THE ADVERTISING FUNCTION
a look back to the future

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In outline

• Advertising function a bit of a damp squib

• Some hints that harm to advertising function may have a greater role, though very tentative

• BUT how much does it matter with wide interpretation of unfair advantage?
Repackaging: the rhetoric

• *Bristol-Myers Squibb v Paranova C–427/93*

‘… [T]here remains the possibility that the reputation of the trade mark, and thus of its owner, may nevertheless suffer from an inappropriate presentation of the repackaged product. In such a case, the trade mark owner has a legitimate interest, related to the specific subject-matter of the trade mark right, in being able to oppose the marketing of the product.’
Repackaging: the reality

- Recognises a separate interest in reputation
- BUT closely linked to consumer perception about quality of goods, especially pharmaceuticals
Further commercialisation: the rhetoric

- *Parfums Christian Dior SA v Evora BV C-337/95*

  ‘The damage done to the reputation of a trade mark may, in principle, be a legitimate reason, within the meaning of Article 7 (2) of the Directive, allowing the proprietor to oppose further commercialization of goods which have been put on the market in the Community by him or with his consent

  ...

  [Reseller] must therefore endeavour to prevent his advertising from affecting the value of the trade mark by detracting from the allure and prestigious image of the goods in question and from their aura of luxury’
Further commercialisation: the reality

- Balance must be struck between TM owner’s interest in maintaining reputation and reseller’s interest in reselling.
  - (i) Fact that reseller uses advertising means customary in his sector won’t give legitimate reason to oppose,
  - (ii) even if TM owner wouldn’t use such advertising
  - (iii) UNLESS will cause ‘serious damage’ to TM’s reputation
Selective distribution: the rhetoric

- *Copad v Dior C-59/08*

  ‘The quality of luxury goods...is not just the result of their material characteristics, but also of the allure and prestigious image which bestows on them an aura of luxury ...Since luxury goods are high-class goods, the aura of luxury emanating from them is essential in that it enables consumers to distinguish them from similar goods...Therefore, an impairment to that aura of luxury is likely to affect the actual quality of those goods.’
Selective distribution: the reality

• Selective distribution agreements can be a good way of preserving product’s reputation → ‘conceivable’ that sale outside SDA ‘might’ affect quality of goods

• Depends on the nature of the luxury goods; the volumes sold; how often sales take place; goods sold and marketing methods used by discount stores

• If licensor fails to show change in quality of goods, TM rights deemed exhausted, subject to Art.7(2)
Internet use: the rhetoric

- Google France C-236/08 to C-238/08

‘Those functions include not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services … but also its other functions, in particular that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising.’
Internet use: the reality

• Need to pay higher price per click to secure keyword may affect commercial strategy, but doesn’t affect advertising function.

• Will anyway appear in close proximity in natural results.
Dilution: the rhetoric

• *Intel v CPM* C-252/07

AG Sharpston:
‘frequently perform functions which go beyond linking goods or services to a uniform source. They present a powerful image of quality, exclusivity, youth, fun, luxury, adventure, glamour or other reputedly desirable lifestyle attributes, not necessarily associated with specific products but capable of presenting a strong marketing message in itself.’

• Curious silence from the CJ
Dilution: the reality

• Need for a change in the economic behaviour of consumers

• No guidance on how to prove this
The future: part I

- *L’Oreal v eBay AG (2010)*

- TM owner has legitimate reasons to oppose unboxed products

- Removal of product safety info could harm reputation e.g. allergic reactions

- Removal of packaging could harm luxury image – part of ‘condition’ of product

- → PRESUME harm to reputation in ALL cases where cosmetics stripped of original packaging unless reseller can prove otherwise
The future: part II

- *L’Oreal v Bellure C-487/07*

The taking of unfair advantage of the distinctive character or the repute of a mark, within the meaning of that provision, does not require that there be a likelihood of confusion or a likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor. The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by that third party of the distinctive character or the repute of the mark where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark’s image.
Thank you

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