

**“The Evolution and Contents of the Concept of a Need to Keep Signs Available
- a German Perspective”**

Paper prepared for the Conference

“Trademark Law and the Public Interest in Keeping Signs Available”

organized by the Trademark Law Institute

Leiden, 20 – 21 March 2009

by Dr. Thomas Sambuc, Lichtenstein, Körner & Partners, Attorneys at Law, Stuttgart,
Honorary Professor at the University of Tübingen

I.

The need to keep words, devices, product shapes etc. available for free use by competitors is opposed to trademark claims. It may touch upon acquisition of trademarks, or on the exercise of the rights conveyed by them, i.e. on scope of protection. Talking about limits to trademark rights implies talking about the general objectives and functions of trademark law. We move among the gravity spheres of competition, consumer protection, public interest and property rights. These seem to be political questions. The basic question to me seems to be (as with all other intellectual property rights) whether the limitations of competition brought about by IP rights are warranted by overriding benefits. While it seems clear that society as a whole is better off with trademarks than without them, the question remains what dosage of limitation to competition through trademarks is appropriate for generating a net benefit, and what dosage does more harm than good. Once society has determined what level of trademark protection it wants to make available, legal means must be devised to achieve this goal, and authorities must be installed to handle the system. The division of labour between registration and opposition / infringement instances must be coordinated, particularly with regard to the need to keep signs available. I will try to describe in Chapter II how Germany has grappled with this task in the last half century. In Chapter III, I shall try to address some issues of keeping signs available that seem of particular importance to me, and solutions offered by the ECJ.

II. Different phases of consideration of the need to keep signs available in the registration and/or opposition/infringement process

1. Pre 1963:

a)

Legal requirements for trademark *registration* were basically the ones laid down in Article 6quinquies B of the Paris Convention, i.e. distinctiveness and absence of descriptive character.

b)

Trademark *infringement* required three things:

- Likelihood of confusion (made up of similarity/identity between the respective marks and similarity/identity of the respective goods).
- Use as a trademark, namely as identification of source of the goods (as opposed to use as, e.g., the product proper, as decoration, as parody, in comparative advertising, etc.). Use as a trademark was easily assumed, namely when there was only the remote possibility of the consumer looking at the mark (also) as an identification of source. One of the few cases where such use was denied by the Bundesgerichtshof (BGH) was a lawsuit where the well-known journal "Stern" ("Star") who owns an erratically designed star device as trademark proceeded against the Christmas cover of another journal where Christmas stars were used within a nativity scene (GRUR 1960, 126 – "Sternbild").
- Even where likelihood of confusion and use as a trademark were assumed, infringement could still be denied based on a general concept of "*restricted scope of protection*". The necessity for such a concept was felt because for decades variations of descriptive notions were allowed to register in which the descriptive notions still shone through. Since such "varied" (not descriptive, but suggestive) marks were, almost by definition, similar to the descriptive notions they were based on, likelihood of confusion would have had to be assumed in the absence of this corrective.

Example: Opposition based on registered trademark "Placentan" against application for trademark "Andresen-Placenta Ampulle 207", both for dermatological products. Placenta extracts can be a base for such products. "Andresen" is a family name, "Ampulle" means "ampule". In 1964, the Federal Patent Court (BPatGE 6,106 – "Placentan") rejected the opposition since otherwise it would grant protection to the purely descriptive notion "placenta", which was not, and could not have been, protected as a trademark. By granting the protection sought by the opposer, the court said, it would "provoke intolerable results since bars to registration would then have to be raised to an undue height". By this prediction, the court showed astounding prophetic gifts.

2. 1963 turnaround:

Out of the blue and entirely capriciously, the BGH in his 1963 decision "*Polymar*" (GRUR 1963, 630) did away with this possibility of restricting the scope of protection in opposition and infringement proceedings. An application for a mark containing, inter alia, the word "polymer" had been opposed based on trademark registration "Polymar", both covering synthetics. "Polymar" is an obvious variation of the purely descriptive word polymer ("polymere"). The BGH ruled that trademarks obviously derived from and similar to descriptive notions were no minor trademark rights, but enjoyed full protection as any other mark. He reprimanded the Federal Patent Court for allegedly "questioning the registrability of a registered trademark", whereas in fact the FPC had not dealt with registrability, but with scope of protection.

This decision had a considerable impact not only on opposition and infringement cases where it benefited the owners of existing trademarks, but also on future trademark applications. By denying the possibility of giving weight to the necessity to keep descriptive notions freely available in opposition and infringement cases, the registration process was overburdened with this task. From now on, all notions were barred from registration which could be considered similar to any descriptive notion. The leading case for the turnaround on the registration level made necessary by "*Polymar*" was BGH GRUR 1968, 694 – "*Polyestra*", where registration of this newly coined word was denied because of similarity with "polyester".

The BGH did not notice, or did not bother about, thousands of previously registered marks which would not fulfill the new (strict) registration requirements because in the preceding decades they had been registered in accordance with the more liberal standards at the time and could not be challenged retroactively. Still, such marks would now be granted a scope of protection reaching far into the fields of descriptive notions.

Another question arising from this turnaround was whether marks would now also be barred from registration which were similar to notions descriptive (not for the applied-for goods, but) for similar goods. For example, could the mark "cokies" (similar to "cookies") be registered for "filled chocolates" (goods similar to cookies)? The BGH refrained from raising this additional barrier, which, however, did not make his concept of a consideration of the need to keep descriptive notions freely available only (but most strictly) in the registration process more consistent. Replacing the previously balanced system of keeping descriptive notions available with mechanisms both within the registration process and within the opposition/infringement processes by overburdening the registration process alone with this function was a complete failure: It prevented the registration of innu-

merable trademarks which, properly handled, could not have done any harm. At the same time, it granted marks registered under the previous regime a dangerous power. Dissatisfaction with this new regime grew over the years.

3. A new balance:

Another dramatic change took place in 1984. It is marked by two BGH decisions, again one dealing with registrability (GRUR 1984, 815 – “*Indorektal*”) and the other with scope of protection (GRUR 1985, 41 – “*REHAB*”). Standards for registration became more generous and instruments on the opposition / infringement level were introduced to limit undue restrictions of the use of descriptive terms. These instruments were caution in assuming likelihood of confusion and stricter standards for the assumption of trademark-like use.

The transition of this system into the new (harmonized) Trademark Act coming into force in 1995 went smoothly. In fact, the German case law established between 1984 and 1995 seems to have had some effect on the interpretation of Community law by the ECJ.

There are two lessons to be learned from this troublesome history: First, one must have an authority (a court) who keeps the strings of trademark acquisition and trademark enforcement together. Both must fit into each other. Second: If you have a system that works reasonably well, do not replace one part of it without anticipating what outcome this might have on the results produced by the system as a whole.

III. Selected issues of keeping signs available

1. Art. 3 (1) (e) of the Directive – No trademark protection for the goods themselves:

These exclusions concern the difference between a trademark as a means of identification and the identified object, namely the product itself. Trademark law protects signs, not goods. These exclusions are obstacles not only to registrations, but also to the acquisition of a trademark right through use and recognition. Even a 100 % notoriety will not transform an invention into a trademark.

Essential or technical product shapes are excluded from trademark protection only if the sign consists “exclusively” of them, Art. 3 (1) (e). An unusual shape of the engine house or of a side window may suffice to register the overall shape of a fork-lift truck, cf. ECJ “*Linde/Winward/Rado*”. Still, if this line of defence against the monopolization of products

proper should be broken, it may still be difficult to show a distinctive character, cf. *"Linde/Winward/Rado"*, paragraph 48; ECJ *"MAGLITE"*.

2. Art. 3 (3) – Acquisition of distinctive character through use:

In his *"Chiemsee"* decision, the ECJ has refused to embrace the German concept requiring under all circumstances a recognition degree of at least 50 %. Instead: At least "a significant proportion of the relevant class of persons", and a number of other factors (paragraph 52).

3. Art. 3 (1) (c):

In the same decision, the ECJ has pronounced that (contrary to German practice) this provision of the Directive does not depend on there being a real, current or serious need to leave a sign or indication free (paragraph 35).

4. Relation between Art. 3 (1) (b) and (c) – Distinctive character/descriptive notions:

A word mark which is descriptive is also necessarily devoid of any distinctive character with regard to the same goods or services. However, there are other reasons for lack of distinctive character as well, ECJ *"POSTKANTOOR"*, paragraph 86.

5. Art. 5 (1) (a) – Identical mark for identical goods/services:

The ECJ requires use "as a trademark", i.e. as a means of distinction of the goods and services of one undertaking from those of other undertakings (*BMW/DEENIK* paragraph 38). However, it is still considered an infringement of this basic function of a trademark if the seller of counterfeits expressly points out that his goods are not original goods, cf. ECJ *"Arsenal"*.

On the other hand, use of the mark as company name does not normally constitute use of the mark in relation to the goods or services offered by the company, cf. ECJ *"Céline"*.

6. Art. 5 (1) (b) – "Likelihood of association":

"Likelihood of association" is not something different from "likelihood of confusion", but extends the concept of confusion to cases where the marks themselves, or even the undertakings using them, are not directly confused, cf. ECJ *"SABÈL/PUMA"*.

7. Art. 3 (1) (c) – Descriptive notions:

If the registration of the mark "Baby-dry" is allowed for diapers (ECJ *"Baby-dry"* with regard to the corresponding wording of the Regulation), would an advertisement "Product XY keeps your baby dry" infringe upon this trademark? If not, why not (no likelihood of

confusion? No use as a trademark? Limitation according to Art. 6 (1) (b)? In other words: What is the appropriate tool for keeping descriptive notions available in the infringement proceedings?

List of quoted ECJ-decisions in alphabetical order:

Arsenal	12 November 2002	C-206/01
Baby-dry	20 September 2001	C-383/99
BMW/Deenik	23 February 1999	C-63/97
Céline	11 September 2007	C-17/06
Chiemsee	4 May 1999	C-108 and 109/97
Linde/Winward/Rado	4 August 2003	C-55/01
Maglite	7 October 2004	C-136/02
Postkantoor	12 February 2004	C-363/99
Sabèl/Puma	11 November 1997	C-251/95

Curriculum Vitae

- 1951 Born in Berlin
- 1974 Graduation from the University of Tübingen
- 1977 Doctorate from the University of Konstanz
- 1979 LL.M. Yale Law School
- 1979/1980 Assistant to the Director of the Max-Planck-Institute,
Hamburg
- Since 1980 Attorney-at-Law, Lichtenstein, Körner & Partners, Stuttgart (www.lkpa.de)
- 2005 Honorary Professor at the University of Tübingen
- 2006 President, Southwest Chapter of the German Association for the Protection of Intellectual Property