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Free Signs and Free Use – How to Offer Room for Freedom of Expression Within the Trademark System

1. Introduction

The discussion on trademark law and freedom of expression often focuses on cases where the courts invoked the fundamental guarantee of free speech as an external, higher ranking norm to prevent trademark protection from encroaching upon political, artistic or commercial freedom of expression.¹ The present contribution to the debate, by contrast, focuses on different ways of ensuring sufficient room for free speech *within* the trademark system:

- on the one hand, trademark law recognizes the need to keep certain signs free from protection. Signs may fall outside the trademark system by virtue of an outright exclusion from protection. They may also remain free because of a lack of distinctive character;
- on the other hand, trademark law can restrict the scope of exclusive rights. The rights of trademark owners may be limited through strict requirements of use in the course of trade and use as a trademark. They may also remain limited because of the application of strict tests when determining a likelihood of confusion or dilution. Moreover, certain forms of use can be exempted from the control of the trademark owner by adopting exceptions.

These different strategies can be seen as complementary tools: the recognition of a need to keep signs free prevents traders from acquiring trademark rights in the first place. Restrictions

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¹ For a case law example, see Constitutional Court of South Africa, 27 May 2005, Laugh it Off Promotions/South African Breweries Int., case CCT 42/04, *International Review of Intellectual Property and Competition Law* 36 (2005), p. 868, with case comment Z.M. Navsa, “Trademark Dilution – No Laughing Matter”, *European Intellectual Property Review* 2009, p. 455. For an overview of the debate on trademark law and freedom of expression, see W. Sakulin, *Trademark Protection and Freedom of Expression – An Inquiry into the Conflict between Trademark Rights and Freedom of Expression under European Law*, The Hague/London/New York: Kluwer Law International 2010; C. Geiger, “Marques et droits fondamentaux”, in: C. Geiger/J. Schmidt-Szalewski (eds.), *Les défis du droit des marques au XXIe siècle*, Strasbourg: Litec 2010, p. 163; R. Burrell/D. Gangjee, “Trade Marks and Freedom of Expression: A Call for Caution”, *International Review of Intellectual Property and Competition Law* 41 (2010), p. 544; M. Nasser, “Trade Marks and Freedom of Expression”, *International Review of Intellectual Property and Competition Law* 40 (2009), p. 188; L. Ramsey, “Increasing First Amendment Scrutiny of Trade Mark Law”, *Southern Methodist University Law Review* 61 (2008), p. 381; W. McGeeveran, “Four Free Speech Goals for Trademark Law”, *Fordham Intellectual Property, Media and Entertainment Law Journal* 18 (2008), p. 1205; C. Geiger, “‘Constitutionalising’ Intellectual Property Law? The Influence of Fundamental Rights on Intellectual Property in the European Union”, *International Review of Intellectual Property and Competition Law* 37 (2006), p. 371 (395-397); P.N. Leval, “Trademark: Champion of Free Speech”, *Columbia Journal of Law and the Arts* 27 (2004), p. 187; L. Timbers/J. Huston, “The ‘Artistic Relevance Test’ Just Became Relevant: the Increasing Strength of the First Amendment as a Defense to Trademark Infringement and Dilution”, *Trademark Reporter* 93 (2003), p. 1278; R. Cooper Dreyfuss, “Reconciling Trademark Rights and Expressive Values: How to Stop Worrying and Learn to Love Ambiguity”, in: G.B. Dinwoodie/M.D. Janis (eds.), *Trademark Law and Theory: a Handbook of Contemporary Research*, Cheltenham: Edward Elgar Publishing 2008, p. 261.

on the scope of protection ensure the availability of signs once trademark protection is acquired. The application of these complementary tools leads to a public domain consisting of unprotected signs that are unencumbered by trademark rights and protected signs that remain free to common use in several respects. The public domain supported by trademark law thus offers a reservoir of unprotected and protected signs that are available for political, artistic and commercial speech.²

In the following analysis, EU legislation and court decisions will be discussed that recognize a need to keep signs free from trademark protection (section 2) and restrict the scope of exclusive rights (section 3). The analysis gives rise to the question whether EU trademark law offers a satisfactory framework for reconciling trademark protection with freedom of expression (section 4). Drawing conclusions, potential amendments to EU trademark law will be considered, including recent proposals made by the European Commission (section 5).³

2. Recognition of a Need to Keep Signs Free

The recognition of a need to keep certain signs free from trademark protection leads to a public domain of signs that are unencumbered by trademark rights. By definition, trademark law does not interfere with the use of these unprotected signs for expressive purposes. The resulting freedom of use plays an important role in the trademark system. A reservoir of signs free to common use offers traders equal access to communication tools that can be used to inform consumers about product characteristics and compete for market shares. Freedom to use descriptive signs and generic indications, for instance, ensures that merchants can easily convey information about their goods and services.⁴ Besides this interest in commercial freedom of expression and fair competition, signs in the public domain also satisfy speech

² As to the debate on trademark law and the public domain, see M.R.F. Senftleben, “Trademark Law and the Public Domain”, D. Beldiman (ed.), *Access to Information and Knowledge: 21st Century Challenges in Intellectual Property and Knowledge Governance*, Cheltenham: Edward Elgar Publishing 2013; A. Peukert, *Die Gemeinfreiheit*, Tübingen: Mohr Siebeck 2012, p. 18-37. For a discussion of different conceptions of the public domain, see P. Samuelson, “Enriching Discourse on Public Domains”, *Duke Law Journal* 55 (2006), p. 101 (145-154); L.M.C.R. Guibault/P.B. Hugenholtz (eds.), *The Future of the Public Domain – Identifying the Commons in Information Law*, The Hague/London/New York: Kluwer Law International 2006; J. Boyle (ed.), “The Public Domain”, *Law and Contemporary Problems* 66 (2003), online available at <http://scholarship.law.duke.edu/lcp/vol66/iss1/>. With regard to the foundations of the debate on the public domain, see D. Lange, “Recognizing the Public Domain”, *Law and Contemporary Problems* 44 (1981), p. 147; J. Litman, “The Public Domain”, *Emory Law Journal* 39 (1990), p. 965. As to the debate on the freedom of speech underpinning, see D.L. Zimmerman, “Is There a Right to Have Something to Say? One View of the Public Domain”, *Fordham Law Review* 73 (2004), p. 297; Y. Benkler, “Through the Looking Glass: Alice and the Constitutional Foundations of the Public Domain”, *Law and Contemporary Problems* 66 (2003), p. 173; Y. Benkler, “Free as the Air to Common Use: First Amendment Constraints on Enclosure of the Public Domain”, *New York University Law Review* 74 (1999), p. 354 (361-162); R.P. Merges, “A New Dynamism in the Public Domain”, *University of Chicago Law Review* 71 (2004), p. 183 (184).

³ EU Commission, Proposal for a Directive of the European Parliament and of the Council to approximate the laws of the Member States relating to trade marks, 27 March 2013, Document COM(2013) 162 final, 2013/0089 (COD), available at http://ec.europa.eu/internal_market/indprop/tm/. For the preparatory in-depth analysis of EU trademark law underlying the Proposal, see Max Planck Institute for Intellectual Property and Competition Law, *Study on the Overall Functioning of the European Trade Mark System*, Munich: Max Planck Institute 2011, online available at http://ec.europa.eu/internal_market/indprop/tm/index_en.htm.

⁴ Cf. Peukert, supra note 2, p. 26-27; T. Sambuc, “Das Freihaltebedürfnis an beschreibenden Angaben und der Ware selbst nach dem Markengesetz”, *Gewerblicher Rechtsschutz und Urheberrecht* 1997, p. 403. For a critical comment on the need to keep free in trademark law, see J. Phillips, “Trade Mark Law and the Need to Keep Free – Intellectual Property Monopolies Have Their Limits”, *International Review of Intellectual Property and Competition Law* 36 (2005), p. 389.

interests of the general public. If signs of particular significance, such as cultural and religious symbols, are freely available for all, their meanings and connotations can be discussed and developed in an open communication process that is not dominated by an individual rights owner.⁵

In spite of these advantages arising from the absence of trademark protection, it would be an oversimplification to posit that denial of trademark protection generally supports freedom of expression. An economic analysis of the interplay between intellectual property protection and the public domain suggests that the grant of trademark protection may also have beneficial effects. It may lead to an enrichment of the meanings and connotations attached to a given sign. The more complex a sign's denotations, the higher might be its value for the communication process. *Salzberger* illustrates this potential positive effect as follows:

“Let us assume that the government changes the designation of particular common land into private property, this piece of land is subsequently purchased by an individual on which she builds an architectural masterpiece. This new building is privately owned in the sense that no one can enter the building, use it, sell it, or eliminate it save its private owner or under her permission. But the pleasure of viewing the building for the rest of the community, the inspiration it creates, its contribution to future architectural plans can be regarded as an enlargement of the public domain.”⁶

In this vein, it might be argued that trademark protection may enlarge the public domain by adding complex meanings to a formerly undeveloped sign in the public domain.⁷ The question, then, is whether the potential benefits accruing from the grant of trademark protection are capable of outweighing the detriment flowing from the loss of freedom to use the sign in its undeveloped state.

With regard to the examples given above, this is doubtful. An undeveloped descriptive sign in the public domain is a central communication tool for traders seeking to inform consumers about product characteristics. The acquisition of trademark rights seems unlikely to outweigh the loss of the ability to use the sign for the purpose of informing consumers. A sign of cultural significance already has various meanings and connotations attached to it. If the cultural meanings evoked by the sign are blurred or even suppressed as a result of the acquisition of trademark protection, the sign's expressive value will be reduced rather than being enhanced.

⁵ For a more detailed analysis of the need to keep signs of cultural and religious significance free, see K. Assaf, “Der Markenschutz und seine kulturelle Bedeutung”, *Gewerblicher Rechtsschutz und Urheberrecht International* 2009, p. 1; M.R.F. Senftleben, “Der kulturelle Imperativ des Urheberrechts”, in: M. Weller/N.B. Kemle/Th. Dreier (eds.), *Kunst im Markt – Kunst im Recht*, Baden-Baden: Nomos 2010, p. 75; C. van Woensel, *Merk, god en verbod*, Amstelveen: deLex 2007.

⁶ E.M. Salzberger, “Economic Analysis of the Public Domain”, in: Guibault/Hugenholtz, *supra* note 2, p. 27 (55).

⁷ Cf. M. Richardson, “Trade Marks and Language”, *Sydney Law Review* 26 (2004), p. 193 (213-215), who argues for the adoption of an incentive rationale in trademark law that seeks to stimulate popular brand culture and the creation of new brand language.

2.1 Instruments Available in EU Trademark Law

EU trademark law contains several absolute grounds for refusal that exclude signs from trademark registration because they must remain available for the public or for other traders. The need to keep certain signs free has been recognized explicitly by the CJEU. In the decision *Windsurfing Chiemsee*, the Court explained that absolute grounds for refusal concerning descriptive signs served the public interest. They ensured that descriptive signs or indications relating to the categories of goods or services may be freely used by all.⁸ With regard to denominations of geographical origin, the Court added that it was in the public interest that they remained available

*“not least because they may be an indication of the quality and other characteristics of the categories of goods concerned, and may also, in various ways, influence consumer tastes by, for instance, associating the goods with a place that may give rise to a favourable response.”*⁹

In the area of official signs and emblems, EU Member States enjoy the freedom of excluding from registration signs of high symbolic value, in particular religious symbols.¹⁰ This further ground for refusal may be understood to cover not only signs with a religious meaning, such as holy names, pictures and icons, but also signs which, in the light of a country’s history and cultural traditions, are perceived as national symbols even though they do not constitute official state emblems. This may include historical and cultural monuments. EU Member States that adopted this optional ground for refusal include Bulgaria, Czech Republic, Greece, Hungary, Italy, Latvia, Poland, Portugal and Slovakia.¹¹ In other EU Member States, official emblems and signs of high symbolic value may be excluded from registration on the grounds that they are deceptive¹² or contrary to public policy or accepted principles of morality.¹³

With regard to signs having cultural significance but no high symbolic value, however, EU trademark law does not provide for specific grounds for refusal. Discussing the requirements for registering the first nine notes of the piano piece “Für Elise” in *Shield Mark/Kist*, Advocate General Colomer expressed the view that it was difficult to accept

“that a creation of the mind, which forms part of the universal cultural heritage, should be appropriated indefinitely by a person to be used on the market in order to

⁸ See CJEU, judgment of May 4, 1999, cases C-108/97 and C-109/97, *Windsurfing Chiemsee*, para. 25.

⁹ See CJEU, *ibid.*, para. 26.

¹⁰ See Article 3(2)(b) TMD

¹¹ See Article 11(1), sub 11, of the Trademark Act of Bulgaria, Sec. 2(1)(i) Act on Trademarks of the Czech Republic, Article 3(2)(a) of the Trademark Act of Greece, Article 3(2)(c) of the Trademark Law of Hungary, Article 10 of the Trademark Law of Italy, Article 6(1), sub 9, of the Trademark Law of Latvia, Article 131(2)(v) of the Trademark Law of Poland, Article 238(4)(b) of the Industrial Property Code of Portugal, Sec. 5(1)(j) of the Trademarks Act of Slovakia. These laws are available online at www.wipo.int/clea.

¹² See Article 3(1)(g) TMD and Article 7(1)(g) CTMR. The public may be misled to believe that the applicant has a connection with the public institution concerned.

¹³ See Article 3(1)(f) TMD and Article 7(1)(f) CTMR. This latter option may be applied to religious symbols. For instance, see German Federal Patent Court, 2 November 1993, *Gewerblicher Rechtsschutz und Urheberrecht* 1994, p. 377. In this decision, the German Federal Patent Court denied registration of the word mark “Messias” as a trademark for clothing, shoes and hats because of a conflict with morality and public order. Cf. also J. Phillips/I. Simon, “No Marks for Hitler: a Radical Reappraisal of Trade Mark Use and Political Sensitivity”, *European Intellectual Property Review* 2004, p. 327, who propose preventing the use of offensive marks by registering them as “no-marks”, the use of which is prohibited.

distinguish the goods he produces or the services he provides with an exclusivity which not even its author's estate enjoys.”¹⁴

The CJEU, however, did not invoke this argument to exclude the first nine notes of “Für Elise” from trademark registration. Instead, the Court clarified that, in the case of a melody, the requirement of graphical representation could be satisfied by providing standard musical notation.¹⁵ Cultural significance as such, therefore, does not constitute an obstacle to registration. The particular recognition and popularity which a sign in the public domain enjoys does not hinder its appropriation as a trademark.¹⁶

National court decisions confirm that cultural significance does not necessarily preempt registrability. The German Federal Patent Court, for instance, rejected an argument that registration of the Mona Lisa was contrary to public policy or accepted principles of morality, holding that appropriation of the Mona Lisa on the basis of trademark law would not violate the principle that cultural expressions should remain freely available for the public after the expiry of copyright protection.¹⁷ However, the Court held that the applicant failed to establish the requisite distinctiveness. Because the painting was frequently used by third parties in advertising, the public would regard the Mona Lisa as a mere advertising instrument rather than as an indication of source.¹⁸ The Court also held that, because of the frequent use in advertising, the painting had become customary in established trade practices.¹⁹

In cases of “cultural heritage grabbing”, the registration of a sign of cultural significance may still be denied or invalidated because the application was made in bad faith. Such a case may arise where the applicant registers a sign of cultural significance without intending to make genuine use of the sign in trade. Instead, the applicant aims at exploiting the popularity of the cultural sign by using the registration as a vehicle to impose an obligation on other traders to obtain licenses for its use. The CJEU developed several factors that are relevant to the identification of bad faith applications. In particular, it may be relevant that the applicant knows or must know that a third party is using a sign identical or similar to the sign for which registration is sought, and that the applicant intends to prevent that third party from continuing to use the sign.²⁰

¹⁴ See Opinion of Advocate General Colomer of April 3, 2003, in case C-283/01, *Shield Mark/Kist*, para. 52.

¹⁵ See CJEU, judgment of November 27, 2003, case C-283/01, *Shield Mark/Kist*.

¹⁶ For instance, see Dutch Supreme Court, judgment of March 5, 1999, case no. 16812, C97/291, published in *Nederlandse Jurisprudentie* 2000, no. 306, para. 3.6. Instead of a cultural heritage sign, this decision concerned the sign “Route 66”.

¹⁷ See German Federal Patent Court, 25 November 1997, case 24 W (pat) 188/96, *Mona Lisa, Gewerblicher Rechtsschutz und Urheberrecht* 1998, p. 1021 (1023).

¹⁸ German Federal Patent Court, *ibid.*, p. 1022.

¹⁹ German Federal Patent Court, *ibid.*, p. 1023. For case comments, see Senftleben, *supra* note 5, p. 102-104; Assaf, *supra* note 5, p. 5; A. Ohly, “Von einem Indianerhäuptling, einer Himmelscheibe, einer Jeans und dem Lächeln der Mona Lisa – Überlegungen zum Verhältnis zwischen Urheber- und Kennzeichenrecht”, in: L. Pahlow/J. Einfeld (eds.), *Grundlagen und Grundfragen des Geistigen Eigentums, Festgabe für Diethelm Klippel zum 65. Geburtstag*, Tübingen: Mohr Siebeck 2008, p. 203; F. Klinkert/F. Schwab, “Markenrechtlicher Raubbau an gemeinfreien Werken – ein richtungsweisendes „Machtwort“ durch den Mona Lisa-Beschluss des Bundespatentgerichts?”, *Gewerblicher Rechtsschutz und Urheberrecht* 1999, p. 1067; W. Nordemann, “Mona Lisa als Marke”, *Wettbewerb in Recht und Praxis* 1997, p. 389.

²⁰ See CJEU, judgment of June 11, 2009, case C-529/07, *Lindt/Hauswirth*, para. 53. For a more detailed analysis of bad faith trademark registrations, see A. Tsoutsanis, *Het merkdepot te kwader trouw*, Deventer: Kluwer 2005; H. Helm, “Die bösgläubige Markenmeldung”, *Gewerblicher Rechtsschutz und Urheberrecht* 1996, p. 593.

2.2 Distinctive Character as a Gatekeeper

Assessing the potential of absolute grounds for refusal for keeping signs free, a fundamental difference between the aforementioned EU provisions must be taken into account: whereas the absolute ground for refusal relating to a conflict with public policy or principles of morality, and the absolute ground relating to signs of high symbolic value cannot be overcome by showing that a shape has acquired distinctiveness as a result of use in trade, the absolute grounds for refusal relating to non-distinctive, descriptive and generic signs no longer apply when a sign has become distinctive because of the use made of it in trade.²¹

To establish distinctive character, it is sufficient to show that the relevant public, “or at least a significant proportion thereof” perceives the descriptive sign as an indication of commercial origin.²² If distinctive character can be demonstrated, the scope of protection still depends on the degree to which distinctiveness is attained. For instance, a trademark based on a descriptive indication may remain a weak trademark. Minor deviations from the mark or an emphasis on its descriptive character may already eliminate a likelihood of confusion. Therefore, the impact on the availability of the sign may remain limited.²³ The communication process surrounding the sign, however, may still be influenced heavily by the trademark owner. An aggressive enforcement strategy may have a deterrent effect on political, artistic and commercial speech.

Furthermore, a sign consisting of combined non-distinctive, descriptive or generic indications may be found to be inherently distinctive. In the decision *Biomild*, the CJEU stated that a combination of descriptive elements may not be descriptive itself, if it created an impression which was “sufficiently far removed from that produced by the simple combination of those elements.”²⁴ The trader using an unusual combination of descriptive indications as a trademark may thus acquire protection in the EU without having to show that the sign has acquired distinctive character in consequence of use in trade. Similarly, indications of quality or incitements to purchase that are used in advertising slogans may be found to be inherently distinctive. In particular, this may be the case

*“where those marks are not merely an ordinary advertising message, but possess a certain originality or resonance, requiring at least some interpretation by the relevant public, or setting off a cognitive process in the minds of that public.”*²⁵

The problems arising from this reliance on distinctive character as a gatekeeper for the acquisition of trademark rights can be illustrated by examining the situation in the field of signs of cultural significance. The name and portrait of a famous artist enjoys EU trademark

²¹ Article 3(3) TMD.

²² CJEU, 7 September 2006, case C-108/05, *Europolis*, para. 28. As to the factors considered in this context, see CJEU, 4 May 1999, cases C-108/97 and C-109/97, *Windsurfing Chiemsee*, para. 51.

²³ For instance, see Austrian Supreme Court, 23 March 2010, case 17 Ob 18/09k, *Gute Laune Tee*, *Gewerblicher Rechtsschutz und Urheberrecht International* 2011, p. 82; German Federal Court of Justice, 19 November 2009, case I ZR 142/07, “MIXI”, *Gewerblicher Rechtsschutz und Urheberrecht* 2010, p. 729.

²⁴ CJEU, 12 February 2004, case C-265/00, *Biomild*, para. 40. However, this requirement was not satisfied, for instance, in the case of the sign “COLOR EDITION”. See CJEU, 25 February 2010, case C-408/08 P, *Lancôme/OHIM*.

²⁵ See CJEU, 1 January 2010, case C-398/08 P, *Audi/OHIM*, para. 57, concerning the advertising slogan “Vorsprung durch Technik” (advance through technology).

protection in many cases.²⁶ An attempt to create a solid basis for the exclusion of such portraits from trademark protection has been made by the German Federal Patent Court in a case concerning the registration of a portrait photograph of the actress Marlene Dietrich. The Court did not content itself with the exclusion of trademark protection on the grounds that the photograph was devoid of distinctive character. This solution would have meant that the exclusion could be surmounted once distinctiveness is acquired through use in trade.

Instead, the Court argued that the photograph constituted a mere reproduction of the goods for which registration was sought, and invoked the exclusion of “the shape which results from the nature of the goods themselves”.²⁷ The application of this shape exclusion would have been a remarkable step in keeping portraits of famous persons free from trademark protection altogether. In contrast to an exclusion based on a lack of distinctiveness, the shape exclusions in EU trademark law cannot be overcome through use in trade.²⁸ The effect of the application of the shape exclusion would thus have been comparable to an exclusion on the basis of a conflict with public policy or an exclusion because of high symbolic value.

In contrast to the Federal Patent Court, however, the German Federal Court of Justice saw no need to apply shape exclusions in this context.²⁹ Overruling the Patent Court’s decision, the Federal Court of Justice invoked the requirement of distinctiveness to refuse trademark protection in respect of goods and services concerning the work and life of the actress. The Court denied distinctiveness with regard to books, magazines, photographs, posters, CDs, DVDs, musical performances and film productions on the ground that the photograph lacked the capability of indicating a commercial source. In respect of these goods and services, it would be perceived as a mere description of product contents.³⁰ However, the decision left the door open to the possibility of the Marlene Dietrich photograph becoming distinctive through use in trade.³¹

The Federal Court of Justice added that the portrait photograph was inherently distinctive with regard to merchandising articles, such as scarves, hats, shirts and shoes. In this respect, it rejected the view expressed by the Federal Patent Court that consumers would perceive the portrait as a mere marketing tool and fail to understand that it served as an indication of commercial source.³² The Federal Court of Justice emphasized instead that the photograph did not necessarily need to be placed prominently on the articles. It could also be used as a label

²⁶ For instance, see CTM 001081314, “Beethoven”; CTM 000945774, “Descartes”; CTM 001593128, “Albert Einstein”; CTM 003805942, “Goethe”; IR 0858800, “Henrik Ibsen”; CTM 001358621, “Vincent van Gogh”; CTM 005468996, “Mona Lisa”; CTM 000021071 “Mozart”; CTM 001334036, “Picasso”; CTM 000119354, “Rembrandt”; CTM 004278214, “Shakespeare”; CTM 003877354, “Giuseppe Verdi”; CTM 000047365, “Vermeer”; CTM 000996199, “Leonardo da Vinci”; CTM 003437811, “Andy Warhol”. For a description of the practice of granting portrait trademarks, see C. Gielen, “Portretmerk: een non-merk?”, in: D.J.G. Visser (ed.), *Commercieel Portretrecht*, Amstelveen: deLex 2009, p. 113.

²⁷ Article 3(1)(e) TMD. See German Federal Patent Court, 9 November 2005, case 29 W (pat) 147/03, “Porträtfoto Marlene Dietrich”, *Gewerblicher Rechtsschutz und Urheberrecht* 2006, p. 333 (para. 4.2).

²⁸ See CJEU, 18 June 2002, case C-299/99, Philips/Remington, para. 57; judgment of September 20, 2007, case C-371/06, Benetton/G-Star, para. 25-27; judgment of September 14, 2010, case C-48/09 P, Lego/Mega Brands, para. 47.

²⁹ See German Federal Court of Justice, 24 April 2008, case I ZB 21/06, “Marlene-Dietrich-Bildnis”, *Gewerblicher Rechtsschutz und Urheberrecht* 2008, p. 1093 (para. 11).

³⁰ See German Federal Court of Justice, *ibid.*, para. 12-15.

³¹ See German Federal Court of Justice, *ibid.*, para. 17.

³² See German Federal Patent Court, *ibid.*, para. 8.1 and 8.2.

attached to the goods. Given this option of use as a badge of origin, distinctive character could not be denied.³³

3. Restriction of the Scope of Exclusive Rights

Besides the interest in a reservoir of signs free for common use, the public interest in the availability of signs also concerns trademarks enjoying protection. This public interest is closely related to political and artistic freedom of expression. As observed by Professor Cooper Dreyfuss, trademarks

*“have become products in their own right, valued as indicators of the status, preferences, and aspirations of those who use them. Some trademarks have worked their way into the English language; others provide bases for vibrant, evocative metaphors. In a sense, trademarks are the emerging lingua franca: with a sufficient command of these terms, one can make oneself understood the world over, and in the process, enjoy the comforts of home.”*³⁴

As trademarks have become focal points of communication – densely packed information units “infused with sets of denotations and associated connotations” –, loss of the ability to use trademarks may impede the ability to communicate.³⁵ Against this background, Cooper Dreyfuss described the need to keep expressive use of the associations and meanings triggered by a trademark free.³⁶ Commentators should be free to use trademarks as a basis for criticizing an enterprise’s policies. Artists should be able to include trademarks in their creative productions. Consumers should be free to refer to trademarks as symbols of a particular lifestyle or attitude.³⁷

It has also been pointed out that the richness of associations and meanings attached to a trademark is the result of a joint effort of trademark owners and consumers alike. It is the consuming public that frequently imbues trademarks with connotations distinct from and sometimes unrelated to the advertising messages conveyed by the trademark owner.³⁸ The entitlement of the general public to the use of protected trademarks in social and cultural

³³ See German Federal Court of Justice, *ibid.*, para. 19-22. See also German Federal Court of Justice, 31 March 2010, case I ZB 62/09, “Marlene-Dietrich-Bildnis II”, *Gewerblicher Rechtsschutz und Urheberrecht* 2010, p. 825 (para. 20-28).

³⁴ R. Cooper Dreyfuss, “Expressive Genericity: Trademarks as Language in the Pepsi Generation”, *Notre Dame Law Review* 65 (1990), p. 397 (397-398).

³⁵ Cooper Dreyfuss, *ibid.*, 415. See also K. Aoki, “How the World Dreams Itself to be American: Reflections on the Relationship Between the Expanding Scope of Trademark Protection and Free Speech Norms”, *Loyola of Los Angeles Entertainment Law Journal* 17 (1997), p. 523 (542-543).

³⁶ Cooper Dreyfuss, *ibid.*, 415-418.

³⁷ Cf. P. Gulasekaram, “Policing the Border Between Trademarks and Free Speech: Protecting Unauthorized Trademark Use in Expressive Works”, *Washington Law Review* 80 (2005), p. 887.

³⁸ Cf. D.R. Gerhardt, “Consumer Investment in Trademarks”, *North Carolina Law Review* 88 (2010), p. 101; L.A. Heymann, “The Public’s Domain in Trademark Law: A First Amendment Theory of the Consumer”, *Georgia Law Review* 43 (2009), p. 651; J. Litman, “Breakfast with Batman: The Public Interest in the Advertising Age”, *Yale Law Journal* 108 (1999), p. 1 (15-16); S. Wilf, “Who Authors Trademarks?”, *Cardozo Arts and Entertainment Law Journal* 17 (1999), p. 1; A. Kozinski, “Trademarks Unplugged”, *New York University Law Review* 68 (1993), p. 960 (975); L.P. Ramsey, “Brandjacking on Social Networks: Trademark Infringement by Impersonation of Markholders”, *Buffalo Law Review* 58 (2010), p. 851. However, see the critical comments on the limitation of trademark rights made by M. Richardson, “Trade Marks and Language”, *Sydney Law Review* 26 (2004), p. 193.

discourse, therefore, can also be seen as a corollary of the public's contribution to the creation of trade symbols with complex meanings and connotations. In this line of reasoning, trademark law has to exempt socially and culturally valuable forms of trademark use from the control of the trademark owner.

3.1 Inherent Limits of Protection in EU Trademark Law

EU trademark law offers certain freedoms of third party use notwithstanding that trademark rights may exist in a sign. To some extent, this breathing space follows from inherent limits of exclusive trademark rights: the requirement of use in trade and use as a trademark, and more specific criteria governing the different infringement actions.

For trademark rights to be invoked successfully under harmonized EU trademark law, it must be shown, first of all, that use of a conflicting sign has taken place “in the course of trade” and “in relation to goods or services”.³⁹ These general protection requirements could serve as filters ensuring that socially and culturally valuable forms of use remain unaffected by trademark rights. Under the aegis of the CJEU, however, these general protection requirements have been relaxed continuously. They do not necessarily constitute substantial hurdles for trademark owners seeking protection.

Use of a trademark constitutes “use in the course of trade” in the EU where it occurs “in the context of commercial activity with a view to economic advantage and not as a private matter.”⁴⁰ This test constitutes a rather low threshold. Nevertheless, it confines trademark rights to use that takes place in a commercial context. The use of a trademark for the purposes of private study, political debate, religious ceremonies, teaching or academic research is unlikely to constitute “use in the course of trade” as long as it is of a purely non-commercial nature. Irrespective of the acquisition of trademark rights, a religious sign, therefore, remains available for strictly religious purposes. A sign of cultural significance remains available for strictly cultural purposes. However, use of a trademark in a religious, political or cultural context may be qualified as use in trade, if it is combined with a commercial activity, such as marketing of T-shirts or postcards.

To qualify as relevant trademark use, an allegedly infringing use must constitute use “in relation to goods or services”. However, this requirement is applied flexibly by the CJEU as well. Instead of serving as a filter to exclude, from the outset, all instances where the trademark is not used in the traditional manner, i.e., to indicate commercial source,⁴¹ a mere reference to a trademark may be sufficient to trigger an infringement action. For instance, use of a mark by a third party to inform the public about repair and maintenance services for trademarked products has been found to constitute trademark use.⁴² The CJEU also held that use in comparative advertising constituted trademark use, because the advertiser used her competitor's trademark to distinguish her own products from those of the competitor.⁴³ In addition, the Court assumed that there was relevant trademark use where a third party used a

³⁹ Article 5(1) and (2) TMD and Article 9(1) CTMR.

⁴⁰ See CJEU, judgment of March 23, 2010, cases C-236/08-238/08, *Google/Louis Vuitton et al.*, para. 50; CJEU, judgment of November 12, 2002, case C-206/01, *Arsenal/Reed*, para. 40.

⁴¹ This stricter test, however, was mentioned with regard to the traditional identification function of trademarks in CJEU, judgment of January 25, 2007, case C-48/05, *Opel/Autec*, para. 24.

⁴² See CJEU, judgment of February 23, 1999, case C-63/97, *BMW/Deenik*, para. 42.

⁴³ See CJEU, 12 June 2008, case C-533/06, *O2/Hutchison*, para. 35-36; CJEU, 23 March 2010, cases C-236/08-238/08, *Google/Louis Vuitton et al.*, para. 71.

company, trade or shop name in such a way that a link was established with the goods or services offered by that third party.⁴⁴ Hence, the Court brought several forms of referential use within the ambit of exclusive trademark rights.

In the light of this elastic standard, use of a trademark as an embellishment was held to constitute actionable trademark use as well. In the German case *Lila Postkarte*, the defendant sold postcards that alluded ironically to trademarks and advertising campaigns of the chocolate producer Milka. On purple background corresponding to Milka's abstract colour mark, the postcard sought to ridicule the nature idyll with cows and mountains that is evoked in Milka advertising. It showed the following poem attributed to "Rainer Maria Milka":

“Über allen Wipfeln ist Ruh,
irgendwo blökt eine Kuh.
Muh!”⁴⁵

Assessing this ironic play with Milka insignia, the German Federal Court of Justice confirmed the weakness of the requirement of use “in relation to goods or services”. It held that for the use of Milka trademarks to constitute trademark use in this sense, it was sufficient that the postcard called to mind the well-known Milka signs.⁴⁶ The inherent limitation of trademark rights to use “as a trademark” thus proved to be an insufficient safeguard of the freedom to make a trademark parody. Instead, the Court had to invoke the open-ended defence of use with “due cause” which the German Trademark Act provides in line with Article 5(2) TMD. Weighing Milka's concerns about a disparagement of the trademarks against the fundamental guarantee of the freedom of art, the Court concluded that the freedom of art had to prevail in light of the ironic statement made with the postcard.⁴⁷

Besides the general criteria of “use in the course of trade” and “use in relation to goods or services”, EU trademark law sets forth specific infringement criteria relating to protection against confusion and protection against dilution. These specific infringement criteria also shape the relationship between trademark law and freedom of speech: the stricter they are applied, the more freedom of use remains for other traders and the public at large. In the area of protection against confusion, for instance, a limited scope of protection may result from a low degree of distinctiveness.⁴⁸ In the case *Picasso/Picaro*, the CJEU had to decide on an opposition lodged against the registration of the word sign “PICARO” on the basis of the earlier Community Trade Mark “PICASSO”. The case concerned use for vehicles. The Court

⁴⁴ See CJEU, judgment of 11 September 2007, case C-17/06, *Céline*, para. 23. See also CJEU, 19 February 2009, case C-62/08, *UDV/Brandtraders*, para. 47. The emphasis on the criterion of a mere link with the goods or services offered under a conflicting sign was particularly confirmed in cases dealing with keyword advertising. See CJEU, 23 March 2010, cases C-236/08-238/08, *Google/Louis Vuitton et al.*, para. 72; 12 July 2011, case C-324/09, *L'Oréal/eBay*, para. 92.

⁴⁵ ‘It is calm above the tree tops, somewhere a cow is bellowing. Moo!’ See German Federal Court of Justice, 3 February 2005, case I ZR 159/02, *Gewerblicher Rechtsschutz und Urheberrecht* 2005, p. 583, ‘Lila Postkarte’. Cf. C. Born, *Zur Zulässigkeit einer humorvollen Markenparodie – Anmerkungen zum Urteil des BGH ‘Lila Postkarte’*, *Gewerblicher Rechtsschutz und Urheberrecht* 2006, p. 192.

⁴⁶ See the reference to CJEU, judgment of October 23, 2003, case C-408/01, *Adidas/Fitnessworld*, para. 39, in the decision “Lila Postkarte” of the German Federal Court of Justice, judgment of February 3, 2005, case I ZR 159/02, *Gewerblicher Rechtsschutz und Urheberrecht* 2005, p. 583 (584).

⁴⁷ See Bundesgerichtshof, *ibid.*, p. 584-585.

⁴⁸ The degree of distinctiveness is one of the factors to be considered in the framework of the infringement analysis. See CJEU, judgment of September 29, 1998, case C-39/97, *Canon/Cannon*; judgment of June 22, 1999, case C-342/97, *Lloyd/Loint's*.

assumed in this context that, “confronted with the word sign PICASSO, the relevant public inevitably sees in it a reference to the painter.”⁴⁹ Against this background, the Court concluded that

*“given the painter’s renown with that public, that particularly rich conceptual reference is such as greatly to reduce the resonance with which, in this case, the sign is endowed as a mark, among others, of motor vehicles.”*⁵⁰

Therefore, the scope of protection against confusion may remain limited in the case of signs of cultural significance. It may also be difficult to establish that a sign of cultural significance has become a mark with a reputation eligible for anti-dilution protection.⁵¹

The situation seems different, however, where a trademark consists of a sign that has cultural significance but is not widely known among the consuming public. A name, symbol or melody taken from a culturally important but relatively unknown work is unlikely to have a cultural connotation capable of weakening the recognition of the sign as an indication of commercial origin. Who thinks of Nike, the Greek goddess of victory, when seeing the “NIKE” trademark?⁵² Who is aware of culturally important signs of indigenous communities?

Given the relatively low threshold for acquiring anti-dilution protection in the EU, unknown signs with cultural significance may even become eligible for enhanced protection against dilution. In contrast to other trademark systems requiring recognition among the general consuming public, niche reputation is sufficient under EU trademark law.⁵³ For a trademark to constitute a mark with a reputation, it must be known by the target group of the goods or services marketed under the trademark. In the case of specific products, this target group may be a specialized public, such as traders in a specific sector. The required degree of knowledge is reached when the mark is known by a significant part of the relevant public.⁵⁴

Once reputation is established, EU trademark law offers anti-dilution protection covering blurring, tarnishment and unfair free-riding in competitive and non-competitive situations.⁵⁵ The evidence to be produced need not necessarily include proof of a change in the economic behaviour of consumers. In respect of the taking of unfair advantage, it suffices to show that

⁴⁹ See CJEU, judgment of January 12, 2006, case C-361/04 P, Picasso/Picaro, para. 27.

⁵⁰ CJEU, *ibid.*, para. 27.

⁵¹ Cf. EU Court of First Instance, 30 June 2009, case T-435/05, Danjaq/OHIM, para. 26-31, rejecting the argument that the sign “Dr. No” had become a well-known mark in the sense of Article 6bis PC. Cf. A. Ohly, “Areas of Overlap Between Trade Mark Rights, Copyright and Design Rights in German Law – Report Prepared on Behalf of the German Association for the Protection of Intellectual Property”, *Gewerblicher Rechtsschutz und Urheberrecht – Internationaler Teil* 2007, p. 704 (709).

⁵² With regard to these and further examples, see Assaf, *supra* note 5, p. 2-3.

⁵³ Cf. M.R.F. Senftleben, “The Trademark Tower of Babel – Dilution Concepts in International, US and EC Law”, *International Review of Intellectual Property and Competition Law* 40 (2009), p. 45; I. Simon Fhima, “The Actual Dilution Requirement in the United States, United Kingdom and European Union: A Comparative Analysis”, *Boston University Journal of Science and Technology Law* 12 (2006), p. 271; B. Beebe, “A Defense of the New Federal Trademark Antidilution Law”, *Fordham Intellectual Property, Media & Entertainment Law Journal* 16 (2006), p. 1143 (1146-1147 and 1174); J.T. McCarthy, “Dilution of a Trademark: European and United States Law Compared”, *Trademark Reporter* 94 (2004), p. 1163.

⁵⁴ See CJEU, judgment of 14 September 1999, case C-375/97, General Motors/Yplon, para. 24 and 26. In respect of the territorial expansion required, see CJEU, *ibid.*, para. 28; and judgment of October 6, 2009, case C-301/07, Pago/Lattella, para. 29.

⁵⁵ See CJEU, judgment of January 9, 2003, case C-292/00, Davidoff/Gofkid; CJEU, judgment of June 18, 2009, case C-487/07, L’Oréal/Bellure.

“a third party attempts, through the use of a sign similar to a mark with a reputation, to ride on the coat-tails of that mark.”⁵⁶

Moreover, the CJEU refused to consider the need to keep protected signs available when determining the scope of protection. In the decision *Adidas/Marca*, the Court explained that it was clear that the requirement of availability was

“extraneous both to the assessment of the degree of similarity between the mark with a reputation and the sign used by the third party and to the link which may be made by the relevant public between that mark and the sign.”⁵⁷

3.2 Exceptions to Exclusive Rights

Besides the described inherent limits of protection, EU trademark law creates room for unauthorized trademark use through several exceptions to the exclusive rights of trademark owners. The proprietor of a trademark is not entitled under EU trademark law to prohibit a third party from using descriptive indications in the course of trade, provided that the use takes place in accordance with “honest practices in industrial or commercial matters.”⁵⁸ If trademark protection is acquired with regard to a descriptive sign, this exception ensures that the public and other traders can still use the sign for the purpose of indicating the characteristics of goods or services. This type of commercial expression is thus safeguarded. For instance, a geographical name that has become a trademark remains available for use as an indication of the geographical origin of goods or services from the area concerned. As long as the user of a geographical term is not found to be unfairly competing with the proprietor of the trademark, the exception may even cover use of the indication as part of the labelling of products having the geographical origin.⁵⁹

Similarly, commercial use may be justified in the light of the exemption of descriptive use, if a sign of cultural or religious significance is perceived by the public as an indication of product characteristics rather than an indication of origin. The indications “Mozarttorte” (Mozart cake) and “Mozartkugel” (Mozart ball), for instance, are likely to be perceived as an indication of a particular type of cake or chocolate product by the consuming public in several EU Member States. Against this background, use of these indications – in the sense of

⁵⁶ CJEU, judgment of June 18, 2009, case C-487/07, *L’Oréal/Bellure*, para. 49. However, see judgment of November 27, 2008, case C-252/07, *Intel/CPM*, para. 77, with regard to blurring and tarnishment where evidence of a change in consumer behavior may be required. Cf. A. Bouvel, “Marques et renommée: À propos de l’arrêt “Intel” rendu par la Cour de justice des communautés européennes le 27 novembre 2008 (aff. C-252/07)”, in: C. Geiger/J. Schmidt-Szalewski (eds.), *Les défis du droit des marques au XXIe siècle*, Strasbourg: Litec 2010, p. 123; A.A. Quaedvlieg, “INTEL en verwatering: Economisch gedrag en juridisch bewijs”, *Bijblad bij de industriële eigendom* 2009, p. 253; A.A. Quaedvlieg, “Herkomst- en goodwillinbreuk in het merkenrecht na INTEL en l’Oréal”, *Ars Aequi* 2009, p. 799; S. Middlemiss/S. Warner, “The Protection of Marks with a Reputation: Intel v CPM”, *European Intellectual Property Review* 2009, p. 326 (331-332). For a critical comment on intuitive protection against free-riding as a species of unjust enrichment law, M.A. Lemley/M.P. McKenna, “Owning Mark(et)s”, *Michigan Law Review* 109 (2010), p. 137.

⁵⁷ CJEU, judgment of April 10, 2008, case C-102/07, *Adidas/Marca*, para. 43.

⁵⁸ See Article 6(1)(b) TMD and Article 12(b) CTMR.

⁵⁹ See CJEU, judgment of January 7, 2004, case C-100/02, *Gerolsteiner Brunnen/Putsch*, para. 15 and 26.

information about product characteristics – is unlikely to give rise to a conflict with the Community Trade Mark “MOZART”.⁶⁰

If a sign becomes a mark with a reputation, it enjoys, as explained above, not only protection against confusion but also protection against blurring, tarnishment and unfair free-riding. Yet even in this area of enhanced protection against dilution, trademark rights cannot successfully be invoked, if the defendant’s use of the trademark is made with “due cause”.⁶¹ As the *Lila Postkarte* decision shows, this open-ended due cause defence can be employed to offer room for trademark parody. More generally, it may justify use for the purposes of criticism and review. By finding that unauthorized use was made with due cause, courts in the EU can thus ensure that trademarked signs remain available for public debate, even if they become marks with a reputation.⁶² In *Interflora/Marks & Spencer*, the CJEU also recognized a due cause defence with regard to unauthorized use of a trademark aiming to inform consumers about alternative offers in the marketplace.⁶³ The “due cause” defence, therefore, also serves as a means of enhancing competition by keeping protected signs available for use by other traders.

Further exceptions to trademark rights in the EU concern use of one’s own name or address in the course of trade,⁶⁴ and use necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts.⁶⁵ On the basis of EU legislation in the field of misleading and comparative advertising,⁶⁶ the CJEU moreover established an additional exception covering the use of a trademark in permissible comparative advertising satisfying all conditions following from EU legislation in that area.⁶⁷ References to another’s trademark in comparative advertising, or advertising indicating the intended purpose of goods or services, thus need not constitute trademark infringement even though it may constitute, as discussed above, relevant “use in relation to goods or services” under the elastic test of trademark use applied by the CJEU.

⁶⁰ See Higher Court of Appeals München, judgment of July 26, 2001, case 29 U 6000/00, *Gewerblicher Rechtsschutz und Urheberrecht-Rechtsprechungsreport* 2002, p. 12 (13). In the meantime, the Community Trade Mark has been invalidated because of its descriptive character with regard to “pastry and confectionary, chocolate products and sugar confectionary”. See EU Court of First Instance, judgment of July 9, 2008, case T-304/06, Paul Reber/OHIM, para. 99. As to the distinction between use as a trademark and use as a product description, see V. Di Cataldo, “The Trade Mark with a Reputation in EU Law – Some Remarks on the Negative Condition “Without Due Cause””, *International Review of Intellectual Property and Competition Law* 42 (2011), p. 833 (838-840).

⁶¹ See Article 5(2) TMD and Article 9(1)(c) CTMR.

⁶² As to the role of the due cause defence in safeguarding freedom of expression, see also German Federal Court of Justice, 11 March 2008, case VI ZR 7/07, “Gen-Milch”, *Neue Juristische Wochenschrift* 2008, p. 2110; District Court of Amsterdam, 22 December 2006, case KG ZA 06-2120, “Denk vooruit”, *Intellectuele eigendom en reclamerecht* 2007, p. 139; Paris Court of Appeals, 26 February 2003, Greenpeace/Esso, *International Review of Intellectual Property and Competition Law* 35 (2004), p. 342. For a broader overview of case law, see Sakulin, supra note 1; C. Geiger, “Trade Marks and Freedom of Expression – the Proportionality of Criticism”, *International Review of Intellectual Property and Competition Law* 38 (2007), p. 317; C. Rohnke/K. Bott/K.-U. Jonas/S. Asschenfeldt, “Konflikte zwischen Markenrechten und dem Recht auf freie Meinungsäußerung”, *Gewerblicher Rechtsschutz und Urheberrecht – Internationaler Teil* 2005, p. 419.

⁶³ CJEU, 22 September 2011, case C-323/09, *Interflora/Marks & Spencer*, para. 91.

⁶⁴ See Article 6(1)(a) TMD and Article 12(a) CTMR.

⁶⁵ See Article 6(1)(c) TMD and Article 12(c) CTMR.

⁶⁶ See the Misleading Advertisement Directive 84/450 of 10 September 1984, as amended by the Comparative Advertisement Directive 97/55 of 6 October 1997. These two Directives are now consolidated in the Misleading and Comparative Advertisement Directive 2006/114/EC of 12 December 2006.

⁶⁷ See CJEU, 12 June 2008, case C-533/06, *O2/Hutchison*, para. 45; CJEU, 18 June 2009, case C-487/07, *L’Oréal/Bellure*, para. 54.

4. A Proper Balance?

Considering the described measures to keep signs free and restrict the scope of trademark protection, several observations can be made with regard to the balance between trademark protection and freedom of expression in the EU. To keep signs free, the EU trademark system places too much reliance on the basic protection requirement of distinctiveness (4.1). As to safeguards for freedom of use, a need for additional exceptions comes to the fore after extensions of EU trademark rights that weakened inherent limits to the scope of protection, in particular the broad interpretation of what constitutes use as a trademark in relation to goods or services by junior users (4.2).

4.1 Reliance on the Requirement of Distinctiveness

As explained above, the basic protection requirement of distinctive character serves as a means of keeping signs free from trademark protection in several cases, including the case of descriptive and generic signs, and signs of cultural significance not having a high symbolic value. As there is a possibility of acquiring distinctiveness through use in trade, however, this bar to trademark protection remains surmountable and unpredictable. On its merits, EU trademark law leaves the decision on trademark protection in these cases to the marketing efforts of traders and the impact of these efforts on the perception of consumers. Enterprises may see the possibility of acquiring trademark rights as an incentive to invest in non-distinctive, descriptive or generic signs.⁶⁸ The EU trademark system may thus *de facto* provide an incentive for enterprises to invest in advertising campaigns educating consumers to perceive signs lacking distinctive character as an indication of commercial source. Once this marketing effort has the desired success, the sign can be registered.

Considering the rationales underlying trademark law, this mechanism for obtaining trademark protection may be justified by pointing out that trademark law seeks to recognize the marketing efforts made by an individual trader and protect consumers against confusion by providing for the possibility of acquiring distinctiveness through use in trade. The moment a non-distinctive, descriptive or generic sign is perceived as a reference to one particular commercial source, it seems to become necessary, from this perspective, to inhibit other traders from using that particular sign.

The argument, however, rests on a circular line of reasoning: without the loophole of obtaining distinctiveness through use in trade as a basis for the acquisition of trademark rights, there would be less legal security for investment. Marketing campaigns aiming to teach consumers to recognize signs lacking distinctive character as identifiers of commercial source would be less attractive. This, in turn, would lead to a situation where the need to reduce a potential risk of consumer confusion by awarding trademark protection is less likely to arise in the first place. If enterprises refrained from attempting to teach consumers to recognize non-distinctive, descriptive or generic signs as source identifiers, consumers would not be confused with regard to the commercial origin of goods or services when these signs are used

⁶⁸ Cf. L.P. Ramsey, “Descriptive Trademarks and the First Amendment”, *Tennessee Law Review* 70 (2003), p. 1095 (1155), who concludes with regard to the use of descriptive trademarks: “In contrast, when a descriptive term is first used as a mark, that mark is not yet distinctive, but it is valuable instantly – before any advertising or sales – because the term is attribute-identifying and provides information about the qualities and characteristics of the product. A business that selects and uses a descriptive term as a mark on its products is, in effect, free-riding off the attribute-identifying value of the descriptive term.”

in the marketplace. As Professor Ramsey showed with regard to descriptive marks in the context of US trademark law,

*“...circular reasoning underlies the argument that confusing use of a descriptive term as a mark is misleading and can therefore be restricted to protect consumers. By granting and enforcing exclusive rights in descriptive marks, the government helps to make those marks source-identifying, which leads to the possibility of consumer confusion in the first place.”*⁶⁹

Again, signs of cultural significance can serve as an example to illustrate this risk of dysfunctional incentives. As explained above, EU trademark law provides for the outright exclusion of official signs, signs of high symbolic value and religious signs.⁷⁰ However, these exclusions do not necessarily reduce the exposure of cultural signs to trademark protection. A sign of cultural significance may constitute an important national symbol and fall under the exclusion of signs with a high symbolic value that has been adopted in several EU Member States. Cultural signs without high symbolic value, however, remain unaffected. The shape exclusions in EU trademark law⁷¹ may keep certain industrial designs and other three-dimensional creations with cultural significance free from trademark protection.⁷² So far, however, these exclusions remained limited to three-dimensional signs.⁷³ While this may be an efficient safeguard against the acquisition of trademark rights to technical solutions,⁷⁴ cultural material is much more diverse. Two-dimensional shapes, such as drawings, paintings and photographs, and musical shapes, such as melodies, do not qualify for the shape exclusions. In consequence, cultural signs, such as the name and portrait of a famous artist, distinctive parts of a painting, drawing or photograph, or a melody taken from a classical piece of music, can be registered as a trademark in many cases.

⁶⁹ Ramsey, *ibid.*, p. 1150. See also R.C. Denicola, “Trademarks as Speech: Constitutional Implications of the Emerging Rationales for the Protection of Trade Symbols”, *Wisconsin Law Review* 158 (1982), p. 158 (170). For a critical assessment of trademark claims based on consumer expectations in general, see M.P. McKenna, “The Normative Foundations of Trademark Law”, *Notre Dame Law Review* 82 (2007), p. 1839 (1899).

⁷⁰ Arts. 3(1)(h), 3(2)(b) and (c) TMD.

⁷¹ Art. 3(1)(e) TMD.

⁷² See General Court of the European Union, 6 October 2011, case T-508/08, *Bang & Olufsen/OHIM*. For a proposal to generally extend the substantial value exclusion to all shapes that are attractive because of their beauty, see V. Vanovermeire, “Inschrijving als merk van een in het openbaar domein gevallen werk”, in: A. Cruquenaire/S. Dusollier (eds.), *Le cumul des droits intellectuels*, Brussels: Larcier 2009, p. 177 (201-203).

⁷³ As discussed above, the attempt made by the German Federal Patent Court, 9 November 2005, case 29 W (pat) 147/03, “*Porträtfoto Marlene Dietrich*”, *Gewerblicher Rechtsschutz und Urheberrecht* 2006, p. 333, to apply the exclusion to a portrait photograph was overruled by the German Federal Court of Justice, 24 April 2008, case I ZB 21/06, “*Marlene-Dietrich-Bildnis*”, *Gewerblicher Rechtsschutz und Urheberrecht* 2008, p. 1093. Under the former Benelux provisions that served as a model for the current EU shape exclusions, the question of application to twodimensional shapes arose in the Burberry cases. In this context, an attempt to extend the exclusion’s scope to twodimensional shapes was made with regard to Burberrys’ tartan pattern by the Dutch courts. The Benelux Court of Justice, 14 April 1989, case A 87/8, “*Burberrys I*”, *Nederlandse Jurisprudentie* 1989, no. 834, para. 9, was prevented from a decision on this matter for procedural reasons in the first Burberry case. In a further decision on the tartan pattern, however, the Benelux Court of Justice, 16 December 1992, case A 90/4, *Nederlandse Jurisprudentie* 1992, no. 596, “*Burberrys II*”, para. 34-44, explicitly rejected the extension and confined the scope of the exclusion to threedimensional shapes.

⁷⁴ Cf. CJEU, 18 June 2002, case C-299/99, *Philips/Remington*; CJEU, 14 September 2010, case C-48/09P, *Lego/Mega Brands*. See also the analysis of the functionality doctrine conducted by M.P. McKenna, “(Dys)functionality”, *Houston Law Review* 48 (2011), p. 824 (859-860), who concludes that different approaches to technical and esthetic functionality can only be harmonized on the basis of an overarching concept of fair competition that permits consistent answers to the question of whether, and to what extent, the copying of product features in general should be permissible or not.

Due to their predominant cultural meaning, signs of cultural significance may be qualified as rather weak trademarks. However, the CJEU refused to include the need to keep signs available for the public or other traders in the infringement analysis.⁷⁵ A sign's cultural significance, therefore, only leads to a relative weakness that may be overcome through marketing efforts.⁷⁶ It does not constitute a stable factor to be considered generally in the context of infringement claims. The EU system permitting the acquisition of trademark rights once a sign of cultural significance has become distinctive may thus encourage enterprises to invest in advertising presenting a culturally important sign as an indication of commercial source. Positive cultural connotations attached to the sign may even spur investment by entrepreneurs seeking to benefit from pre-existing goodwill and recognition associated with signs of cultural significance. On its merits, the EU system thus provides incentives for advertising that may be qualified as a form of free-riding on a sign's positive cultural connotations. This, in turn, will lead to unfair competitive advantages.

When a cultural sign is finally entered in the trademark register, this registration may be used strategically by the trademark owner as an instrument to threaten third parties using the sign in an unrelated context with a potential infringement action. As explained above, mere references to the trademark can constitute relevant use as a trademark and offer a basis for an infringement claim in the EU. Thus, a trademark registration incorporating a cultural sign may have a deterrent – or “chilling” – effect on cultural activities, particularly in the case of trademark owners pursuing an aggressive enforcement strategy.⁷⁷ The reliance placed on the requirement of distinctiveness as a tool for keeping signs of cultural significance free is thus doubtful. If an outright exclusion were applied to cultural signs – an exclusion that cannot be overcome through a showing of acquired distinctive character –, this would guarantee the unencumbered use of culturally important signs. Such a guarantee of free use without a risk of trademark infringement is likely to support political and artistic freedom of expression and follow-on innovation in the cultural sector.⁷⁸

3.2 Need for Additional Exceptions

As explained above, the CJEU has continued to relax the general protection requirements of “use in the course of trade” and “use in relation to goods or services”. In particular, the requirement of use in relation to goods or services is applied flexibly. In principle, this general prerequisite for protection could be applied to confine the scope of trademark rights to instances where the senior user's trademark is employed by a junior user as an identifier of commercial source with regard to its own goods or services. Following this approach, access to trademark protection could be contained from the outset. The entrance requirement of

⁷⁵ See CJEU, judgment of April 10, 2008, case C-102/07, Adidas/Marca, para. 30 and 43.

⁷⁶ Assaf, *supra* note 5, p. 2-3, gives the example of the Greek goddess “Nike” and the hero “Ajax” whose original cultural meaning is superseded by commercial marketing messages. Irrespective of the cultural meaning of these signs, the respective trademark owners were capable of establishing well-known trademarks.

⁷⁷ For an example of such an aggressive strategy relating to industrial design rights, see District Court of The Hague, 4 May 2011, case LJN: BQ3525, Nadia Plesner/Louis Vuitton, online available at www.rechtspraak.nl, dealing with an infringement action brought by Louis Vuitton against Plesner's painting “Darfurnica” because it shows a poor black boy with a Louis Vuitton handbag. For a case comment, see D.J.G. Visser, “Darfurnica: modellenrecht versus kunstvrijheid”, *Nederlands Juristenblad* 2011, p. 740-742.

⁷⁸ For a more detailed discussion of this point, see Senftleben, *supra* note 5. As to a discussion of the determinants of cultural creativity against the background of public domain preservation in copyright law, see J.E. Cohen, “Copyright, Commodification, and Culture: Locating the Public Domain”, in: Guibault/Hugenholtz, *supra* note 2, p. 121 (137-156).

trademark use would serve as a filter to exclude claims that are unrelated to the identification and distinction of goods and services. Considerable breathing space for freedom of use in political, cultural, educational and social contexts could be created in this way.⁷⁹

However, the CJEU takes the opposite approach, weakening the trademark use requirement instead of sharpening its conceptual contours. The reason for the increasingly elastic application of general protection requirements can be seen in the recognition of a broader range of protected trademark functions. The CJEU no longer focuses on the traditional origin function. In *L'Oréal/Bellure*, the Court held that, besides this essential function, a trademark's quality, communication, investment, and advertising functions enjoyed absolute protection in double identity cases falling under Article 5(1)(a) TMD.⁸⁰ These latter functions are typically fulfilled by marks with a reputation. A strong brand is capable of conveying lifestyle messages that are the result of substantial investment in advertising. Protection of a trademark's communication, investment, and advertising functions is thus protection of the investment in the creation of a favourable brand image and the brand communication based on this image. However, the weaker the inherent limits of exclusive trademark rights, the stronger is the need for the adoption of exceptions that explicitly exempt certain forms of use from the control of the trademark owner. As posited by Professor Dinwoodie with regard to similar developments in US trademark law:

“However, as the scope of trademark protection expands and the metes and bounds of protection become more uncertain, we cannot rely exclusively on creative interpretation of the prima facie cause of action to establish limits. Trademark law must more consciously develop defenses that reflect the competing values at stake in trademark disputes.”⁸¹

⁷⁹ For a discussion of the concept of trademark use in EU trademark law, see A. Kur, “Confusion Over Use? Die Benutzung “als Marke” im Lichte der EuGH-Rechtsprechung”, *Gewerblicher Rechtsschutz und Urheberrecht – Internationaler Teil* 2008, p. 1 (11); P.J. Yap, “Essential Function of a Trade Mark: From BMW to O2”, *European Intellectual Property Review* 2009, 81 (86-87); I. Simon Fhima, “How Does “Essential Function” Doctrine Drive European Trade Mark Law?”, *International Review of Intellectual Property and Competition Law* 36 (2005), p. 401; P.L. Loughlan, “Protecting Culturally Significant Uses of Trade Marks (Without a First Amendment)”, *European Intellectual Property Review* 2000, p. 328. As to the recognition of a potential gatekeeper function of the trademark use requirement in US and EU law, see S.L. Dogan/M.A. Lemley, “The Trademark Use Requirement in Dilution Cases”, *Santa Clara Computer & High Technology Law Journal* 24 (2008), p. 541 (542): “By maintaining the law’s focus on misleading branding, the trademark use doctrine keeps trademark law true to its ultimate goal of promoting competitive markets.” However, see also G.B. Dinwoodie/M.D. Janis, “Confusion Over Use: Contextualism in Trademark Law”, *Iowa Law Review* 92 (2007), p. 1597 (1657-1658), who doubt that problems arising in the current “expansionist climate” could be solved by recalibrating the notion of trademark use: “Trademark use is simply too blunt a concept, no matter how defined, to capture the full range of values at play in these debates.” For a summary of the debate, see M. Davison/F. Di Giantomaso, “Use as a Trade Mark: Avoiding Confusion When Considering Dilution”, *European Intellectual Property Review* 2009, p. 443; M.P. McKenna, “Trademark Use and the Problem of Source”, *University of Illinois Law Review* 2009 (2009), p. 773.

⁸⁰ CJEU, 18 June 2009, case C-487/07, *L'Oréal/Bellure*, para. 58. For comments on this development, see M.R.F. Senftleben, “Trade Mark Protection – A Black Hole in the Intellectual Property Galaxy?”, *International Review of Intellectual Property and Competition Law* 42 (2011), p. 383; F. Hacker, “Funktionenlehre und Benutzungsbegriff nach “L'Oréal””, *Markenrecht* 2009, p. 333; A. Kur/L. Bently/A. Ohly, “Sweet Smells and a Sour Taste – the ECJ’s L'Oréal Decision”, Max Planck Institute for Intellectual Property, Competition and Tax Law Research Paper Series No. 09-12, online available at <http://ssrn.com/abstract=1492032>.

⁸¹ G.B. Dinwoodie, “Lewis & Clark Law School Ninth Distinguished IP Lecture: Developing Defenses in Trademark Law”, *Lewis and Clark Law Review* 13/1 (2009), p. 99 (152). Cf. W. McGeeveran, “Rethinking Trade Mark Fair Use”, *Iowa Law Review* 94 (2008), p. 49.

Against this backdrop, the need for new exceptions in EU trademark law is evident.⁸² With the relaxation of the requirement of use in relation to goods or services, the CJEU offers broad access to trademark protection beyond the traditional function of distinguishing one's goods or services from those of others. Without appropriate exceptions providing defences in infringement cases, the reaction of EU trademark law to forms of referential and decorative use will most probably be too harsh.⁸³ An enhanced infrastructure of exceptions is needed to re-establish a proper balance between rights and freedoms.

There is cause for optimism in the EU, however, as the process of devising new exceptions has already started. In *O2/Hutchison*, the CJEU itself, as indicated above, took steps to create additional breathing space for references to trademarks in comparative advertising. The rules of the EC Comparative Advertisement Directive were openly applied as an external balancing tool that is not reflected in EU trademark law itself.⁸⁴ The Court thus supplemented the exceptions within EU trademark law with an additional exception derived from external EU advertisement standards. In its further judgment in *Interflora/Marks & Spencer*, the CJEU confirmed its willingness to counterbalance broad exclusive rights by recognizing new exceptions. On the one hand, the Court confirmed its broad concept of protection against unfair free-riding in dilution cases.⁸⁵ An online advertiser who derives benefits from a trademark with a reputation by selecting that trademark as a keyword for its own advertising, in principle, takes unfair advantage of the trademark with a reputation.⁸⁶ On the other hand, however, the Court introduced a new type of “due cause” defence covering the purchase of trademarks as keywords in online advertising for the purpose of informing internet users of alternatives in the marketplace.⁸⁷ As explained above, the defence of “due cause” also plays a central role in safeguarding the freedom of parody, criticism, and comment. This flexible preservation tool, however, is only available in the context of anti-dilution protection under Article 5(2) TMD.

In double identity cases falling under Article 5(1)(a) TMD, a comparable balancing tool is sought in vain in EU trademark law. Considering that the CJEU seeks to protect goodwill functions in double identity cases besides the essential origin function, this lack of a comparable safeguard of user freedoms is highly problematic.⁸⁸ The development of new

⁸² Admittedly, the recalibration of infringement requirements, particularly in the area of anti-dilution protection, may offer satisfactory results as well. See the strong arguments advanced by Burrell/Gangjee, *supra* note 1, p. 544; Peukert, *supra* note 2, p. 96-107. The CJEU, however, seems reluctant to follow this alternative route. The reason for this can be seen in the intention to maximize the harmonization effect of EU trademark legislation. Cf. M.R.F. Senftleben, “Keyword Advertising in Europe – How the Internet Challenges Recent Expansions of EU Trademark Protection”, *Connecticut Journal of International Law* 27 (2011), p. 39.

⁸³ Cf. Max Planck Institute, *supra* note 3, para. 2.260-2.262, proposing the inclusion of an explicit limitation regarding honest referential use that, besides comparative advertising, would cover use for purposes of indicating replacement or service, use for purposes of commentary and criticism, and parody.

⁸⁴ In *O2/Hutchison*, the CJEU could establish a link between the prohibition of confusion in Art. 3a(1)(d) of the Comparative Advertisement Directive and the likelihood of confusion test in Art. 5(1)(b) TMD. See CJEU, 12 June 2008, case C-533/06, *O2/Hutchison*, para. 54 and 69. The Court confirmed this new limitation in *L'Oréal/Bellure*. See CJEU, 18 June 2009, case C-487/07, *L'Oréal/Bellure*, para. 54.

⁸⁵ CJEU, 22 September 2011, case C-323/09, *Interflora/Marks & Spencer*, para. 74. The formula was developed in CJEU, 18 June 2009, case C-487/07, *L'Oréal/Bellure*, para. 49.

⁸⁶ See CJEU, 22 September 2011, case C-323/09, *Interflora/Marks & Spencer*, para. 86-89.

⁸⁷ CJEU, *ibid.*, para. 91.

⁸⁸ See the critique by A. Ohly, *Keyword Advertising auf dem Weg zurück von Luxemburg nach Paris*, Wien, Karlsruhe und Den Haag, *Gewerblicher Rechtsschutz und Urheberrecht* 2010, p. 776 (780 and 782); F. Hacker, “Funktionenlehre und Benutzungsbegriff nach “L'Oréal””, *Markenrecht* 2009, p. 333 (337); Max Planck Institute, *supra* note 3, para. 2.260.

defences in EU trademark law must thus be seen as an incomplete process. Potentially, the CJEU will directly invoke the fundamental guarantee of freedom of expression in Article 11 of the EU Charter of Fundamental Rights and Article 10 of the European Convention on Human Rights to create the required breathing space. In the present situation, the need to enshrine appropriate new defences for parody, criticism, and comment in EU trademark law is even more pressing than in the case of comparative advertising where the specific rules laid down in the Comparative Advertisement Directive are readily available.

The proposal of the European Commission for amending EU trademark legislation contains important impulses in this regard. The Commission seeks to introduce an exception covering referential use in general.⁸⁹ If this additional exception was adopted, it would create additional room for the CJEU to develop appropriate defences. As currently proposed by the Commission, the new exception would apply horizontally to all exclusive rights, including the problematic double identity rule in Article 5(1)(a) TMD where the flexible “due cause” defence is presently missing. Alternatively, the scope of Article 5(1)(a) TMD could be limited from the outset. The proposal of the European Commission also reflects this option. It would restrict the scope of Article 5(1)(a) TMD by including the additional requirement that use in double identity cases “affects or is liable to affect the function of the trade mark to guarantee to consumers the origin of the goods or services.”⁹⁰ As a result, the extension of Article 5(1)(a) TMD to goodwill functions – investment, advertising, communication – in *L’Oréal/Bellure* would be corrected. The provision would only apply in cases where the traditional origin function is affected. Referential use, including use for the purposes of comparative advertising and parody, would thus remain outside the scope of Article 5(1)(a) TMD as long as it does not suggest a connection with the trademark owner.

5. Conclusion

The analysis of mechanisms offering room for free speech within EU trademark law sheds light on several problem areas. In the area of exclusions from trademark protection, it is questionable whether the strong reliance placed on the basic protection requirement of distinctive character is appropriate. In respect of signs of cultural significance, for instance, EU trademark law largely leaves the acquisition of trademark rights to whether an aspiring trademark owner can establish distinctive character. Once trademark rights are acquired, the impact on use of the sign in a cultural context must not be underestimated. The marketing messages attached to the sign may supersede its original cultural meaning. The existence of trademark rights may have a deterrent effect on use for cultural follow-on innovation. Against this background, the EU approach to signs of cultural significance is wanting. EU policy makers should safeguard freedom of speech more efficiently by adopting an exclusion of signs of cultural significance that cannot be overcome through the acquisition of distinctive character in consequence of use in trade. This stricter approach would also inhibit traders from deriving unfair competitive advantages from positive cultural connotations that the sign had prior to the acquisition of trademark rights.

In the area of restrictions of the scope of trademark protection, the analysis revealed that with the continuous expansion of trademark protection in the EU, inherent limits of exclusive rights become less and less reliable safe harbours for free speech. It has become more difficult to demarcate exactly the limits of actionable trademark use. Besides forms of use that would

⁸⁹ See Article 14(1)(c) of the TMD amendment proposal, EU Commission, *supra* note 3.

⁹⁰ See Article 10(2)(a) of the TMD amendment proposal, EU Commission, *supra* note 3.

interfere with the essential trademark function of signalling the commercial origin of goods and services, EU trademark owners may also have success in invoking trademark rights against forms of use, such as criticism, comment and parody, that do not impair the basic origin function, but may adversely affect brand image and goodwill. This expansion of trademark rights is likely to have an increasingly deterrent effect. The mere risk of being sued for trademark infringement because of a biting comment or parody may prevent users from engaging in these forms of free speech. To safeguard freedom of expression, it is thus advisable to reassure users of trademarked signs that certain forms of use are exempted from the control of the trademark owner by adopting appropriate exceptions that can be invoked as defences against alleged infringement. In this way, legal certainty can be re-established, and socially and culturally valuable use can be encouraged.