

# Dilution in the EU: a tough balancing act

**E**U law provides for enhanced protection of trademarks with reputation, consisting most importantly of protection against dilution. In order for marks to be actually afforded such protection, they must undergo a series of tests before courts.

## Reputation

First, it must be proved that the trademark has reputation. The relevant segment of consumers is taken into account. According to the Court of Justice of the European Union (CJEU), reputation is estimated on the basis of: a) the market share held by the trademark; b) the intensity, geographical extent and duration of its use; and c) the size of the investment made by the undertaking in promoting it.

Evidence submitted typically includes extracts from statement accounts or affidavits showing sales volume (against duration and geographical extent), and extracts from official books or affidavits, showing advertising expenses (against duration and geographical extent), sample invoices, market surveys, brand value, press extracts, adverts, promotional material, industry awards, and judicial precedents, etc.

## Link

Second, the creation of a link between the two conflicting marks must be claimed and proved ('link' test). As per the CJEU, factors that are taken into account are: a) the degree of similarity of the marks; b) the nature of the goods or services concerned, including their degree of closeness or dissimilarity, and the relevant section of the public; c) the strength of the earlier mark's reputation; d) the degree of the earlier mark's distinctive character, whether inherent or acquired through use; and e) the existence of likelihood of confusion.

The CJEU has pointed out that just because conflicting marks are similar, or even identical, it does not necessarily mean that a link is created. The CJEU's rationale is that because the reputation of a mark is found on the basis of the relevant segment of consumers, it is possible that despite reputation in the specific segment, other consumers are not aware of the mark. Therefore

it is not likely that they will make any connection between the later and the earlier mark with reputation.

For those marks that have acquired reputation beyond the relevant public, the CJEU confirmed that it is possible that the public concerned in relation to the later mark will make a connection with the earlier mark, even if such public is totally distinct.

## The issue of uniqueness

Even though it is not necessary for a mark to be fanciful or unique to be considered as having reputation, protection against dilution under the 'link' test seems to result in protection being afforded only where such uniqueness can be found, thereby annulling the whole essence of broader protection of marks with reputation.

In further refining the trademark dilution doctrine, EU courts must ensure that the enhanced protection provided to trademarks with reputation is maintained while balancing other interests. **Marina Perraki** of Tsibanoulis & Partners Law Firm reports.

In 2015, the General Court denied dilution protection, despite the reputation of the earlier mark and identity of the two conflicting marks being proved, as the earlier mark was found not to be unique and therefore having low distinctiveness, thus precluding the establishment of a link.

The uniqueness criterion may, however, lead to non-pragmatic results (eg, finding that 'Apple' cannot enjoy a famous mark's enhanced protection for being non-unique).

Furthermore, the CJEU has stated—despite its own position on the 'link' test—that uniqueness is not necessary in order to establish detriment to the distinctive character. The rationale is that a trademark with reputation necessarily has distinctive character, at the very least acquired through use.

“EVEN IF AN EARLIER MARK WITH REPUTATION IS NOT UNIQUE, THE USE OF A LATER IDENTICAL OR SIMILAR MARK MAY WEAKEN THE DISTINCTIVE CHARACTER OF THAT EARLIER MARK.”

still exist. For a mark to qualify as one with reputation, it is not necessary to be unique, but uniqueness plays a role in the ‘link’ test.

Also, for a mark to qualify as one with reputation it suffices that reputation is found among the relevant public. However protection under the ‘link’ test seems to be afforded only where such reputation extends outside the relevant circle of consumers.

Last, dilution provides protection against non-competing goods, but the closeness of the goods or services is taken into account in the assessment of the ‘link’.

In this framework, national courts are bound to be led to contradictory rulings. It remains to be seen how in further refining the dilution doctrine EU courts will ensure that the enhanced protection provided by law is actually afforded to trademarks with reputation, while keeping the balance of the different rights and interests of trademark owners, consumers and competitors. ■

Therefore, even if an earlier mark with reputation is not unique, the use of a later identical or similar mark may weaken the distinctive character of that earlier mark.

### Dilution

Trademark owners need to prove not only reputation, similarity of the marks and a link, but also likelihood of dilution, in any one of the three types of injury provided by law (detriment to distinctive character, detriment to repute, and unfair advantage of distinctive character or repute).

The proof of detriment to distinctive character (dilution by blurring) requires evidence of actual or serious likelihood of change in the economic behaviour of the average consumer, which cannot be deduced

from the mere fact that consumers notice the presence of the later sign.

Regarding unfair advantage (free-riding), trademark owners need to claim and prove that the image or quality characteristics of the earlier mark can be transferred to the goods/ services covered by the later mark.

The General Court has repeatedly affirmed, drawing from earlier case law, that in certain instances the risk of detriment or free-riding may be presumed as ‘obvious’ and ‘at first sight’, whereby it suffices to adduce “*prima facie* evidence of a future risk of unfair advantage or detriment”. This would be a helpful tool in the hands of trademark practitioners.

In order to enjoy the broad protection provided by law, trademark owners need to prove a lot more than reputation, while inconsistencies

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