

# TRADEMARK

## Proving tarnishment in the EU and the US

Bogdan Ivanišević and Marko Popović of BDK Advokati examine trademark dilution by tarnishment on both sides of the Atlantic

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Dilution by 'tarnishment' is not a novel concept in the trademark law, but the case law is less well developed than the other type of detriment to the mark (blurring). Perhaps, as a consequence, not much has been written about how the legal standards and types of evidence required by the courts and trademark offices in the EU and the US to prove tarnishment compare to each other.

Dilution by tarnishment exists when there is a serious risk that the reputed mark would cease to convey desirable messages to the public due to unpleasant mental association with a later mark. If a trademark holder opposes, on tarnishment grounds, registration or use of a later mark, then, under EU law, it must present evidence proving reputation of the earlier mark, association between the later mark and the earlier mark, and a serious risk of detriment to the repute of the mark. Similarly, under US federal law, the trademark holder must prove that its mark is famous, that it became famous prior to the later mark's use, that consumers establish an association between the marks, and that the later mark is likely to tarnish the repute of the famous mark.

### Proving reputation/fame

The difference between the terms used in the EU (reputation) and the US (fame) reflects a difference in the substance. In the EU, a trademark has a reputation if a significant part of the public concerned by the mark knows of the mark. The relevant public may be the public at large, but not necessarily. It may suffice for reputation to exist only among a specialised public. In the US, in contrast, only the mark whose fame extends to the general public, so much so it has become a household name, may enjoy protection from dilution by tarnishment.

Proving reputation is what most of the evidence submitted by the contesting party in a tarnishment case pertains to. Market surveys are important inasmuch as they help the court, or the trademark office, determine the market share held by the earlier marks. Opinion polls may shed some light on actual recognition among a relevant consumer base.

Other types of evidence, often presented by the owners of reputed marks, include the following: written or audio-visual documents on turnover and investment in advertising; witness statements by company representatives, citing sales figures and expenditures figures for advertising; documentation regarding the company's sponsorships, with the use of the mark; national and local press cuttings, as well as internet extracts, about the products or services for which the mark is used; statements by professional associations, such as chambers of commerce, confirming that the mark enjoys reputation and prestige for the specified products or services in the given jurisdiction; copies of decisions by courts and trademark offices finding that the mark has a reputation; and a list of celebrities who acted as endorsees of the products sold under the mark.

In some cases, the court or the trademark office takes the view that reputation of the earlier mark is a matter of general knowledge and requires little additional evidence to prove it. The Board of Appeal of the Office for Harmonization in the Internal Market (OHIM, but now the EU IP Office) ruled to this effect in relation to the trademark 'Harrods' in September 2008.

### Association

For the mark with a reputation/fame to be tarnished by a later mark, the relevant public must establish a link between the two marks. In Intel

Corporation v CPM United Kingdom (2008), the European Court of Justice (now known as the Court of Justice of the EU, or CJEU) provided a non-exhaustive list of factors to look into in order to assess whether such a link exists. The list includes: the degree of similarity between the conflicting marks; the nature of the goods or services for which the conflicting marks were registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public; the strength of the earlier mark's reputation; the degree of the earlier mark's distinctive character, whether inherent or acquired through use; and the existence of the likelihood of confusion on the part of the public.

Of the above elements, the first two—similarity between the conflicting marks and similarity between the goods or services—have proved to be a challenge to some owners of marks with reputation. The Court of First Instance (now known as the General Court) concluded in 2009 that the relevant section of the public would not make a connection between the earlier word mark 'SPA' and the word mark for which registration was sought, 'SpagO', due to a low similarity between the marks. Conversely, OHIM's Board of Appeal ruled in 2008 that 'ArdlyArrods' and 'Harrods' were sufficiently similar for the consumers of Harrods products to associate the two marks.

The issue of similarity between goods or services arises under the EU law when they differ. Because a mark may have a niche reputation only, the public knowing of the mark may be completely distinct from the public familiar with the later mark. In that case, the specialised public that knows of the earlier mark will not establish a link with the later mark. This occurred in Spa Monopole v OHIM (Court of First Instance, 2005), in which the mark 'SPA' had a reputation only in relation to mineral waters, and registration of the mark 'SPA-Finders' was sought in respect of unrelated goods and services—in this case, publications and travel agency services. These issues rarely arise in the practice of US courts, after the Trademark Dilution Revision Act came into force in 2006. The mark must be known by the general public to be 'famous', so the public will likely conjure an association between such mark and the similar later mark so long as they are identical or very similar.

## Detriment

According to the CJEU, detriment to a mark's repute occurs when "the goods or services for which the identical or similar sign is used by the third party may be perceived by the public in such a way that the trade mark's power of attraction is reduced" (L'Oreal v Bellure, 2009). In the US, a trademark is tarnished when evidence suggests that famous mark will "suffer negative associations"—as a number of courts have put it—through the use of the later mark. The mere existence of an association is not in itself sufficient for detriment to repute of the earlier mark to occur. For the court or the trademark office to find a likelihood of detriment, it must be satisfied that the association is likely to harm the repute of the mark.

As OHIM's Board of Appeal has clarified, reputation and repute are different concepts. The former pertains to the size of the public knowing of the mark. The later consists of a specific positive image conveyed by the mark. This image is what can be tarnished by the later mark. The US courts use the term 'reputation when they discuss the harm, but what they have in mind is identical to what the EU bodies refer to as 'repute'.

OHIM often requires evidence showing the special image of the earlier mark, and on at least one occasion the Court of First Instance did the same. In a milestone OHIM decision concerning tarnishment, Hollywood SAS v Souza Cruz (2001), the Board of Appeal received ample evidence proving indirectly that the mark with a reputation ('Hollywood') conveyed the image of health, dynamism and youth. Press cuttings produced by the company Scherrer in France Graffiti v Scherrer (OHIM's Board of Appeal, 2010) proved that the mark 'Scherrer' had an image of luxury, quality, and exclusivity. In Karelia Tobacco Company v Basic Trademark (Board of Appeal, 2012), the evidence demonstrated the image of healthy lifestyle, linked to the 'KAPPA' trademark. In contrast, the company Sigla failed to prove that its word mark 'VIPS', used for a fast food chain, conveyed a particularly prestigious or high-quality image (Court of First Instance, Sigla v OHIM, 2007).

The EU law on tarnishment established early on that the holder of a mark with reputation does not need to prove actual detriment. A serious risk of detriment is sufficient. This is only logical when the holder opposed a trademark application, or seeks cancellation of a trademark registered recently. After the TDRA came into force in 2006, the US law has also considered a likelihood of dilution sufficient for the plaintiff to succeed in a tarnishment case. Prior to that, some courts required evidence of actual dilution.

As for the means of proving the likelihood of detriment, the moving party in practice offers a logical analysis. The evidence results from deductions based on the rules of probability. In the examples just cited, OHIM's Board of Appeal accepted the deductive arguments made by the owners of the reputed marks that, in turn, 'Shepper', the mark applied for in respect of lower quality clothing aimed at young people, was likely to tarnish the image of 'Scherrer', a mark used for luxury clothing, whereas 'Hollywood' and 'KAPPA', marks applied for tobacco and related goods, would damage the image of the reputed marks 'Hollywood' for chewing gum and 'KAPPA' for sports clothing and footwear.

In the US, in the numerous cases in which a later mark was used to sell sex-related or genuinely shoddy products and where existed a clear semantic association between that mark and the famous mark, the courts seem to have created a rebuttable presumption of the likelihood of dilution. In other types of cases, however, proving dilution has been more difficult, especially when the owners of contested marks raised a defence on parody or other free speech grounds. In the cases from different circuits, a unifying principle is difficult to discern. ■



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