Trade Marks:
The Future of the Advertising Function

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Why do we talk about trade mark functions?

- The discussion about trade mark functions is linked to the systemic feature distinguishing trade mark law from other areas of IP:
- Trade marks as such have no intrinsic value, but are only protected on behalf of the way in which they operate (=function) on the market place
- The debate should proceed in two steps:
  - Considering which functions trade marks actually fulfill on the market (‘actual’ or ‘economic’ functions)
  - Considering whether and how legal protection should be granted against third-party use affecting those functions in a detrimental manner.
Legal protection: ‘Essential’ and ‘accessory’ functions

- On the 2nd step, a distinction must be made between
  - functions which are indispensable for trade mark law to ‘do its job’ (essential function(s))
  - additional functions which are ‘nice to have’ for proprietors (accessory functions)

- Legal protection of accessory functions is only of genuine interest where it does not result, as a reflex, from protection of the essential function

- At least in civil law systems (and in the EU!) the relevant decisions must be taken on the legislative level and should be reflected as clearly as possible in the law, instead of engaging courts in complex discourses
EU law: Protection of necessary and accessory functions – Present situation

Like every trade mark law which shall operate as such, EU law protects the function of trade marks to indicate the commercial origin of goods or services.

While the origin function is ‘essential’, it is not the only function protected in EU trade mark law (Recital 10 TMD).

It is undisputed that protection beyond the origin function is available to trade marks having a reputation; Article 5 (2) TMD.

The EUCJ also understands Article 5 (1) (a) as yielding a basis for protection of the advertising (and quality, investment and communication) function(s); Case C-487/07, L’Oréal v Bellure.

In order to find for infringement under Article 5 (1) (a), the advertising function must be (substantially) affected; Joined Cases 236/08-238/08 – Google v Vuitton.
L ‘Oréal after Google - A foreigner ‘s view

- After Google, it could have been relatively easy for the national court to decide that listing the perfume marks on the chart distributed to retailers did NOT have an adverse effect on the advertising function (cf. Google, para 93, 95: “repercussions on the advertising use are not enough…“)

- “Riding on the coat-tails“ of the famous brands by alluding to the get-ups and marks may take unfair advantage of those marks ‘ reputation, but it is done with a cause…(cf. decision by the German Federal Supreme Court, 6 december 2007 – Imitationswerbung)

- In the end, the obstacles against a fair decision do not really lie in trade mark law, but rather in Article 4 (g) of the comparative advertising directive (which ought to be deleted!)
A future for the advertising function?

The advertising function has its central place in Article 5 (2) TMD

Including the advertising function into reasoning under Article 5 (1) (a) appears unnecessary and dangerous

- unnecessary, as the only reason for addressing the additional functions under Article 5 (1) (a) seems to be that the EUCJ has not found a clear and consistent way to integrate cases of 'referential use' into the current scheme of Article 5 TMD and 9 CTMR

- dangerous, as the EUCJ 's reasoning leads to futile discussions, and to unrealistic speculations by trade mark proprietors concerning the scope of protection
The Trade Mark Study – proposals

The Trade Mark Study tries to bring back clarity to Article 5(1)(a), while keeping changes of the present legislation to a minimum:

- Clarify in the Preamble that the provision applies in two different situations
  - when the mark is used to identify and distinguish the commercial origin of goods or services not originating from the proprietor
  - when the mark is used to identify and distinguish goods or services as those of the proprietor (referential use)
- (Only) in the first case, protection is absolute and the use will regularly be found infringing
- In the second case, the use is only infringing if it is contrary to honest practices, or if the goods are not legitimately commercialised on the market in the EU, as specified in Article 6 and 7 TMD

No additional discussion about trade mark functions is necessary to motivate those results in individual cases
Possible Wording of Preamble: 
Trade Mark Functions, I

7a) Trade mark rights constitute an essential element in the system of undistorted competition. In such a system undertakings must be able to attract and retain consumers by the quality of their goods or services, which is made possible only by distinctive signs allowing them to be identified. Trade mark protection should be granted in the light of the interests of proprietors, consumers and competitors weighted in accordance with the principle of undistorted competition.
Possible Wording of Preamble: Trade Mark Functions, II

(10) A primary purpose of trade mark protection is to provide proprietors of marks the means to distinguish their goods or services from those of others, allowing their customers to identify the goods or services and purchase them or make use of them without any risk of being confused about the commercial origin of the goods or services, thus contributing to a system of undistorted competition. Trade marks represent the actual or potential goodwill linking the goods or services with their producers and providers. They are advertising tools and thereby serve to confirm the links that consumers perceive between the goods and services and the proprietors of their trade marks.
Possible Wording of Preamble:
Ambit and interpretation of Article 5 (1) (a) TMD

The protection afforded by the registered trade mark applies to use made by third parties for their own goods or services as well as to use designating goods or services as being those of the proprietor. In case of an identical mark being used for identical goods or services which do not originate from the proprietor, protection is absolute because and to the extent that it adversely affects the essential function of the trade mark, which is to guarantee the trade mark as an indication of origin. In case of a mark being used to designate the goods or services of the proprietor, protection is granted where the use does not comply with honest commercial practices, as specified in the limitations, or where it relates to goods or services that are not legitimately commercialised on the market in the EU and the EEA.