

# THE RELEVANCE OF "ASSOCIATION" FOR TRADE MARK CONFLICTS

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*Many times, Alexander von Mühlendahl and I have had the pleasure of discussing the scope of protection of trade marks. And a great pleasure it was! One of the issues we discussed was the meaning of the notion "likelihood of association", so well known from former Benelux trade mark law. In this article with which I honour Alex, I will touch upon what I think to be a revival of this notion as a relevant factor for solving trade mark conflicts.*

## Likelihood of association

Likelihood of association in the context of trade mark infringement is the likelihood that a person perceiving a particular sign is reminded of a trade mark, in other words, is making an association with the trade mark. This often is a process that occurs without this person even realising it; a process taking place unconsciously as a result of a resemblance between the sign perceived and the trade mark, or, a (vaguely) remembered impression of the mark (the ECJ speaks of "the imperfect picture"<sup>1</sup>). Likelihood of association appears as part of a criterion for solving conflicts between signs and earlier trade marks in the European Trade Marks Harmonisation Directive.<sup>2</sup> It can be found in article 4(1)(b) as part of the relative grounds for refusal or invalidity and in article 5(1)(b) as one of the grounds upon which the trade mark owner can oppose the use of a conflicting sign.<sup>3</sup> The criterion is that the owner of the earlier trade mark right can oppose the later registration or use of an identical or similar mark where, because of the identity with or similarity to the earlier trade mark and the identity or similarity of the goods or services covered by the trade mark, "there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark."

This, at first sight, rather strange wording appears in no other trade mark law system outside of the European Union with a few exceptions. It sounds strange at least to a practitioner of Benelux trade mark law. It seems as if a stricter criterion (likelihood of confusion) encompasses something broader in scope which is difficult to understand for a lawyer. Many attempts were made to clarify it and in that context reference is often made to former Benelux trade mark law as in force before implementation of the Harmonisation Directive, because likelihood of association was the central criterion for trade mark infringement. Not surprisingly the European Court of Justice was asked to shed light on this criterion and this was done in the famous *Puma/Sabel*-decision.<sup>4</sup>

The ECJ ruled that it follows from the wording of the provision of the Directive that likelihood of association is not an alternative for likelihood of confusion, but serves to define its scope. In that context the Court referred to one of the recitals of the directive which says

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<sup>1</sup> ECJ 22 June 1999, [1999] ETMR 690, *Lloyd/Loint's*.

<sup>2</sup> The first Council Directive of 21 December 1988 to approximate the laws of the member states relating to trade marks, Official Journal of the European Communities NO.L40/1, February 11, 1988

<sup>3</sup> The same provisions can be found in the Council Regulation NO.40/94 on the Community trade mark (Council Regulation of 20 December 1993 Official Journal L 011, 14 January 1994, p.1). The notion likelihood of confusion appears in article 8(1)(b), article 52 (1) (a) and article 9(1)(b) as a relative ground for refusal, for invalidity and as an infringement criterion respectively.

<sup>4</sup> ECJ 11 November 1997, [1998] ETMR 1.

that the appreciation of the likelihood of confusion "depends on numerous elements and, in particular, on the recognition of the trade mark on the market, the association which can be made with the used or registered sign, the degree of similarity between the trade mark and the sign and between the goods or services identified." So, association between the conflicting signs is just one of the factors that determine likelihood of confusion. In this decision the ECJ left the question open in what way association determines the likelihood of confusion. As we will see, later decisions of the ECJ give more, at least implicit clarification.

### **Why is likelihood of association mentioned anyway?**

Other than with most national legislation there is no clear and unambiguous legislative history to the text of the Directive. Besides unofficial working documents of the Commission there are so-called Statements for entry in the minutes of the Council Meeting at which the Directive (and later on the CTM Regulation) were adopted. These statements were partly meant to clarify certain provisions in the Directive and the Regulation and one of the statements reads: "the Council and the Commission note that "likelihood of association is a concept which in particular has been developed by Benelux case law." <sup>5</sup>

The representatives of the Benelux negotiating the text of the Directive in the working committees (Mr. Furstner and Mr. Geuze) have explained how the governments of the Benelux countries tried to get association in the text of the Directive.<sup>6</sup> One of the reasons for the Benelux governments not to use the notion of likelihood of confusion was that one feared a limitation of the protection of trade marks. It was felt that using confusion alone as a yardstick could result in only the origin function of a mark being protected whereas other functions need protection as well. Under former Benelux law such a protection was given under the broad association criterion. And indeed the Benelux legislature considered the inclusion "likelihood of association" in the provisions of the Directive, as well as the reference to Benelux law in the aforementioned Statements as a victory and as a confirmation that nothing had changed. Accordingly, in the text of the Benelux Trade Marks Act that was supposed to implement the Directive, the notion of likelihood of confusion was not mentioned and only likelihood of association was used in the relevant provisions. In the Explanatory Memorandum the legislature explicitly said that since the Directive applies the concept of likelihood of association as developed under Benelux law the system did not have to be changed. What was this system?

### **Former Benelux trade mark law**

In the uniform Benelux Trade Marks Act, entered into force on 1 January 1971, the following infringement criterion was provided for. According to the former article 13 (A) the owner of a registered mark could oppose:

- "(1) any use made of the mark or a similar sign for the goods or services in respect of which the mark is registered, or for similar goods or services;
- (2) any other use of the mark of similar sign made without a valid reason under circumstances likely to cause prejudice to the owner of the mark."

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<sup>5</sup> See about these statements Gielen, "The Statements", EIPR 1996, vol. 19. For a clear ruling on the meaning of such statements, see ECJ 24 June 2004 [2004] ETMR 1289, para. 16-17, *Heidelberger Bauchemie* and ECJ 16 November 2004, [2005] ETMR 286, para. 78-79, *Budweiser/Budvar*.

<sup>6</sup> H.R. Furstner, M.C. Geuze, "Beschermingsomvang van het merk in de Benelux en E.E.G.- harmonisatie", *Bijblad Industriële Eigendom* 1998, p.215

So, in case of an identical/or similar sign used for identical or similar products the only thing that mattered was whether the sign showed similarity to the mark (and of course whether the products were identical or similar).

Already in 1970, a former judge of the Supreme Court of the Netherlands wrote an article in which he suggested that the only possible way of interpreting "similarity" was to assess whether the sign opposed and the mark showed such a resemblance that likelihood of association could occur.<sup>7</sup> The Benelux Court of Justice in a landmark decision had to rule on a question put to it by the Brussels Court of Appeal. The question simply was: what does "similar sign" mean?

In one of its shortest decisions and with the aforementioned former judge of the Dutch Supreme Court as one of the judges sitting in the Benelux Court this court ruled that there is similarity: "... when taking into account the particular circumstances of the case, such as the distinctive power of the mark, the mark and the sign each looked at as a whole and in correlation, show such a resemblance phonetically, visually, or conceptually, that by this resemblance alone associations between the sign and the mark are evoked."<sup>8</sup>

With this decision, likelihood of association was born in law. It governed trade mark infringement law for a number of years. The beauty of it was that it encompassed both the situation in which there is likelihood of confusion (direct or indirect) and dilution.

Article 13 A (2) of the former Benelux Trade Marks Act dealt with the situations where use of a mark was made for other purposes than distinguishing goods or services or where the products were not similar. In order to be successful under this provision, the trade mark owner not only needed to show similarity of the sign (which he could do by establishing likelihood of association) but also that the trade mark owner is prejudiced by the use of an identical or similar sign. One of the famous examples in which this provision was applied is the conflict between the trade marks *Claeryn* used for a Dutch genever (type of gin or *schnaps*) and *Klarein* (in Dutch phonetically identical to *Claeryn*) used for a detergent.<sup>9</sup>

These criteria have been intensively applauded by industry as very trade mark owner friendly, because of their broadness. But also critical notes were heard amongst others by Kaufmann and Brinkhof.<sup>10</sup> A study has been made of all published Benelux trademark decisions covering the period from 1989 (after the entry into force of the Directive) until November 1997 when the *Puma/Sabel*-decision was rendered. This concerns 145 cases. The researcher (Mr Raas) investigated in which cases he thought the decision would probably have been different if the correct *Puma/Sabel*-test had been applied. He expressed doubts as to the outcome of 10% of the cases - not a very impressive portion.<sup>11</sup>

### **The *Puma/Sabel* test**

The Netherlands government intervened in the *Puma/Sabel* proceedings before the ECJ and argued that article 4(1)(b) Harmonisation Directive could be applied in the case of likelihood

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<sup>7</sup> S.K. Martens, *Bijblad Industriële Eigendom*, 1971, p. 201.

<sup>8</sup> Benelux Court of Justice 20 May 1983, *Nederlandse Jurisprudentie* 1984, 72, *Union/Soleure*.

<sup>9</sup> Benelux Court of Justice, 1 March 1975, *Nederlandse Jurisprudentie* 1975, 472, *Claeryn/Klarein*.

<sup>10</sup> P.J. Kaufmann, "De Ontwerp-Richtlijn tot aanpassing van merkenrecht EEG-lidstaten dwingt Nederland kleur te bekennen", *Intellectuele Eigendom en Reclamerecht*, 1987, p. 26; J.J. Brinkhof, "Het begrip overeenstemming. Terugblikken en vooruitkijken", *Een kwart eeuw Benelux Merkenrecht*, Benelux Merkenbureau 1996, p. 39.

<sup>11</sup> R.P. Raas, "Het Benelux Merkenrecht en de Eerste Merkenrichtlijn: overeenstemming over verwarring?", Leiden 2000.

of association. The German Federal Supreme Court had not only asked for clarification of the meaning of the words "likelihood of confusion including likelihood of association" but also whether, in the case of a trade mark that does not have a particular reputation, it would be sufficient for the assessment of likelihood of confusion that the trade mark and the sign were similar because of the conceptual content.

In the *Puma/Sabel*-decision, the ECJ gave some rules how to assess likelihood of confusion, one of them being the global appreciation of the visual, aural or conceptual similarity of the marks in question, that must be based on the overall impression given by the marks, bearing in mind in particular their distinctive and dominant components. Furthermore the ECJ ruled that the more distinctive the earlier mark, the greater will be the likelihood of confusion and in that context it held that it was not impossible that the conceptual similarity may give rise to a likelihood of confusion where the earlier mark has a particularly distinctive character, either per se or because of the reputation it enjoyed with the public.

Using this paragraph of the *Puma/Sabel*-decision adidas tried to bring likelihood of association back into article 5(1)(b) Harmonisation Directive, arguing that in the case of a very distinctive or reputed mark, the mere visual (or other) resemblance could give rise to likelihood of confusion.

As we know, this attempt failed in the case *adidas/Marca*<sup>12</sup>, where the ECJ clarified *Puma/Sabel* by saying that this decision in no way implied a presumption of likelihood of confusion resulting from the existence of a likelihood of association in the strict sense. The *Puma/Sabel* decision simply underlines the possibility that a likelihood of confusion may arise from conjunction of the two factors namely a conceptual similarity as well as a particularly distinctive character or reputation of the earlier mark. Under all circumstances the national court needs to positively find the existence of a likelihood of confusion.<sup>13</sup>

### **But what means "similarity"?**

As the tenth recital of the Harmonisation Directive explains, likelihood of confusion depends on numerous factors and two of the relevant factors that are mentioned are the association which can be made with the used or registered sign, as well as the degree of similarity between the trade mark and the sign. But are these different? I submit that they are not. I believe that the notion *similarity* in article (5)(1)(b) of the Directive<sup>14</sup> should be interpreted as meaning: such a resemblance that likelihood of association exists. Without there being a possibility that the registered mark and the opposed sign are being associated by the relevant consumers there cannot be similarity in a trade mark conflict sense. One could easily defend that the word *sparrow* is similar to *worraps*, since both have exactly the same number of letters as well as the same letters albeit in the reverse order. However, I do not think there is any possibility of an association between the two being made by relevant consumers.<sup>15</sup> So, if one can show that there is a possibility of association because of a resemblance between the mark and the sign, a strong basis exists for the conclusion that there is likelihood of

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<sup>12</sup> ECJ 22 June 2000, [2000] ETMR 723, *adidas/Marca*.

<sup>13</sup> In *Lloyd/Loint's* (see footnote 1) the ECJ ruled that it is possible that mere aural similarity between trade marks may create a likelihood of confusion.

<sup>14</sup> See the corresponding provisions of article 4(1)(b) Directive and in article 8(1)(b) and 9(1)(b) CTM Regulation.

<sup>15</sup> In this context it is interesting to refer to a decision of the Swedish Patent Appeal Board who decided that the marks ABSOLUT VODKA and AKDOV TULOSBA (the reverse of Absolut Vodka) were similar (decision of 23 April 1999, GRUR Int. 2000, p. 1023 et seq. with comment by Marianne Levin). It is quite questionable whether these signs should be considered similar in the sense of the infringement criterion.

confusion. In the light of the principles established by the *Puma/Sabel* decision of the ECJ, this is certainly true where the mark has a reputation or has a strong inherent or acquired distinctiveness and where the products are identical. But as we will see, likelihood of association might in such a case be sufficient to establish infringement and that is because of the *adidas/Fitnessworld* decision by the ECJ. Why?

### Similarity and dilution

The notion of "similarity" also appears in article 5(2) Directive and in 9(1)(c) CTM Regulation where it is provided that the owner of a reputed mark can oppose the use of an identical or similar sign (for non-similar products) if such use is made without a valid reason and unfair advantage is taken of or detriment is caused to the repute or the distinctiveness of the trade mark. As we all know it has been clearly decided that the words "in relation to goods or services which are not similar to those for which a trade mark is registered" should in fact be considered as not existing.<sup>16</sup> I leave here aside the debate that existed about the question why in particular circumstances the provision of article 5(2) Directive and notwithstanding the literal text of the provision also applied in the case of use of an identical or similar sign for *similar* products. Fact is that after the decisions by the ECJ in *Davidoff/Durffee* and *adidas/Fitnessworld*, the provision is applicable in the case of dilutive use of the mark or a similar sign, even if such use is made for *similar* products.

The relevance of the *adidas/Fitnessworld* decision also lies in the interpretation the ECJ gave with respect to the notion similarity. In para. 28 the ECJ said that the condition of similarity between the mark and the sign in article 5(2) requires the existence, in particular, of elements of visual, aural or conceptual similarity. In para. 29 the ECJ went on to say that the infringement referred to in this provision was the consequence of a certain degree of similarity between the mark and the sign, by virtue of which the relevant section of the public made a *connection* between the sign and the mark, that is to say, established a link between them even though it did not confuse them. This clearly shows that for an infringement under article 5(2), the ECJ requires a certain degree of visual, aural or conceptual similarity *by virtue of* which the relevant section of the public makes a connection or establishes a link. It is striking that the ECJ does not use the word "association". Why? I can only guess that this is because that notion appears already in article 5(1)(b) and therefore the ECJ might have wished not to use that specific term in the context of article 5(2). In my opinion, however, we are talking about exactly the same notion. As far as I am concerned, the words association, connection or link have the same meaning. I think the ECJ did not mean to use a different notion. An indication for this can be found in the *General Motors/Yplon* decision<sup>17</sup> where the ECJ interpreting the notion "reputation" in article 5(2) Directive said that there should be a sufficient degree of knowledge of the trade mark and ruled "It is only where there is a sufficient degree of knowledge of (the) mark that the public, when confronted by the later trade mark, may possibly make an association between the two marks, even when used for non-similar products or services, and that the earlier trade mark may subsequently be damaged."

So, without there being likelihood of association between the mark and the sign there is no (visual, aural or conceptual) similarity. Having said that, we are getting quite close to former Benelux law where similarity was understood to mean such a visual, aural or conceptual resemblance that likelihood of association existed. Of course, under article 5(2)

<sup>16</sup> ECJ 9 January 2003, [2003] ETMR 534, *Davidoff/Durffee* and ECJ 23 October 2003, [2003] ETMR 1127, *adidas/Fitnessworld*.

<sup>17</sup> ECJ 14 September 1999, [1999] ETMR 950, *General Motors/Yplon*, para. 23.

Directive one should establish reputation of the mark to be protected as well as one of the forms of prejudice as provided for in this provision. Reputation was not a requirement under Benelux law, likelihood of prejudice was.

Does the notion "similarity" in article 5(1)(b) Directive have the same meaning as in article 5(2)? The answer is yes and that answer can be found in para. 30 of the *adidas/Fitnessworld* decision in which the ECJ said that "the existence of such a link (namely the link mentioned in para. 29 where similarity in the context of article 5(2) is explained, *Gielen*) must, just like a likelihood of confusion in the context of article 5(1)(b) of the Directive, be appreciated globally, taken into account all factors relevant for the circumstances of the case...". Nevertheless the text of this paragraph is troublesome in that it puts the existence of a link on the same level as the assessment of likelihood of confusion. I do not think that this is correct. The existence of similarity (read: the existence of a link or the establishment of association) is a far more factual question than the establishment of likelihood of confusion of art. 5(1)(b) or the likelihood of prejudice as meant in article 5(2). The establishment of these probabilities depends on numerous circumstances. The existence of a link or association is just one of them namely the question whether the sign and the mark are similar.

### **The relevance of association in trade mark conflicts**

Now that we know that the ECJ decided that infringements under article 5(2) are the consequence of a certain degree of visual, aural or conceptual similarity by virtue of which the relevant public makes a connection between the sign and the mark, it is clear that in a case where the use of a similar sign for identical or similar products is concerned, it is not difficult for the owner of the reputed mark to argue that the distinctiveness of his mark will be impaired by the use of such an associative sign. In other words, once likelihood of association is established (for example on the basis of a market survey), the owner of a reputed mark has a strong case against the user of a similar sign. It might be easier to establish infringement than under the likelihood of confusion test.

### **Conclusion**

It is therefore my conclusion that in particular for the owner of reputed marks the criterion likelihood of association is very relevant to establish trade mark infringement. Alex knows that I am a big fan of this criterion and although it has been rejected as a valid and single criterion in the context of article 5(1)(b), we have had the opportunity of welcoming it back under article 5(2) Directive. This concludes the drawing of a circle, the beginning of which where the first discussions with Alex years ago about the relevance of likelihood of association and the conclusion, namely his retirement from trade mark practice soon after the ECJ introduced the notion connection or link in interpreting similarity.

It has been a great pleasure to travel with Alex on this circle line!