



No confusion – less joy for trademark owners

In one of its first considerations of dilution, the ECJ delivered a judgment that makes it a difficult concept for trademark owners to claim

On 27th November 2008, the European Court of Justice (ECJ) published its long-awaited ruling in *Intel v CPM*. Its decision concerns the extent to which owners of well-known trademarks can prevent the registration or use of identical or similar marks by third parties in circumstances where there is no likelihood of confusion. As part of its ruling, the court had to consider trademark dilution, a concept which, to date, has been widely considered in the US but less so in Europe.

In 1997, CPM successfully registered the UK trademark INTELMARK for “marketing and telemarketing services”. Intel subsequently sought a declaration of invalidity on the basis that INTELMARK was similar to the earlier national trademark INTEL which (as the court accepted) had a huge reputation in the UK by 1997 for computer-based goods/services. These goods/services were not similar to the services for which CPM’s mark was registered and there was no likelihood of confusion. Intel’s case was dismissed by the UK Trade Marks Registry and by the High Court – although the two marks were similar, Intel had not proved either unfair advantage or detriment. Under Article 4(4)(a) of the Trademarks Directive, which applies where there is no likelihood of confusion, Intel needed to prove one of these factors.

Intel appealed to the Court of Appeal. It focused its case on the detriment to distinctive character limb of Article 4(4)(a) (injury known as dilution). It argued that as INTEL was a very well-known and unique mark, the use of identical or similar marks by third parties on essentially any goods/services would cause harm to the mark by blurring its distinctiveness. This was based on the theory that trademarks need to be protected from damage caused by the gradual whittling away or dispersion of their identity.

Intel argued that, in accordance with

the ECJ’s decision in *Fitnessworld*, Article 4(4)(a) was infringed if the relevant public established a link between the mark and the sign (even if it did not confuse them). The High Court had accepted that, given the reputation of INTEL, the average consumer of marketing services would, when encountering INTELMARK, “call to mind” the INTEL mark. Intel contended that this was sufficient to establish the necessary link. Although the Court of Appeal was rather sceptical of Intel’s arguments, it considered that the position was not clear and referred various questions to the ECJ.

The ECJ stated that the types of injury against which Article 4(4)(a) ensured protection were the consequence of a degree of similarity between the earlier mark with the reputation and the later mark, by virtue of which the relevant public made a link between them, even though it did not confuse them.

The ECJ confirmed that the existence of a link must be assessed globally, on the basis of all relevant factors, including:

- The similarity of the marks.
- The nature of the goods/services for which the conflicting marks are registered, and whether the consumers of such goods/services overlap.
- The strength of the earlier mark’s reputation. This is particularly relevant if the reputation of the mark extends beyond the public targeted by that mark.
- The degree of the earlier mark’s distinctive character, whether inherent or acquired through use.

The ECJ agreed with Intel that the fact that the earlier mark would be brought to mind by the average consumer when encountering the later mark would be tantamount to the establishment of a link.

However, the ECJ held that, in addition to a link, it must be shown that the offending mark takes unfair advantage of or is detrimental to the distinctive character or the repute of the earlier mark, or that there is a serious likelihood of such injury. This must also be assessed globally taking into account, *inter alia*, the above factors. The ECJ recognised that the more strongly the earlier

mark is brought to mind by the offending mark, the greater the likelihood of injury.

Importantly, to prove dilution, the ECJ stated that the owner of the earlier mark must provide evidence of a change (or a serious likelihood thereof) in the economic behaviour of the average consumer of the goods/services for which the earlier mark was registered. This is likely to be a significant obstacle to brand owners seeking to prevent third parties from registering or using identical or similar marks in circumstances where there is no likelihood of confusion, particularly in the UK where survey evidence is heavily scrutinised by the courts.

Applied to the facts of this case, Intel will need to prove that its consumers are buying fewer computer-based goods/services as a result of CPM’s use of INTELMARK (or, which will be even harder to prove, that there is a serious likelihood of this happening in the future). Consumers’ purchasing decisions are influenced by a variety of factors, especially in the current economic climate, and it may not be easy to show a causative link between the later mark and any reduction in sales of goods/services registered for the earlier mark (or a serious likelihood of this occurring).

In summary, though it remains to be seen how the English court will apply the ECJ’s decision, this does seem to be a clear judgment on dilution, albeit not particularly favourable for owners of famous brands. The requirement to prove the harm caused by the offending mark (or at least a serious risk thereof) in both registrability and infringement actions is likely to be onerous. The English courts are therefore likely to continue to show a reluctance to accept that a later mark which is not identical to an earlier mark, and is not applied to identical or similar goods/services, will lead to erosion of the earlier mark’s distinctiveness and should, accordingly, be prevented.

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