevant.

Second, in relation to similar goods or services there is a requirement of confusion. The obvious case of the use of an identical sign for identical goods does not raise any problems. The only real problem here is to be found in the combination of confusion and association when either the sign or the goods or services or both of them are similar rather than identical. *Sabel v Puma* makes it clear that in all these cases likelihood of confusion in the mind of the public is a prerequisite. Two types of likelihood of confusion need to be distinguished [50]. The straightforward type of direct consumer confusion arises in the situation

[46] See Gielen, n 12 above, at 267, where he argues that a reputation is established in each situation where the trade mark is genuinely used in a normal commercial way and has become know within interested circles. A reputation amongst the public at large is not required, espcially if the product or service appeals only to a part of the public.

[47] See Kamperman Sanders, n 22 above, at 70-71.

[48] Ibid. at 71-74.

[49] See the comment (obiter) by Jacob J. in *British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 281.

[50] Case 251/95 *Sabel v Puma* [1998] 1 C.M.L.R. 445, at paragraphs 16 and 17 of the judgment.

where the public confuses the sign and the mark in question. In the *Sabel v Puma* example such a situation would arise if the public was confronted with the Sabel mark and thought that it saw the Puma mark. The second type of likelihood of confusion is somewhat more sophisticated. Here the public is not directly confused, but it makes a connection between the proprietors of the sign and those of the mark and confuses them. This type of confusion can be described as indirect confusion or association and it is here that the inclusion of the concept of association in the concept of confusion plays its widening role. An example would be the situation where the public connects the Sabel mark with the Puma mark due to the similarity between the two marks and assumes that there is a link between the two trade mark owners. The public might unjustifiably suspect the existence of a licence or any other kind of business link between the two companies involved.

Third, whereas the prerequisite of the likelihood of confusion needs to be adhered to, the limitation of the concept of confusion to confusion in relation to the origin of the product or service can no longer be sustained. To do so would be to empty the concept of association of its content. That would contradict the wording of the Directive. It is not obvious at all in the example of a situation of indirect confusion or association given above that the public thinks that the products that bear the Sabel mark originate from Puma. There are plenty of cases where the public appreciates perfectly well that the product originates from an independent company, but where the similarity of the mark leads the public to believe that that independent company has a licence from the owner of the similar trade mark or that some other kind of business link exists between them. Production franchises are a clear example of such a situation, although be it that the contract between the party legitimises the use of the trade mark. In many cases the public is confused only because it assumes some form of quality control to back up the public's expectation of a standard quality of all goods or services that are labelled with the mark, or because it expects that a trade mark owner will only allow the use of his goodwill in the trade mark to be used to back a new product of

service if there exists some form of business link between the parties involved. The only real restriction to the rule that a mental association by the public is sufficient is found in the prerequisite that confusion must exist [51]. The fact that the Sabel and the Puma marks are both based on the same idea of the bounding feline will undoubtedly create such a mental association, but the Court of Justice clearly ruled that «the mere association which the public might make between the two marks as a result of their analogous semantic content is not in itself a sufficient ground for concluding that there is a likelihood of confusion» [52]. Likelihood of confusion needs to be shown on top of the mere association. The concept of likelihood of confusion, as it is incorporated in the Directive and the implementing laws of the Member States, must therefore cover more than confusion in relation to origin, even if the latter will still apply in most cases.

Fourth, a number of elements can be taken into account when determining whether or not there exists a likelihood of confusion, once similarity has been established [53]. In *Sabel v Puma* the Court of Justice elaborated on this point [54] and commented on the approach taken by the German Bundesgerichtshof [55]. The Court of Justice lists, in a non-exhaustive way, a number of factors that are to be taken into account by the national courts in arriving at their decision on the point of likelihood of confusion, but adds that the likelihood of confusion must take account of all factors that are relevant in the circumstances of each individual case. The degree of recognition of the trade mark on the market, the degree of similarity between the sign and the trade

[51] See the decision of the German Federal Patent Court (Bundespatentgericht) in case 27W(pat)68/94 *Brandt Ecco v Ecco Milano* of 7th November 1995 (1997) 28 IIC 760 (an appeal is currently pending before the German Federal Supreme Court, Case I ZB 36/95).

[52] Case 251/95 *Sabel v Puma* [1998] 1 C.M.L.R. 445, at paragraph 26 of the judgment.

[53] The importance of the distinction between use in relation to similar goods or services and use in relation to dissimilar goods as a separate issue, which features prominently in the above analysis, was also underlined by Jacob J. in the English case British Sugar plc v James Robertson & Sons Ltd [1996] RPC 281.

[54] Case 251/95 *Sabel v Puma* [1998] 1 C.M.L.R. 445, at paragraphs 22 to 25 of the judgment.

[55] See ibid. at paragraph 6.

mark and between the goods and services that are labelled [56], as well as the possibilities to make associations with the registered trade mark [57] are factors which the Court borrows from the preamble to the Directive. It adds that the national court is to take the perspective of the average consumer and that the mark must be considered as a whole. This appreciation must, however, give proper weight to the distinctive and dominant components of the mark when looking at the visual, aural or conceptual similarity of the mark. It is clear that in this perspective a more distinctive mark will more easily give rise to a likelihood of confusion. The Court specifically cited the German Bundesgerichtshof with approval on the point that the overall impression of a mark as a whole, while giving proper weight to special distinctive characteristics, must be the starting point of the analysis. Important to note is also the quote that «strict criteria must be applied with respect to the likelihood of confusion between pictorial components which are basically descriptive and have little imaginative content... and the fact that there is an analogy between the pictorial components of the two marks can therefore not be adduced as a ground for finding that there is a likelihood of confusion» [58]. Surely the same must apply in relation to the use a plain English words in trade marks and other descriptive terms.

English and Benelux case law

In the light of the above comments one has to agree with the practical outcome of the Wagamama case [59], as confusion in its traditional sense could be shown. However it is important for our present purposes to note that the precise circumstances of the case. This was a case where the plaintiff argued that the use of the name «Rajamama»

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[56] The example that no confusion will readily arise when the products involved have different primary purposes and different presentations was given by Jacob J. in the *English case British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 281.

[57] See ibid. where Jacob J. gives the example of the addition of house trade marks to reduce the chance of associations.

[58] Case 251/95 *Sabel v Puma* [1998] 1 C.M.L.R. 445, at paragraph 6 of the judgment.

[59] *Wagamama Ltd v City Centre Restaurants plc and Another* [1995] FSR 713.

or «Raja Mama's» for a restaurant infringed its «Wagamama» trade mark, which it used for a Japanese style restaurant. The plaintiff relied both on the classic concept of confusion and on the new concept of association [60], as this was the first case to come before the courts after its inclusion in the Trade Marks Act 1994. It is respectfully submitted though that Laddie J.'s decision in that case is wrong in as far as it restricts the concept of likelihood of confusion to confusion in relation to origin. This does not mean that English trade mark law is in for a major change. In the case law under the old Trade Marks Act 1938 the concept of confusion had already become more and more flexible, due to the developing economic circumstances. Undue similarity between marks was already determined on the basis that public, having an imperfect recollection, would assume that the allegedly infringing goods or services were derived (strict origin) or connected with the proprietor of the registered trade mark. The Court also considered «whether the "idea" of or principal impact conveyed by the marks were so similar that confusion was likely» [61]. And confusion was held to exist if the public believed that the allegedly infringing goods or services were an extension of the range offered by the trade mark owner [62]. But there was always a narrow link with the origin of the goods or services. That restriction was almost marginal in practice, but it will need to be lifted altogether.

A similar conclusion applies to the often referred to [63] Benelux case *Always v Regina* [64]. This decision applied the Benelux approach in the light of the Directive to the alleged infringement of the plaintiff's

[60] The plaintiff also made a claim under the law of passing off.

[61] Per Laddie J. in Wagamama, n 54 above, at 720, see *Taw Manufacturing Co Ltd v Notek Engineering Co Ltd* (1951) 68 RPC 271 and de Cordova v Vick Chemical Co (1951) 68 RPC 103.

[62] See *Ravenhead Brick Co v Ruabon Brick Co* (1937) 54 RPC 341; for a more detailed analysis see J. Holyoak and P. Torremans, n 27 above, at 318-326.

[63] See e.g. Kamperman Sanders, n 22 above, at 70 and Harris, *«UK Trade Mark Law: Are You Confused? The Wagamama Decision»* [1995] 12 EIPR 601 at 602.

[64] Court of Appeal Brussels, judgment of 27th May 1993, *Regina v Procter & Gamble*, [1993] Intellectuele Eigendom en Reclamerecht (IER) 112.

trade mark in the distinctively coloured packages of its sanitary towels. The plaintiff had a reputation in this packaging and considered that the defendant's packaging of the same type of product was similar and that there was a risk of association. The Court of Appeal in Brussels rightly rejected the argument that trade mark infringement now requires likelihood of confusion as to the origin of the product. Its conclusion that likelihood of association is still the criterion cannot be followed though in as far as it refers to likelihood of association as such. It is clear that a requirement of confusion needs to be added.

By way of postscript

The concepts of likelihood of confusion and association can only be reconciled if trade mark law loosens the traditional link between confusion and the origin of the product or service. Confusion can also arise as a result of the reliance which the consumer places on the other legitimate functions of a trade mark. The concept of association can only be given a meaning in the context of confusion if these types of confusion are also taken into account.

◎ Índice General
⊙ Índice ARS 20