

Dilution

– disharmony in Europe

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Trade marks with a reputation are often the victim of a phenomenon known as 'dilution'. Dilution can be described as a reduction in the ability of a well-known trade mark to identify and distinguish goods or services, regardless of a likelihood of confusion, mistake or deception.

In 1996 the Benelux Trade mark Act (BTA) was harmonised with European trade mark law. Since then the exact scope of protection against dilution in the European Union (EU) has been unclear. Under the old BTA, wide protection was afforded to well-known marks. For instance, the owner of *Monopoly* for board games was able to take action against the use of *Anti-Monopoly* for an anti-capitalist board game.

Similarly, it was possible to take action against the use of trade marks for goods or services dissimilar to those for which the well-known trade mark was registered, provided such use could be deemed to harm the repute of the trade mark or to take unfair advantage of its 'fame'. For instance the owner of *Claeryn*, a well-known mark in the Netherlands for 'jenever' (Dutch gin), was able to take action against *Klarein* for a detergent on the ground that the consumer might associate his favourite drink with the taste of soap, harming the reputation of the jenever trade mark.

The European legislature has acknowledged that brands with a reputation deserve protection against dilution and has provided for this in the Harmonisation Directive. However this particular provision has given rise to many questions and uncertainties. The problem is as follows.

Pursuant to the Directive, a trade mark owner can only oppose the use of a similar trade mark for similar goods and services if likelihood of confusion is established. This is the case if there is a risk of direct confusion (ie the consumer buys product A under the impression that he is buying product B) or if there is a risk of indirect confusion (ie the public is under the impression that the companies from which the different goods originate are somehow associated with each other). Dilution, however, occurs independently of the occurrence of the likelihood of confusion.

On the other hand, association with a well-known trade mark may be sufficient for dilution to be deemed present. On many occasions, owners of well-known brands in the Benelux have argued that protection against dilution is covered by the provision of protection against confusion, but to no avail. One of the arguments put forward was that the relevant provision in the Harmonisation Directive refers to 'likelihood of confusion which includes likelihood of association'. Most recently in the Adidas/Marca case, the European Court of Justice (ECJ) ruled that association as such cannot result in trade mark infringement. This means, strictly speaking, that European trade mark law may not provide protection against dilution in the case of the use of a trade mark for similar goods or services.

European trade mark law does provide protection against the use of a mark for dissimilar goods or services. In such cases, the similarity between the trade marks does not depend on the risk of confusion. Infringement may occur if a trade mark is similar to a well-

known trade mark to such an extent that use of this mark would take unfair advantage of, or be detrimental to, the reputation or distinctive character of the well-known mark. This type of protection does not require a risk of confusion and as such does provide protection against dilution. European trade mark law would therefore seem to provide for protection in the case of trade marks used for dissimilar goods and services, but not for those used for similar goods and services.

This inconsistency has led to uncertainty as to the extent to which trade marks with a reputation are protected in the EU. In Sweden and Denmark, the courts have solved the problem by simply holding that the protection that is provided against the use for dissimilar goods and services also applies to use for similar goods and services. On the other hand, courts in the UK have ruled that a risk of confusion is also required in the case of the use of a trade mark for dissimilar goods and services, meaning that no protection against dilution is provided at all.

Despite the fact that European trade mark law is harmonised, the various Member States each provide different levels of protection against dilution.

The uncertainties relating to protection against dilution have led the highest German court, the Bundesgerichtshof, to put some questions to the ECJ. First, it has asked whether protection against use for dissimilar goods and services in the case of trade marks with a reputation is also applicable if the trade mark is used for similar goods and services. Second, it has asked if the national Member States are free to provide protection against dilution in national law, such as the German Unfair Competition Act. The ECJ now has to decide how European trade mark law will provide protection against dilution. It goes without saying that the answers it gives will be of great importance for the owners of trade marks with a reputation.

City analysts call for more information

The 5th survey of City analysts undertaken by Brand Finance found that 76% of analysts would like to receive more information on brand values. LVMH was considered to have the best product brands and GlaxoSmithKline was considered one of the best companies at providing information on marketing performance and plans.

100th Anniversaries

This summer sees the 100th anniversary of the Milka chocolate trade mark.