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## Articles

### GUESS WHAT GUCCI? POST-SALE CONFUSION EXISTS IN EUROPE

P. Sean Morris\*

#### I. INTRODUCTION

Can consumers be confused with the similarities of the signs “limoncello” and “limonchelo” or “Och-Ziff” and “OchCapital”? Most likely to some degree. The narrative in this Article could easily be about sour lemons and money, or the lifestyles of John Doe and Mary Jane down the street, or that of their affluent neighbors, Mr. and Mrs. Highflyerberg, at the top of the street. But it is not. This narrative delves deeper into the complex issue of post-sale confusion with a unique European dimension.

While still on the subject of sour lemons and money, imagine you are a longtime investor with a private equity firm, and you happen to be in town for a social event. You stroll across the street from your hotel and come across a familiar sign displaying your longtime private equity firm. Unaware that the firm changed offices or is using a new name, you are a bit confused and not sure what to think of the new name and sign. In order to put your doubts to rest, you call the firm’s CEO on his mobile. When he picks up the mobile phone, you state, “I see that you’ve moved.” Dumbstruck by your statement, the CEO asks, “What do you mean?” You then begin to explain your confusion regarding the trademarks on display. That is exactly what happened in *Och-Ziff Management Europe Ltd. v. Och Capital LLP*, where the court found that

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## 2 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

the junior mark infringed the senior mark.<sup>1</sup> The main point here is that trademark confusion covers all manner of things, and even sophisticated consumers can be confused as to the origin of goods or services when they see a trademark.<sup>2</sup>

Proving confusion is perhaps one of the most difficult aspects of trademark infringement cases. The statute that governs trademarks in the European Union (“EU”), the Trademark Directive (“TMD”), states that infringement may occur where there is a “likelihood of confusion.”<sup>3</sup> There are several confusion-based theories that create a conundrum when dealing with infringement cases.<sup>4</sup> The difficulty arises when deciding which confusion-based theory to apply to an infringement case,<sup>5</sup> because courts have not uniformly applied the likelihood of confusion test.<sup>6</sup> In *Sabel v. Puma*, the Court of Justice of the European Union (“CJEU”) interpreted the threshold for the likelihood of confusion test, explaining that the average consumer’s point of view is important when determining the “the global appreciation of the likelihood of confusion.”<sup>7</sup> Even this statement by the CJEU is problematic because it

<sup>1</sup> Och-Ziff Mgmt. Eur. Ltd. v. Och Capital LLP, 2011 E.T.M.R. 1.

<sup>2</sup> If *seeing is believing*, the signs in questions were the following:



Junior:

Senior:

<sup>3</sup> Directive 2008/95/EC, art. 5(1)(b), 2008 O.J. (L 299) [hereinafter *TMD*]. Article 5(1)(b), states:

[A]ny sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a *likelihood of confusion* on the part of the public; *the likelihood of confusion includes the likelihood of association* between the sign and the trade mark.

*Id.* at 29 (emphasis added).

<sup>4</sup> See generally GRAEME B. DINWOODIE & MARK D. JANIS, TRADEMARKS AND UNFAIR COMPETITION: LAW AND POLICY 459–527 (3d ed. 2010).

<sup>5</sup> E.g., *id.* at 467 (“[E]stablishing that ‘confusion’ is governing standard for trademark infringement liability leaves open many questions.”) (emphasis added).

<sup>6</sup> See, e.g., *Polaroid Corp. v. Polarad Elects. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961) (articulating eight factors to be considered when assessing likelihood of confusion).

<sup>7</sup> Case C-251/95, *Sabel BV v. Puma AG*, 1997 E.C.R. I-6214, I-6224. The other major cases in relation to confusion under Article 5(1)(b) of the TMD include: Case C-334/05 P, *OHIM v. Shaker di L. Laudato & C. Sas*, 2007 E.C.R. I-4541; Case C-120/04, *Medion AG v. Thomson Multimedia Sales Ger. & Austria GmbH*, 2005 E.C.R. I-8565; Case C-3/03 P, *Matrazen Concord GmbH v. OHIM*, 2004 E.C.R. I-3660; Case C-425/98, *Marca Mode CV v. Adidas AG*, 2000 E.C.R. I-4881; Case C-342/97, *Lloyd Schuhfabrik Meyer & Co. GmbH v.*

introduces an additional interpretation—the global appreciation standard for the likelihood of confusion.<sup>8</sup> The nature of confusion is broad and non-exhaustive, and it further splinters into sub-groups, such as post-sale confusion.

This Article shifts the dynamics from confusion, or its likelihood, to the narrower notion of *post-sale confusion* in trademark law.<sup>9</sup> There are three major instances in which confusion can occur in trademark infringement cases: (1) initial interest (pre-sale) confusion, (2) point of sale confusion, and (3) post-sale confusion.<sup>10</sup> Post-sale confusion is arguably the most complex and the least understood of the three doctrines, which may be why it is often sidelined in the debate on confusion.<sup>11</sup> On the one hand, the CJEU accepted the doctrine of post-sale confusion in cases such as *Arsenal Football Club Plc v. Reed*; on the other hand, advocate generals have questioned the doctrine, as seen in

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Klijnsen Handel BV, 1999 E.C.R. I-3830; Case C-39/97, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc.*, 1998 E.C.R. I-5525.

<sup>8</sup> See *infra* Part II.B.2 (providing an in-depth discussion of the global appreciation standard).

<sup>9</sup> There has long been a discussion on post-sale confusion in relation to trademarks in American intellectual property jurisprudence; however, the discussion is relatively new in European intellectual property jurisprudence. See, e.g., LIONEL BENTLY & BRAD SHERMAN, *INTELLECTUAL PROPERTY LAW* 874 (3d ed. 2009) (stating that post-sale confusion has been “[o]ne topic on which there has been some discussion [of] the extent to which the views of consumers who see the product away from the point of sale are relevant to a determination of ‘likelihood of confusion’”); see also DINWOODIE & JANIS, *supra* note 4, 495–96 (discussing the differing ways the international community approaches “keyword” litigation); Anne M. McCarthy, Note, *The Post-Sale Confusion Doctrine: Why the General Public Should Be Included in the Likelihood of Confusion Inquiry*, 67 *FORDHAM L. REV.* 3337, 3338 (1999) (“[T]he use of a trademark likely to cause confusion among the general public in a post-sale context should be actionable under [U.S.] federal trademark law.”); Michael A. Johnson, *The Waning Consumer Protection Rationale of Trademark Law: Overprotective Courts and the Path to Stifling Post-Sale Consumer Use*, 101 *TRADEMARK REP.* 1320, 1323 (2011) (“[C]ourts have actually overprotected consumers from confusion through fringe doctrines such as post-sale confusion.”) (footnote omitted). See generally David M. Tichane, *The Maturing Trademark Doctrine of Post-Sales Confusion*, 85 *TRADEMARK REP.* 399, 399 (1995) (giving a robust overview of the development of the post-sale confusion doctrine in American trademark law and noting that “[t]he growth of the doctrine coincided with the judicial expansion of both the population to be protected from confusion and the types of product traits which are entitled to trademark protection”); Steven John Olsen, Note, *Mixed Signals in Trademark’s “Likelihood of Confusion Law”: Does Quality Matter?*, 44 *VAL. U. L. REV.* 659 (2010) (discussing the landscape of the American circuit courts in attempting to determine the proper interpretation of the likelihood of confusion doctrine).

<sup>10</sup> See *infra* note 39 and accompanying text (providing a helpful background for these three concepts).

<sup>11</sup> See David Ehrlich, *When Should Post-Sale Confusion Prevent Use or Registration of Mark?*, 81 *TRADEMARK REP.* 267, 279 (1991) (examining the reasons why courts refuse to apply the post-sale confusion doctrine).

## 4 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

*Alcon v. OHIM*.<sup>12</sup> After considering these cases, a narrow discussion of post-sale confusion will thrust it back into the spotlight for serious analysis in both the academic and judicial contours of European trademark law. In *Datacard Corp. v. Eagle Technologies Ltd.*, the English High Court found that the likelihood of confusion doctrine encompasses post-sale confusion, even though a finding of post-sale confusion is not required.<sup>13</sup> This decision arguably reinvigorated the nature of post-sale confusion in European trademark law. However, the decision failed to discuss the post-sale confusion factors, merely acknowledging that post-sale confusion exists as part of the likelihood of confusion.<sup>14</sup>

Nevertheless, a discussion of post-sale confusion requires an understanding of the broader context of the court's jurisprudence on the likelihood of confusion in trademark law, as it has been developed and understood. Part II of this Article explores the notion of likelihood of confusion and its relevance when determining post-sale confusion.<sup>15</sup> This section also discusses the intricacies involved in the various likelihood of confusion standards, culminating in an analysis of the global appreciation standard.<sup>16</sup> The courts have explained that the average consumer is central when determining the likelihood of confusion, and the globalness of the goods must also be appreciated.<sup>17</sup> In Part III, the discussion then shifts from the broad notion of likelihood of confusion to the narrower notion of post-sale confusion.<sup>18</sup> This section gives an account of how post-sale confusion has been constructed in English and Dutch Courts, and then turns the spotlight on how the CJEU interpreted post-sale confusion.<sup>19</sup> Part III concludes with some comments on the future of post-sale confusion and its nexus with counterfeit goods.<sup>20</sup> Part IV relocates post-sale confusion into the

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<sup>12</sup> Opinion of Advocate General Kokott, Case C-412/05, *Alcon v. OHIM*, 2006 E.C.R. I-3573, I-3586. "Other points in time, at which confusion on the part of the consumers might be more likely because they display a lesser level of attention, are by contrast of secondary importance." *Id.* (footnote omitted).

<sup>13</sup> *Datacard Corp. v. Eagle Techs. Ltd.*, [2011] EWHC (Pat) 244, [280] (Eng.).

<sup>14</sup> *Id.*

<sup>15</sup> See *infra* Part II (examining when the likelihood of confusion is relevant in making a post-sale confusion determination).

<sup>16</sup> See *infra* Part II.B.2 (discussing cases that illustrate the various standards and explaining that the global appreciation standard should be central in trademark infringement cases).

<sup>17</sup> See *id.* (describing the global appreciation standard in detail).

<sup>18</sup> See *infra* Part III (describing the nature of post-sale confusion in European trademark law).

<sup>19</sup> See *infra* Part III.B.1.a (summarizing the Dutch courts' approach to post-sale confusion).

<sup>20</sup> See *infra* Part III.B.4 (explaining how the doctrine of post-sale confusion applies to counterfeit goods).

uncertain universe of “blurring” by analyzing Schechter’s notion of blurring and how cases, such as *Gucci America, Inc. v. Guess?, Inc.*, embody the latest extrapolation of post-sale confusion.<sup>21</sup> Finally, Part V concludes the discussion, emphasizing the need to develop a form-factor test to ensure a smooth application of post-sale confusion by lower courts.<sup>22</sup>

## II. UNDERSTANDING LIKELIHOOD OF CONFUSION

The TMD requires only a likelihood of confusion in an infringement case instead of actual confusion.<sup>23</sup> In other jurisdictions, such as the United States, similar provisions can be found for trademark infringement.<sup>24</sup> According to *Black’s Law Dictionary*, the word “confusion,” as it relates to trademarks, is defined as “[a] consumer’s mistaken belief about the origin of goods or services.”<sup>25</sup> If a consumer is led to believe that his beloved soccer shirt did not originate from his soccer team, but rather it was a local knock-off, the consumer would most likely be disappointed. Here the consumer was *deceived*, actually confused into thinking that he was purchasing his soccer team’s original shirt.<sup>26</sup> Such was the situation in *Arsenal*, where consumers thought they

<sup>21</sup> See *infra* Part IV (discussing the trend of courts to blur the notion of post-sale confusion).

<sup>22</sup> See *infra* Part V (suggesting what the European High Court should develop to ensure a smooth and consistent application of the post-sale confusion doctrine).

<sup>23</sup> See *TMD*, *supra* note 3, at art. 5(1)(b); see also Case C-119/10, *Frisdranken Industrie Winters BV v. Red Bull GmbH*, 2011 E.C.R. ¶ 25 (confirming likelihood of confusion on the part of the public); Case C-533/06, *O2 Holdings and O2 (UK) Ltd. v. Hutchison 3G UK Ltd.*, 2008 E.C.R. I-4231, ¶ 57 (confirming that a trademark owner may take legal action if his trademark is infringed under the likelihood of confusion test). The likelihood of confusion test was more eloquently elaborated upon in the recital of the TMD:

The likelihood of confusion, the appreciation of which 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 and services identified . . . .

*TMD*, *supra* note 3, at recital 11. See also Case T-346/04, *Sadas SA v. OHIM*, 2005 E.C.R. II-4894, II-4903, ¶ 27 (asserting that case law on the likelihood of confusion must be assessed globally).

<sup>24</sup> The Lanham Act, under section 32 for registered trademarks and section 43(a) for unregistered marks, outlines, *inter alia*, the requirements for likelihood of confusion. Lanham Act, 15 U.S.C. §§ 1114, 1125 (2006). This is not a comparative discussion; thus, references will be mostly to the United States and the United Kingdom for ease of access to case law and statutes.

<sup>25</sup> BLACK’S LAW DICTIONARY 320 (8th ed. 2004).

<sup>26</sup> A word of warning regarding the usage of the terms “deceived,” “deception,” and “confusion.” I use deceived to also mean confusion, but such usage can be misleading. However, the usage is based partly on the fact that courts have also used deception to

## 6 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

were purchasing the team's real soccer shirt from a local vendor who was also a supporter of the soccer team.<sup>27</sup>

In *Arsenal*, the court explained that the use of the trademark was "such as to create the impression that there is a material link" from the goods sold by the vendor to the trademark "Arsenal," which is owned by the Arsenal Football Club Plc.<sup>28</sup> The court held that consumers "may interpret the sign as designating Arsenal FC as the undertaking of origin of the goods."<sup>29</sup> This decision by the CJEU hinted at the importance of global assessment—the holy grail of post-sale confusion cases in Europe—but left post-sale confusion in a state of hibernation. Similar to the TMD, the Community Trade Marks Regulation ("CTMR") offers almost identical wording for the notion of likelihood of confusion.<sup>30</sup> The language of the CTMR does not greatly differ from the TMD; however, under the nuances of the EU, the Community trademark ("CTM") offers trademark protection throughout the entire EU, while the TMD provisions apply only to member states of the EU.<sup>31</sup> These two pieces of legislation complement each other so that both must be considered in determining the exact tone of likelihood of confusion.<sup>32</sup> The CTMR ensures that trademark owners can argue likelihood of confusion claims in a wide geographic area.<sup>33</sup> In an effort to understand the likelihood of

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mean confusion. See JAMES MELLOR, DAVID LLEWELYN, THOMAS MOODY-STUART, DAVID KEELING & IONA BERKELEY, *KERLY'S LAW OF TRADE MARKS AND TRADE NAMES*, ¶¶ 18-101-05, at 617-20 (15th ed. 2011).

The prevalence of the use of "*confusion*" rather than "*deception*" maybe caused by a certain squeamishness on the part of claimants and judges to brand defendants as responsible for deception when there is no deliberate intent to deceive. "*Deception*" should not be seen as a term of opprobrium, except in cases of fraud.

*Id.* at 617 n.238 (emphasis added).

<sup>27</sup> Case C-206/01, *Arsenal Football Club plc v. Reed*, 2002 E.C.R. I-10299.

<sup>28</sup> *Id.* at I-10318, ¶ 56.

<sup>29</sup> *Id.* at I-10318, ¶ 57.

<sup>30</sup> Council Regulation 207/2009, art. 9(1)(b), 2009 O.J. (L 78/5) (EC). Article 9(1)(b) expresses likelihood of confusion as

any sign where, because of its identity with, or similarity to, the Community trade mark and the identity or similarity of the goods or services covered by the Community trade mark and the sign, there exists a *likelihood of confusion* on the part of the public; the *likelihood of confusion* includes the *likelihood of association* between the sign and the trade mark[.]

*Id.* (emphasis added).

<sup>31</sup> See, e.g., *id.* at art. 1(2) (explaining that an applicant must submit a single application to the OHIM and, if successful, will be granted a single trademark for the entire EU).

<sup>32</sup> See *supra* notes 30-32 and accompanying text (explaining the applicability of the CTMR and TMD).

<sup>33</sup> See *supra* notes 31-33 and accompanying text (asserting that the CTMR is very similar to the TMD, which applies to member states of the EU).

confusion, this Article next discusses the effect that trademark confusion has on consumers.

A. *Locating the Confused*

Consumers are complex creatures with diverse behaviors.<sup>34</sup> There are several different types of consumers: those who are affluent, middle income, and lower income.<sup>35</sup> Furthermore, because of the complexity of consumers, their needs vary from luxury goods to knock-offs.<sup>36</sup> The CJEU has described consumers as “reasonably well-informed and reasonably observant and circumspect”; thus, in light of this observation, it is hard to imagine how post-sale confusion can occur among consumers.<sup>37</sup> But consumer confusion does occur even among the observant and circumspect consumers, and oftentimes even the most sophisticated consumers are confused as to the origin of their goods and services.<sup>38</sup> Because consumers are the ultimate users of trademarked goods and services, confusion can occur at any stage of the transaction, including pre-sale (initial interest), point of sale, and post-sale confusion.<sup>39</sup>

Determining confusion at any stage is not only difficult, but it also depends on the rational behavioral shopping pattern of the consumers.<sup>40</sup> For example, a regular user of TIDE detergents may not opt to purchase a rival detergent under the brand RIDE, because the regular consumer knows that RIDE does not equate to the quality of TIDE detergents, nor does it indicate that RIDE was manufactured by Tide Corporation. RIDE detergents simply did not originate in Tide Corporation. However,

<sup>34</sup> Lars Perner, *Consumer Behavior: The Psychology of Marketing*, UNIV. S. CAL., <http://www.consumerpsychologist.com/> (last visited Oct. 15, 2012).

<sup>35</sup> See generally Stuart U. Rich & Subhash C. Jain, *Social Class and Life Cycle as Predictors of Shopping Behavior*, J. MARKETING RES. 41 (1968).

<sup>36</sup> See Michael J. Madison, *Trademark Law-Fall 2010: Consumers and Knockoffs*, MADISONIAN (Sept. 2010), <http://madisonian.net/home/?p=752> (“While shoppers are happy with the price [of knock-offs], there are often nagging doubts about the items’ quality, their legality and who ends up profiting.”).

<sup>37</sup> Case C-342/97, *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel BV*, 1999 E.C.R. I-3830, I-3841; see *Hermès Int’l v. Lederer De Paris Fifth Ave., Inc.*, 219 F.3d 104, 107 (2d Cir. 2000) (holding that the defendant “encourage[d] consumer confusion in the post-sale context” by selling knock-offs of the claimant’s luxurious handbags).

<sup>38</sup> See *TMD*, *supra* note 3, at recital 11 (stating that the function of a registered trademark is to “guarantee the trade mark as an indication of origin”).

<sup>39</sup> Jeremy N Sheff, *Veblen Brands*, 96 MINN. L. REV. 769, 776-77 (2012) (explaining how the idea of point of sale confusion has dramatically expanded with the creation of doctrines like post-sale confusion). See generally Jennifer E. Rothman, *Initial Interest Confusion: Standing at the Crossroads of Trademark Law*, 27 CARDOZO L. REV. 105, 160-61 (2005).

<sup>40</sup> See *supra* notes 34-39 and accompanying text (discussing consumer trends and their effects on shopping behavior).



## 8 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

another consumer strolls into the supermarket, notices that RIDE detergents are packed next to TIDE detergents, and decides to purchase RIDE, not necessarily knowing that RIDE is not a product of Tide Corporation. Nonetheless, Tide Corporation's excellent reputation for making detergent has developed over time. Therefore, a regular shopper with a consistent rational behavioral pattern of shopping may not necessarily be confused, but the irregular shopper who purchased the rival RIDE detergent may be confused as to the origin of source. Thus, confusion can be a "mental state" affecting irregular shoppers, but it should not influence the consistent rational behavioral pattern of regular shoppers.<sup>41</sup>

In *Och-Ziff*, the court held that there was an infringement of the senior mark, Och-Ziff, and that "a confusing advertisement may affect the reputation of the trade marked goods or services."<sup>42</sup> Further, the court found that "confusion may erode the distinctiveness of the trade mark."<sup>43</sup> Trademark is not merely a word, but it can also include sound marks; thus, the court found that an infringement existed between the more established Och-Ziff and the junior mark Och Capital, because there was not a notable difference between the sound of the two marks in an electronic advertisement, particularly when relating to financial products.<sup>44</sup> The use of the prefix Och in relation to financial services could easily confuse consumers as to the advertised goods' source of origin. To determine likelihood of confusion in European law, the TMD and CTMR provide a list of factors, which will be examined in more detail below.<sup>45</sup>

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<sup>41</sup> ILANAH SIMON FHIMA, TRADE MARK DILUTION IN EUROPE AND THE UNITED STATES para. 3.107, at 100 (2011) (explaining that confusion is both a mental state and a form of harm); see Edward S. Rogers, *The Unwary Purchaser: A Study in the Psychology of Trade Mark Infringement*, 8 MICH. L. REV. 613, 614-15 (1910) (stating that the unwary shopper is not likely to make comparisons when purchasing goods or services). Specifically, Rogers makes the following observation:

[The unwary shopper] is not bound to make comparisons between labels or brands and has usually no opportunity to do so. He is likely in making his purchase to act on the moment and is not bound to study or reflect, to analyze labels or packages, or to read and examine them. He is not bound to remember more than the general features of a mark, brand or label and is not expected to have in mind the details.

*Id.* (footnotes omitted).

<sup>42</sup> *Och-Ziff Mgmt. Eur. Ltd. v. Och Capital LLP*, [2010] EWHC (Ch) 2599, [101].

<sup>43</sup> *Id.*

<sup>44</sup> *Id.* [101]-[02]

<sup>45</sup> See *infra* notes 46-51 and accompanying text (providing the various factors courts will consider in a likelihood of confusion analysis).

B. *The Determinants of Likelihood of Confusion in EU Trademark Law*

The factors for determining the likelihood of confusion in EU trademark law are set out in Article 5(1)(b) of the TMD, the corresponding Article of the CTMR, Article 9(1)(b), and European case law.<sup>46</sup> The EU factors for determining likelihood of confusion sometimes

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<sup>46</sup> The U.K. Trademark Registry has developed a set of key principles based on the case law that are necessary when determining likelihood of confusion. These principles were cited in *Specsavers Int'l Healthcare Ltd. v. Asda Stores Ltd.* in the English High Court, where Asda was found to have infringed Specsavers' trademarks. See Case A3/2010/2581, *Specsavers Int'l Healthcare Ltd. v. Asda Stores Ltd.*, [2012] EWCA (Civ) 24, [52]. The principles include the following considerations:

- (a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors;
- (b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;
- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;
- (d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;
- (e) nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;
- (f) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;
- (g) a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa;
- (h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;
- (i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;
- (j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

10 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47

hinge on the global appreciation factor.<sup>47</sup> Other times, courts may invoke two or more of the *Polaroid* factors.<sup>48</sup> The *Polaroid* factors were set out by Judge Friendly to help resolve the issue of likelihood of confusion and include: (1) strength of the mark; (2) degree of similarity of the marks; (3) proximity of the products (whether the market segments overlap); (4) bridging the gap (whether the trademark owner intended to enter the infringer's market); (5) actual confusion; (6) infringer's good faith or lack thereof; (7) quality of respective goods; and (8) sophistication of relevant buyers.<sup>49</sup> Several cases in the CJEU have utilized similar factors, albeit fewer than the eight used in *Polaroid*, with global appreciation emerging as the probable champion for the likelihood of confusion test.<sup>50</sup>

The legal provisions of the likelihood of confusion doctrine are set out in Article 5(1)(a) and (b) of the TMD, which states that the following rights are conferred by a trademark:

1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion

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(k) if the association between the marks causes the public to wrongly believe that the respective goods [or services] come from the same or economically-linked undertakings, there is a likelihood of confusion.

*Id.* See generally *id.* [51]-[117] (explaining the overall general approach for likelihood of confusion); TMD, *supra* note 3 (developing the principals of the likelihood of confusion under TMD); Council Regulation 207/2009, art. 9(1)(b), 2009 O.J. (L 78/5) (EC) (summarizing the application of trademarks).

<sup>47</sup> See *infra* Part II.B.2 (analyzing the idea of global appreciation in post-sale confusion).

<sup>48</sup> See *infra* note 49 (listing the *Polaroid* factors).

<sup>49</sup> *Polaroid Corp. v. Polarad Elects. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961); see Tichane, *supra* note 9, at 409-10 (explaining the post-sales confusion doctrine).

<sup>50</sup> See Part II.B (discussing the likelihood of confusion tests in the United States and Europe).

includes the likelihood of association between the sign and the trade mark.<sup>51</sup>

There are two observations that need to be made about Article 5(1) of the TMD. First, the definition for trademark infringement—likelihood of confusion—is enshrined. Second, the definition is overly broad and leaves room for the development of multiple forms of confusion. Post-sale confusion is no exception. Even with a stretch of the imagination, one could argue that the courts will likely develop a sort of *curious confusion*, which occurs when a sign suggests to the consuming public that the junior mark belongs to the various senior marks that a conglomerate owns.

Commentators have pointed out that when the provisions of Article 5(1)(a) and (b) are closely examined, there is virtually no difference in the provisions.<sup>52</sup> This Article submits that this is true. There is hardly any difference between the two provisions, except that Article 5(1)(a) emphasizes “identity” and Article 5(1)(b) then incorporates that identity into “similarity” to determine *likelihood of confusion*.<sup>53</sup> Nevertheless, as the courts have reiterated, Article 5(1)(a) relates to the origin function.<sup>54</sup> But, more importantly, for an infringement to occur under Article 5(1)(a), an identical sign must be used.<sup>55</sup> Contrast this with Article 5(1)(b), which helps judges determine whether an identical sign causes a likelihood of confusion.<sup>56</sup>

Article 5(1)(b) becomes the main provision for which to frame the question: What are the criterion or determinants for assessing the likelihood of confusion within the meaning of that provision? Based on legal provisions, the key ingredient in determining likelihood of confusion in EU trademark infringement cases is the degree of the similarity of the goods or services, including factors such as global appreciation.<sup>57</sup> In *Canon v. MGM*, the CJEU explained that the distinctive character and reputation must be taken into account “when determining whether the similarity between the goods or services” covered by the senior and junior marks “is sufficient to give rise to the likelihood of

<sup>51</sup> TMD, *supra* note 3, at art. 5(1)(a)–(b).

<sup>52</sup> See Duncan Ribbons, *What's the Difference Between Article 5(1)(a) and 5(1)(b)? Not a lot . . .*, 6 J. INTEL. PROP. L. & PRAC. 435, 435–36 (2011) (explaining that in European trademark law, the only difference between these two provisions of Article 5 of the TMD is who bears the burden of proof).

<sup>53</sup> TMD, *supra* note 3, at art. 5(1)(a).

<sup>54</sup> See *infra* Part III.B (examining five cases that have interpreted Article 5(1)(b)).

<sup>55</sup> E.g., Case C-17/06, *Céline SARL v. Céline SA*, 2007 E.C.R. I-7060, I-7068.

<sup>56</sup> See TMD, *supra* note 3, at art. 5(1)(b).

<sup>57</sup> See *infra* Part II.B.1 (exploring the difference between identity and similarity in European trademark jurisprudence).

## 12 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

confusion.”<sup>58</sup> *Canon* was only one of the many CJEU cases that shaped how the likelihood of confusion evolved within European trademark law jurisprudence.<sup>59</sup>

But despite the plethora of case law on likelihood of confusion, it still suffers from a prairie syndrome, which means that likelihood of confusion is a vast and indeterminate field in which other patches or factors would need to be identified in order to determine the full extent of likelihood of confusion in trademark infringement cases. There are two questions that need to be raised when assessing likelihood of confusion: (1) What does the court mean by “global appreciation” and (2) when are signs confusingly similar?<sup>60</sup> Before addressing these questions, some more needs to be said regarding the broader notion of likelihood of confusion.

The General Court (“GC”) should not be overlooked when discussing the likelihood of confusion, because it helped shape how likelihood of confusion has been interpreted, even though its decisions are often in line with previous decisions of the CJEU.<sup>61</sup> For example, in *Hipp & Co. KG v. OHIM*, the GC confirmed that the likelihood of confusion must be assessed globally.<sup>62</sup> But one of the most in-depth GC discussions on the likelihood of confusion was by Advocate General Jacobs in *Sabel*, where he discussed the broad and narrow aspects of confusion, as well as “the economic link” in determining confusion.<sup>63</sup> Furthermore, as the Advocate General would later argue, “All the Directive requires is that there be a likelihood of confusion as a result of the similarity of the marks.”<sup>64</sup> In determining the likelihood of confusion, the degree of similarity and the global appreciation of the

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<sup>58</sup> Case C-39/97, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer, Inc.*, 1998 E.C.R. I-5525, I-5534.

<sup>59</sup> See generally cases cited *supra* note 7 (demonstrating the evolution of European trademark law).

<sup>60</sup> E.g., Case C-342/97, *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel BV*, 1999 E.C.R. I-3830, I-3841.

<sup>61</sup> See Case T-157/10, *Barilla G. e R. Fratelli SpA v. OHIM*, 2012 EUR-Lex CELEX LEXIS ¶ 11 (Mar. 23, 2012) (recognizing the likelihood of confusion doctrine); Case T-288/08, *Cadila Healthcare Ltd. v. OHIM*, 2012 EUR-Lex CELEX LEXIS ¶ 66 (Mar. 15, 2012) (discussing an overall assessment of the likelihood of confusion).

<sup>62</sup> Case T-41/09, *Hipp & Co. KG v. OHIM*, 2012 EUR-Lex CELEX LEXIS ¶ 21 (Mar. 28, 2012) (“[T]he likelihood of confusion must be assessed globally, according to the relevant public’s perception of the signs and the goods or services concerned and account being taken of all factors relevant to the circumstances of the case . . .”).

<sup>63</sup> Opinion of Advocate General Jacobs, Case C-251/95, *Sabel v. Puma*, 1997 E.C.R. I-6193, I-6204.

<sup>64</sup> *Id.* at I-6212.

mark are well-established in European trademark jurisprudence interpreting the TMD.<sup>65</sup>

Despite the GC's role in shaping the interpretation of likelihood of confusion, the GC and the CJEU are often at odds in their application of the factors for determining likelihood of confusion. When the former wife of tennis star Boris Becker attempted to register her married name, Becker, the GC and the CJEU sent conflicting signals regarding the likelihood of confusion. In *Becker v. Harman International Industries, Inc.*, there were notable differences between the two courts regarding the likelihood of confusion.<sup>66</sup>

In *Becker*, the ex-wife of the German tennis player applied for a CTM to register the word mark BARBARA BECKER under Class 9 of the Nice Agreement.<sup>67</sup> The application was opposed by Harman, because BECKER ONLINE PRO was already registered and covered goods falling within Class 9 of the Nice Agreement.<sup>68</sup> The opposition division of the Office for Harmonisation in the Internal Market ("OHIM") found that there was a likelihood of confusion; however, the First Board of Appeal of the OHIM annulled that decision.<sup>69</sup> Harman appealed that decision to the GC, which held that there was a likelihood of confusion between the junior mark and the senior mark.<sup>70</sup> The decision of the GC was then appealed at the CJEU.<sup>71</sup> In its review, the CJEU chastised the GC for failing to consider "all the relevant factors specific to the case, in disregard of the requirement of an overall assessment of the likelihood of confusion . . ."<sup>72</sup>

In its decision, the GC argued that "the earlier word mark BECKER and the trade mark applied for Barbara Becker are in conflict."<sup>73</sup> According to the GC, "[T]he overall impression produced by those marks leads to the finding that they have a certain similarity visually and phonetically on account of their common component . . ."<sup>74</sup> The GC

<sup>65</sup> Case C-552/09 P, *Ferrero SpA v. OHIM*, 2011 EUR-Lex CELEX LEXIS ¶ 99 (Mar. 24, 2011) ("[I]t is only if there is some similarity between the marks at issue that the General Court must take into account, in the global assessment of a likelihood of confusion or of a link being made between those marks . . .").

<sup>66</sup> Case C-51/09 P, *Becker v. Harman Int'l Indus., Inc.*, 2010 EUR-Lex CELEX LEXIS (June 24, 2010).

<sup>67</sup> *Id.* ¶¶ 4-5.

<sup>68</sup> *Id.* ¶ 6.

<sup>69</sup> *Id.* ¶ 8.

<sup>70</sup> *Id.* ¶¶ 31-34.

<sup>71</sup> *Id.* ¶¶ 11-18.

<sup>72</sup> *Id.* ¶ 40.

<sup>73</sup> Case T-212/07, *Harman Int'l Indus. v. OHIM*, 2008 EUR-Lex CELEX LEXIS ¶ 31 (Dec. 2, 2008).

<sup>74</sup> *Id.* ¶ 33.

## 14 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

further explained that the Board of Appeal's "assessment of the relative importance of the component 'becker' compared to the component 'barbara', in the mark Barbara Becker, cannot be upheld."<sup>75</sup> Furthermore, the GC explained that "consumers generally attribute greater distinctiveness to the surname than to the forename contained in trade marks."<sup>76</sup> After further discussion on the nature of earlier CTM BECKER and Barbara Becker, the GC noted that "[t]hey are thus similar,"<sup>77</sup> and then held that "assessing globally the marks at issue and comparing them visually, phonetically and conceptually, the conflicting marks must be held to be similar."<sup>78</sup>

The CJEU reiterated that the global appreciation factor must be taken into account in order to find likelihood of confusion.<sup>79</sup> Although it is possible in parts of the EU for surnames to have "a more distinctive character than forenames," it was appropriate to take into account all the factors specific to the case.<sup>80</sup> According to the CJEU, the GC decision in *Becker* "erred in law in basing its assessment of the conceptual similarity of the marks on general considerations taken from the case-law."<sup>81</sup>

In this instance, the GC determined that the signs Barbara Becker and Becker were confusingly similar; however, the CJEU disagreed, explaining that the GC failed to consider all the relevant factors for likelihood of confusion, and remanded the case back to the GC.<sup>82</sup> The CJEU reiterated the need for a case-by-case analysis to determine the likelihood of confusion.<sup>83</sup> This case portrays the different approaches that both courts have utilized in determining the likelihood of confusion.

<sup>75</sup> *Id.* ¶ 34.

<sup>76</sup> *Id.* ¶ 35 (citing Case T-185/03, *Fusco v. OHIM*, 2005 E.C.R. II-715, ¶ 54).

<sup>77</sup> *Id.* ¶ 36. "[T]he component 'becker' will be perceived as a surname, which is commonly used to describe a person." *Id.* ¶ 37.

<sup>78</sup> *Id.* ¶ 38.

<sup>79</sup> Case C-51/09 P, *Becker v. OHIM*, 2010 EUR-Lex CELEX LEXIS ¶ 32 (June 24, 2010).

<sup>80</sup> *Id.* ¶ 36. This was a similar argument made by Advocate General Cruz Villalón in his opinion that was delivered on March 25, 2010. See generally Opinion of Advocate General Cruz Villalón, Case C-51/09 P, *Becker*, 2010 EUR-Lex CELEX LEXIS (Mar. 25, 2010).

<sup>81</sup> *Becker v. OHIM*, 2010 EUR-Lex CELEX LEXIS ¶ 40. The paragraph reads in full:

It follows from all the foregoing that the General Court erred in law in basing its assessment of the conceptual similarity of the marks on general considerations taken from the case-law without analysing all the relevant factors specific to the case, in disregard of the requirement of an overall assessment of the likelihood of confusion, taking account of all factors relevant to the circumstances of the case, and based on the overall impression produced by the marks at issue.

*Id.*

<sup>82</sup> *Id.* ¶¶ 40-42.

<sup>83</sup> *Id.* ¶ 40.

In addition to these difficulties, additional obstacles arise when trying to define identity and similarity.

### 1. The Identity/Similarity Disparity

In order to examine the similarity of the marks and likelihood of confusion infringement, this Article addresses what the TMD and CTMR say about *identity* and *similarity*. The use of the two terms creates a singular line of reasoning because the words are almost synonymous. So how does one differentiate the terms in determining the likelihood of confusion? At one point Advocate General Jacobs suggested that the distinction between identity and similarity does not affect the outcome of litigation based on the likelihood of confusion.<sup>84</sup> The GC also argued that “the identity or similarity between two signs” is to be examined based on their “visual, phonetic and conceptual similarity.”<sup>85</sup> The identity of the marks is a factor that must be addressed when making a determination on the likelihood of confusion.

#### a. *Identity of Marks*

In *LTJ Diffusion SA v. Sadas Vertbaudet SA*, the court explained that “the essential function of a trade mark is to guarantee the identity of origin of the marked goods or services.”<sup>86</sup> Based on the reasoning of European trademark case law, the meaning of identity is to ensure that goods have a traceable origin.<sup>87</sup> Thus, a good is an object and it should have an identifiable origin that is served by a trademark. Identity is used to ensure or indicate origin, since the word identity is used almost in

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<sup>84</sup> Opinion of Advocate General Jacobs, Case C-291/00, *LTJ Diffusion SA v. Sadas Vertbaudet SA*, 2002 E.C.R. I-2802, I-2807, ¶ 20. Advocate Jacobs stated:

[T]he Court’s ruling will affect neither the right to prohibit use of an identical sign where goods or services are not identical but only similar nor the possibility of refusal or invalidation of registration in the same circumstances (Articles 4(1)(b) and 5(1)(b) of the Directive). In such cases, in which a likelihood of confusion on the part of the public must be established, it is not decisive whether the mark and sign, or the two marks, are themselves identical rather than similar, so that the precise contours of the distinction between identity and similarity will not affect the outcome.

*Id.*

<sup>85</sup> Case T-227/09, *Feng Shen Tech. Co. v. OHIM*, 2012 EUR-Lex CELEX LEXIS ¶ 39 (Mar. 21, 2012).

<sup>86</sup> Case C-291/00, *LTJ Diffusion SA v. Sadas Vertbaudet SA*, 2003 E.C.R. I-2816, I-2831.

<sup>87</sup> *Id.*



## 16 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

conjunction with similarity in the context of a trademark.<sup>88</sup> But the word identity also presents a problem when determining whether goods should be considered identical. Apparently, goods are identical when the goods are similar. This, of course, means very little because the distinction between identity and similarity is still troublesome. The CJEU has not addressed this troublesome issue with precision. Advocate General Jacobs attempted to define identical in the context of trademark law: “The concept of identity between mark and sign . . . covers identical reproduction without any addition, omission or modification other than those which are either minute or wholly insignificant.”<sup>89</sup>

Advocate General Jacobs’s construction of the meaning of “identical” was in line with a strict interpretation of the term, which was favored by most of the parties in *LTJ Diffusion SA*.<sup>90</sup> A dictionary definition, however, was not necessarily in the cards.<sup>91</sup> For example, *Webster’s Collegiate Dictionary* defines identical as “having such close resemblance as to be essentially the same,” or “being the same; selfsame.”<sup>92</sup> Such a definition would have been too loose and, thus, a strict interpretation of identical was “consistent with the scheme, history and context” of the provisions in the TMD.<sup>93</sup> The CJEU also favored a strict interpretation of the term identical:

The criterion of identity of the sign and the trade mark must be interpreted strictly. The very definition of identity implies that the two elements compared should be the same in all respects. Indeed, the absolute protection in the case of a sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered, which is guaranteed by Article 5(1)(a) of the

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<sup>88</sup> See Susie Middlemiss & Carina Badger, *Nipping Taste Marks in the Bud*, 26 EUR. INTEL. PROP. REV. 152, 153 (2004) (“The essential function of a trade mark is to guarantee the identity of the origin of the marked product or service . . .”).

<sup>89</sup> Opinion of Advocate General Jacobs, *supra* note 84, at I-2815. The Advocate General had previously defined the word identical to mean, “Where in the light of such an assessment any differences are minute and wholly insignificant, so that the average consumer would not find any noticeable difference between the two . . .” *Id.* at I-2813.

<sup>90</sup> *Id.* at I-2809.

<sup>91</sup> *Id.*

<sup>92</sup> MERRIAM-WEBSTER’S COLLEGIATE DICTIONARY 616 (11th ed. 2004).

<sup>93</sup> Opinion of Advocate General Jacobs, *supra* note 84, at I-2809. Advocate General Jacobs stated, “Articles 4(1)(a) and 5(1)(a) of the Directive confer unconditional rights on trade-mark proprietors where the relevant elements are all identical; Articles 4(1)(b) and 5(1)(b) confer rights dependent on the existence of a likelihood of confusion where some elements are merely similar.” *Id.* at I-2810.

directive, cannot be extended beyond the situations for which it was envisaged, in particular, to those situations which are more specifically protected by Article 5(1)(b) of the directive.<sup>94</sup>

The meaning of “identical,” in determining the likelihood of confusion in European trademark law, cannot be read apart from the adjective “similar” or its noun “similarity” as outlined in Article 5(1) of the TMD. This grammatical detour only highlights how the factors for determining likelihood of confusion are intertwined and how any misapplication of one factor can jeopardize the outcome of trademark infringement litigation. The next component in the likelihood of confusion analysis is determining whether the signs or goods are similar.

*b. The Similarities Comparison*

Recall John Doe from the introduction of this Article. John Doe and his common law wife Mary Jane are average consumers. He goes to the high street supermarket to get his weekly or monthly supply of goods. While at the supermarket, he picks up his regular six-pack, but he notices something odd or simply conveniently placed. Next to his six-pack are chips with labels that look similar to that of his six-pack. Assuming the chips were also a complement to the beer and made by the same conglomerate, he happily decides to munch on the chips while enjoying the lager. Apply the same story to Mary Jane, a shoe lover, who finds a similar brand of shoes lying next to her beloved brand while shopping.

The courts reinforce the idea that consumers can also be confused due to the similarity of signs; therefore, the visual, aural or phonetics, and conceptual similarities—the holy trinity—must be considered to determine likelihood of confusion.<sup>95</sup> In *Tsakiris-Mallas AE v. OHIM*, the main contention was whether the public, people like Mary Jane and John Doe, could have been confused about the origin of the branded shoes with the sign SEVEN and the figurative sign SEVEN FASHION SHOES.<sup>96</sup> The GC observed that the “relevant public,” including John Doe and Mary Jane, will be “likely to confuse the origin of the goods covered by the marks at issue.”<sup>97</sup> The rationale for this reasoning, the

<sup>94</sup> Case C-291/00, *LTJ Diffusion SA v. Sadas Vertbaudet SA*, 2003 E.C.R. I-2816, I-2833; see *id.* at I-2828, I-2830–34 (interpreting Articles 4, 5(1)(b), and 16 in the context of the issue before the court).

<sup>95</sup> Case T-244/10, *Tsakiris-Mallas AE v. OHIM*, 2012 EUR-Lex CELEX LEXIS ¶ 37 (May 8, 2012).

<sup>96</sup> *Id.* ¶¶ 2, 6.

<sup>97</sup> *Id.* ¶ 60.

## 18 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

GC explained, was that the goods covered by the mark were identical and involved the holy trinity comparison of similarities, whereas the marks are visually, phonetically, and conceptually similar.<sup>98</sup>

This holy trinity of similarities forms one step in the courts' attempt to determine likelihood of confusion.<sup>99</sup> In *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel BV*, the court explained that in order to assess the degree of similarity between marks, "the degree of visual, aural or conceptual similarity" must be taken into account.<sup>100</sup> The court also evaluated the importance attached to those different elements, in particular, how those elements relate to the category of goods and how they are being marketed.<sup>101</sup> The *Lloyd* requirement of the similarity of the marks for determining likelihood of confusion was captured in the following statement: "[F]or the purposes of Article 5(1)(b) of the [TMD], there may be a likelihood of confusion, notwithstanding a lesser degree of similarity between the trade marks, where the goods or services covered by them are very similar and the earlier mark is highly distinctive."<sup>102</sup>

This message has been applied to a number of CJEU decisions, such as *Matratzen Concord GmbH v. OHIM*, which indicates how the highly distinctive nature of the mark will play a role in the assessment of the global appreciation criteria for determining likelihood of confusion.<sup>103</sup> In opposition proceedings, the *OHIM Manual of Procedures* instructs that (1) "[i]n the similarity-of-signs analysis the resemblances of the signs are analysed on an objective basis," and (2) "[t]he examiner must consider

<sup>98</sup> *Id.*

<sup>99</sup> There is either a hierarchical system in determining likelihood of confusion, or the courts are literally confused regarding the factors for determining likelihood of confusion. See Case T-424/10, *Dosenbach-Ochsner AG Schuhe und Sport v. OHIM*, 2012 EUR-Lex CELEX LEXIS ¶ 18 (Feb. 7, 2012) (noting the arguments developed by the CJEU over a period of time). Specifically, the CJEU notes:

[T]he risk that the public might believe that the goods or services . . . come from the same undertaking or from economically-linked undertakings constitutes a likelihood of confusion. . . . [T]he likelihood of confusion must be assessed globally, according to the relevant public's perception of the signs and goods or services concerned and taking into account all factors relevant to the circumstances of the case, in particular the interdependence between the similarity of the signs and that of the goods or services designated.

*Id.* (citation omitted).

<sup>100</sup> Case C-342/97, *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel BV*, 1999 E.C.R. I-3830, I-3841.

<sup>101</sup> *Id.* at I-3841-42.

<sup>102</sup> *Id.* at I-3840 (parenthetical omitted). "[A] lesser degree of similarity between those goods or services may be offset by a greater degree of similarity between the marks, and vice versa." *Id.* at I-3839.

<sup>103</sup> Case C-3/03 P, *Matratzen Concord GmbH v. OHIM*, 2004 E.C.R. I-3660.

the marketplace realities that characterise the relationship of the goods . . . [which will] play an important role in the global assessment of likelihood of confusion.”<sup>104</sup>

Courts will look at three aspects of similarity when analyzing these cases: (1) visual similarity, (2) conceptual similarity, and (3) aural similarity.<sup>105</sup> For example, in *Hell Energy Magyarország kft v. OHIM*, the GC found that there was a sufficient degree of visual similarity between the marks that contributed to the likelihood of confusion, and the GC upheld the original ruling of the Board of Appeal.<sup>106</sup> At issue in this case was the figurative sign HELL, which was designated for non-alcoholic drinks and energy drinks/beverages.<sup>107</sup> The proprietor of the senior mark HELLA opposed the application, because the senior mark was designated for similar goods, including non-alcoholic drinks.<sup>108</sup> According to the GC, “[T]he visual similarity between the marks” could “give rise to a likelihood of confusion.”<sup>109</sup>

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<sup>104</sup> OHIM – THE MANUAL CONCERNING OPPOSITION – PART 2 CHAPTER 2A, 16, *available at* [http://oami.europa.eu/ows/rw/resource/documents/CTM/legalReferences/partc\\_generalremarks.pdf](http://oami.europa.eu/ows/rw/resource/documents/CTM/legalReferences/partc_generalremarks.pdf).

<sup>105</sup> *See supra* notes 98–101 (illustrating the application of these three factors).

<sup>106</sup> Case T-522/10, *Hell Energy Magyarország kft v. OHIM*, 2012 EUR-Lex CELEX LEXIS ¶¶ 50, 66–70 (Jan. 17, 2012). The GC explained its findings this way:

It is necessary to reject the argument that the Board of Appeal erred in finding that there was a likelihood of confusion on the ground that it did not take into consideration the differences between the consumers and between the goods covered by the marks at issue, bearing in mind that the ‘energy drinks’ covered by the mark applied for are included in the non-alcoholic drinks for which the earlier mark is registered and which are not confined to a category of the relevant public, an intended purpose or a given distribution method.

*Id.* ¶ 68. Also note the court’s reasoning in *Tsakiris-Mallas*, where the court found that the signs “were visually similar.” Case T-244/10, *Tsakiris-Mallas AE v. OHIM*, 2012 EUR-Lex CELEX LEXIS ¶ 50 (May 8, 2012).

<sup>107</sup> *Hell Energy*, 2012 EUR-Lex CELEX LEXIS, ¶¶ 2–3.

<sup>108</sup> *Id.* ¶¶ 5–6.

<sup>109</sup> *Id.* ¶ 69. The GC made the following remarks concerning visual similarities:

In the light of the great visual similarity of the words constituting the signs at issue, the earlier mark being a word mark which may, like the mark applied for, be written in upper case letters, and of the little impact which the colours and stylisation of the mark applied for are likely to have on the relevant public, the Board of Appeal was right that there is *visual similarity*.

*Id.* ¶ 50 (emphasis added). *But see* Case T-417/09, *Poslovni Sistem Mercator d.d. v. OHIM*, 2012 EUR-Lex CELEX LEXIS ¶ 32 (Mar. 29, 2012) (finding no likelihood of confusion concerning the word sign MERCATOR STUDIOS (junior mark) and the figurative mark MERCATOR (senior mark)).

## 20 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

On multiple occasions, the CJEU has considered a mark's conceptual similarity,<sup>110</sup> asking whether the similarity has created the likelihood of confusion.<sup>111</sup> In *Medion AG v. Thomson Sales Germany & Austria GmbH*, the CJEU explained that the perception of the marks gained by consumers due to its conceptual similarity "plays a decisive role" in determining likelihood of confusion.<sup>112</sup> In *Calvin Klein Trademark Trust v. OHIM*, a dispute arose over a CK symbol, because the junior mark CK CREACIONES KENNYA sought registration for clothing.<sup>113</sup> The proprietor of the senior mark, CALVIN KLEIN, objected to the registration, and the GC held that there was a "lack of similarity between the signs," which was a result of "visual, phonetic and conceptual differences."<sup>114</sup> On appeal, the CJEU confirmed that there was no

<sup>110</sup> In *Tsakiris-Mallas*, the court found that consumers would recognize "that there was a conceptual link between the signs," holding that they were conceptually similar. *Tsakiris-Mallas AE*, 2012 EUR-Lex CELEX LEXIS ¶¶ 56-57.

<sup>111</sup> See Case C-57/08 P, *Gateway, Inc., v. OHIM*, 2008 EUR-Lex CELEX LEXIS ¶ 48 (Dec. 11, 2008) ("[A]ppreciation of the likelihood of confusion, in relation to . . . conceptual similarity of the marks . . . must be based on the overall impression given by the marks . . ."); see also *Tsakiris-Mallas AE*, 2012 EUR-Lex CELEX LEXIS ¶¶ 10, 37, 55-57 (explaining how the signs at issue were conceptually similar); Case T-32/10, *Ella Valley Vineyards (Adulam), Ltd. v. OHIM*, 2012 EUR-Lex CELEX LEXIS ¶¶ 38, 49 (Mar. 9, 2012) (discussing conceptual similarity in relation to the marks at issue); Case T-260/08, *Indo Int'l, SA v. OHIM*, 2012 EUR-Lex CELEX LEXIS ¶ 39 (Jan. 24, 2012) (explaining how a "close conceptual similarity between the signs" existed); Case C-552/09 P, *Ferrero SpA v. OHIM*, 2011 EUR-Lex CELEX LEXIS ¶ 85 (Mar. 24, 2011) (discussing the importance of considering conceptual similarity).

<sup>112</sup> Case C-120/04, *Medion AG v. Thomson Multimedia Sales Ger. & Austria GmbH*, 2005 E.C.R. I-8565, I-8573; see also Case C-171/06 P, *T.I.M.E. ART Uluslararası Saat Ticareti ve dis Ticaret AS v. OHIM*, 2007 EUR-Lex CELEX LEXIS ¶ 33 (Mar. 15, 2007) ("The existence of a likelihood of confusion on the part of the public must therefore be appreciated globally . . ."); Case T-292/01, *Philips-Van Heusen Corp. v. OHIM*, 2003 E.C.R. II-4338, II-4358 (explaining that likelihood of confusion is "based on the overall impression given by the marks").

<sup>113</sup> Case T-185/07, *Calvin Klein Trademark Trust v. OHIM*, 2009 EUR-Lex CELEX LEXIS ¶¶ 1-3 (May 7, 2009).

<sup>114</sup> *Id.* ¶ 52. In full, the court offered the following analysis:

Conceptually, the Board of Appeal did not err in finding that the words "creaciones kenny", from which the group of letters "ck" is derived, create a conceptual difference compared with the earlier marks. . . . [A]lthough the group of letters "ck" in the mark applied for derives from the words "creaciones kenny", the group of letters "ck" of which the earlier marks consist constitutes a reference to the well-known manufacturer and designer of fashion items Calvin Klein.

It is apparent from the foregoing that the Board of Appeal did not err when it found that the marks at issue are not similar. The visual, phonetic and conceptual examination of the marks shows that the overall impression created by the earlier marks is dominated by the sole or dominant element "ck" whereas that created by the trade mark

likelihood of confusion between the marks.<sup>115</sup> The CJEU upheld the GC's decision, explaining that the owner of the senior mark failed to produce evidence that the GC distorted the facts during its assessment.<sup>116</sup> Further, the CJEU noted that the GC conducted a detailed analysis of the junior mark, including the mark's conceptual similarity.<sup>117</sup> In the majority of the cases where both the GC and the CJEU discussed conceptual similarity, the findings were often in favor of the senior mark; however, in *Calvin Klein*, the junior mark triumphed despite challenging a well-known brand.

The third aspect of similarity, linked to both visual and conceptual similarities, consists of aural similarities or phonetics.<sup>118</sup> The courts have discussed phonetic similarities in most of the cases involving visual and conceptual similarities.<sup>119</sup> On one occasion, the holy trinity was challenged over the appearance of elephants.<sup>120</sup> In *Dosenbach-Ochsner AG Schuhe und Sport v. OHIM*, the proprietor of the senior mark challenged the OHIM's Board of Appeal findings on all aspects of the trinity.<sup>121</sup> The Board of Appeal had previously held that the marks were not phonetically similar because they were figurative and did not correspond to their oral description.<sup>122</sup> Further, the Board of Appeal found that "there was conceptual similarity resulting from the reference to an elephant in each of the marks concerned."<sup>123</sup> The GC held that OHIM's decision was "vitiated by errors in the assessment of phonetic similarity and conceptual similarity."<sup>124</sup> The GC analyzed the three aspects of the trinity methodologically, including the visual comparison,<sup>125</sup> conceptual comparison,<sup>126</sup> and phonetic comparison.<sup>127</sup>

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applied for is dominated by the element "creaciones kennya". The lack of similarity between the signs at issue thus stems from the visual, phonetic and conceptual differences . . . .

*Id.* ¶¶ 51–52.

<sup>115</sup> *Id.* ¶ 58.

<sup>116</sup> *Id.* ¶ 51.

<sup>117</sup> *Id.* ¶ 55.

<sup>118</sup> See, e.g., Case T-244/10, *Tsakiris-Mallas AE v. OHIM*, 2012 EUR-Lex CELEX LEXIS ¶¶ 53–54 (May 8, 2012) ("[T]he presence of the words 'fashion shoes' does not rule out the phonetic similarity of the signs[,] as such, the signs were 'phonetically similar.'").

<sup>119</sup> See *infra* notes 123–44 and accompanying text (analyzing cases that have discussed phonetic similarity).

<sup>120</sup> Case T-424/10, *Dosenbach-Ochsner AG Schuhe und Sport v. OHIM*, 2012 EUR-Lex CELEX LEXIS (Feb. 7, 2012).

<sup>121</sup> *Id.* ¶¶ 7–12, 42–47 (comparing the phonetic similarities between the junior and senior marks).

<sup>122</sup> *Id.* ¶ 10.

<sup>123</sup> *Id.* ¶ 11.

<sup>124</sup> *Id.* ¶ 53.

<sup>125</sup> *Id.* ¶¶ 25–41.

## 22 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

When comparing the phonetics of each mark, the GC argued that the Board of Appeal's reasoning was contradictory on the question of phonetic similarity.<sup>128</sup> The GC found that it was not possible to conclude whether "there is either a phonetic similarity or a phonetic dissimilarity between [the junior] mark and the [senior] marks."<sup>129</sup>

The *Dosenbach* decision raised a few questions, including what the standard should be for finding aural or phonetic similarities in marks, specifically figurative marks.<sup>130</sup> Perhaps the GC's reasoning was sound in that there were essential errors in the Board of Appeal's assessment, but the GC's analysis did not make the issue any clearer. This is significant, raising the question of how the trinity is handled within OHIM itself. The proceeding discussion focuses on how the OHIM has handled the phonetic aspect of similarity, discussing three cases involving food, banking, and stationery. These cases were randomly selected from the OHIM database and concern Board of Appeal decisions discussing OHIM analysis of phonetic similarity.

In *Premo B.V. v. Calzados Parker S.L.*, the dispute concerned the pronunciation of stationery labels and the controversy of the figurative signs PK, the junior mark, and PK CHE PAKER, the senior mark.<sup>131</sup> The first two letters of the signs were the same with one notable difference: the senior mark contained additional words, CHE PAKER.<sup>132</sup> In addition, CHE was hardly visible in the figurative sign, which consisted of a black square.<sup>133</sup> The junior mark also consisted of a black square with a white background; however, it was debatable whether the second

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<sup>126</sup> *Id.* ¶¶ 48–54.

<sup>127</sup> *Id.* ¶¶ 42–47.

<sup>128</sup> *Id.* ¶ 44.

<sup>129</sup> *Id.* ¶ 47. The court stated that

[a] figurative mark without word elements cannot, by definition, be pronounced. At the very most, its visual or conceptual content can be described orally. Such a description, however, necessarily coincides with either the visual perception or the conceptual perception of the mark in question. Consequently, it is not necessary to examine separately the phonetic perception of a figurative mark lacking word elements and to compare it with the phonetic perception of other marks.

*Id.* ¶ 46. The court also added that "a phonetic comparison is not relevant in the examination of the similarity of a figurative mark without word elements with another mark." *Id.* ¶ 45.

<sup>130</sup> See *supra* notes 124–32 (discussing the *Dosenbach* case).

<sup>131</sup> Case R 121/2009-1, *Premo B.V. v. Calzados Parker S.L.*, 2009 OHIM ¶ 1 (1st Bd. Appeal Oct. 23, 2009) (OHIM, EU case law).

<sup>132</sup> *Id.* ¶ 38.

<sup>133</sup> *Id.*

letter was a heavily stylized “K” or consisted of other elements.<sup>134</sup> Nevertheless, the Board of Appeal argued that the aural comparison of the two signs coincided “in the identical pronunciation of the letter combination ‘PK.’”<sup>135</sup> Based on this observation, the Board held that the signs, when taken “as a whole[,] are phonetically only similar to a low degree.”<sup>136</sup> Even though the senior mark would have been a mouthful to pronounce and hid some of its word elements, the junior mark also attempted to cleverly disguise the letter “K,” which appears to consist of an “I” and a “<” in its figurative style.<sup>137</sup> When the junior mark is taken as “PK,” its phonetics would not have correlated to the senior mark.<sup>138</sup> Moreover, the Board of Appeal applied sound judgment to find the signs phonetically dissimilar, which was a comparably different holding than other cases.<sup>139</sup> For example, in *MIP Metro Group Intellectual Prop. GmbH & Co. KG v. Invicta Watch Co. of Am., Inc.*, the signs ACTIVE and ACTIVA for sports watches were in dispute.<sup>140</sup> The Board of Appeal found that the signs contained a “high degree of phonetic similarity” because of their pronunciation among Spanish and German consumers.<sup>141</sup>

In *Neuland-Verein Tiergerchte Und Umweltschonende Nutztlerhaltung e.V. v. Nijland B.V.*, the controversy surrounded how the marks NEULAND and NEWLAND are pronounced by German and English speaking food consumers.<sup>142</sup> The senior mark consisted of one word, NEULAND, along with a graphic representation of a hen, cow, and pig.<sup>143</sup> The junior mark consisted only of NEWLAND FOOD.<sup>144</sup> Thus,

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<sup>134</sup> *Id.* ¶ 37.

<sup>135</sup> *Id.* ¶ 39.

<sup>136</sup> *Id.* Furthermore, summing up the decision of the opposition division, which held: Aurally, the earlier mark will be pronounced as [PE/KA/CHE/PA/KER] and the contested mark as [PE/KA]. The signs coincide in the syllables [PE/KA] and differ in the additional syllables [CHE/PA/KER] of the earlier mark. Furthermore, the signs share two letters, both consonants, in the same position and differ in eight letters. Accordingly, the signs have only a low degree of aural similarity.

*Id.* ¶ 6.

<sup>137</sup> *Id.* ¶ 52.

<sup>138</sup> *Id.* ¶ 6.

<sup>139</sup> *Id.* ¶ 52.

<sup>140</sup> Case R 915/2006-4, *MIP Metro Grp. Intellectual Prop. GmbH & Co. KG v. Invicta Watch Co. of Am., Inc.*, 2008 OHIM ¶¶ 1-3 (4th Bd. Appeal May 23, 2008) (OHIM, EU case law).

<sup>141</sup> *Id.* ¶ 22.

<sup>142</sup> Case R 378/2009-2, *Neuland-Verein Tiergerechte Und Umweltschonende Nutztlerhaltung e.V. v. Nijland B.V.*, 2009 OHIM ¶ 9 (2d Bd. Appeal Nov. 2, 2009) (OHIM, EU case law).

<sup>143</sup> *Id.* ¶ 4.

<sup>144</sup> *Id.* ¶ 9.



## 24 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

the former mark indicates food, while the latter mark has the word FOOD as a dominant element. The Second Board of Appeal thrust the proverbial consumer into the heart of its reasoning and stated, "A customer may ask for a 'NEULAND' steak for example which can be easily confused with a 'NEULAND' steak by the butcher."<sup>145</sup> It was as if John Doe went to shop at the bottom of the street and asked for *Newland*, while Mr. and Mrs. Highflyerberg went in the opposite direction to get some *Neuland* steak.

Regardless of whether the consumers are German speaking, the aural similarity of the food product signs were not that different. The Board of Appeal reasoned that consumers are educated English speakers, and therefore "[a]ural similarity is at least as important" to hold that "the trade marks are phonetically similar to a normal extent."<sup>146</sup> This case is one of many that illustrates how far an alleged infringer will go to compete with a more established business. The case shows a brazen attempt at "passing off," a concept recognized under the common law of torts, and exhibits a potential violation of Germany's unfair competition laws. However, the case highlights the broader problem of pronunciation, or aural similarities, of signs and how such similarities are addressed when they are encountered by a linguistically and culturally homogeneous population in the relevant market.

OHIM has also discussed trademark infringement in banking, finance, and industry. For example, in *Royal Bank of Scotland Group Plc. v. Lombard Risk Sys. Ltd. & Lombard Risk Consultants Ltd.*, the Board of Appeal argued that the senior and junior marks were phonetically similar.<sup>147</sup> Royal Bank of Scotland had sought to register a CTM, LOMBARD DIRECT, for financial services.<sup>148</sup> The proprietor of the senior mark, LOMBARD RISK, opposed the registry and the opposition division agreed.<sup>149</sup> When the Board of Appeal considered the case, it argued that "[t]he marks are phonetically similar to the extent that they share the word 'LOMBARD' which is the initial verbal element of both marks."<sup>150</sup> The Board found that the marks were phonetically similar, even though both marks have "a different number and sequence of

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<sup>145</sup> *Id.* ¶ 27.

<sup>146</sup> *Id.* Further, the court stated that "the signs are similar since the only difference is the letter 'U' in the earlier trade mark which is replaced by a 'W' in the contested trade mark, which is phonetically identical." *Id.* ¶ 28.

<sup>147</sup> Case R 370/2004-4, *Royal Bank of Scot. Grp. Plc. v. Lombard Risk Sys. Ltd.*, 2005 OHIM ¶ 14 (4th Bd. Appeal July 21, 2005) (OHIM, EU case law).

<sup>148</sup> *Id.* ¶ 1.

<sup>149</sup> *Id.* ¶ 2.

<sup>150</sup> *Id.* ¶ 14.

syllables,” which were phonetically different.<sup>151</sup> But the Board argued that it was the dominant element of the senior mark that made them phonetically similar.<sup>152</sup>

In contrast, in the case of *Arte G.E.I.E Ass’n Relative A La Television Europeenne v. Artesia*, the Board held that the marks were phonetically dissimilar.<sup>153</sup> It made a distinction between the two marks, stating that “[p]honetically, ‘artesia’ is pronounced in four syllables ‘AR-TE-SI-YA’ or in three ‘AR-TE-SYA,’ while the opponent’s is pronounced in two syllables ‘AR-TE.’”<sup>154</sup> The Board of Appeal opined that the rhythm and intonation of both marks were different, noting that the amount of syllables in the junior mark was twice the phonetic length of the senior mark, which was a significant difference.<sup>155</sup> This case was more than just a tussle over phonetics. The Board of Appeal also engaged in an extensive assessment of the likelihood of appreciation. In particular, the Board focused on the global assessment and found the presence of global appreciation, explaining that the average consumer was well-informed and “reasonably observant and circumspect.”<sup>156</sup>

Whenever the judicial bodies consider likelihood of confusion, the consumer or relevant public is generally described as “reasonably well-informed, reasonably observant and circumspect.”<sup>157</sup> Two observations can be made about such a description of consumers: (1) it is a very general description, which leaves a substantial amount of room for courts to categorize consumers; and (2) it places consumers in two categories, including the reasonably well-informed consumer and consumers who are observant and circumspect. In this regard, one may argue that John Doe and Mary Jane are likely seen as well-informed, while Mr. and Mrs. Highflyerberg are circumspect. The latter group is not only observant, but they also tend to spend above the average

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<sup>151</sup> *Id.*

<sup>152</sup> *Id.*

<sup>153</sup> Case R 1306/2008-2, *Arte G.E.I.E Ass’n Relative A La Television Europeenne v. Artesia*, 2009 OHIM ¶ 38 (2d Bd. Appeal Nov. 6, 2009) (OHIM, EU case law).

<sup>154</sup> *Id.*

<sup>155</sup> *Id.*; see also *id.* ¶ 7 (highlighting the earlier decision of the opposition division).

<sup>156</sup> *Id.* ¶ 27; see also *id.* ¶ 25 (citing Case C-342/97, *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel BV*, 1999 E.C.R. I-3819, ¶ 18) (“The likelihood of confusion must be appreciated globally, in accordance with the relevant public’s perception of the signs and of the goods and services in question, taking into account all factors relevant to the circumstances of the case. . .”).

<sup>157</sup> *Royal Bank of Scotl. Grp. Plc.*, 2005, OHIM ¶ 19; see also Case T-157/10, *Barilla G. e R. Fratelli SpA v. OHIM*, 2012 EUR-Lex CELEX LEXIS ¶ 18 (Mar. 23, 2012) (utilizing this same language in its analysis); *Lloyd Schuhfabrik Meyer & Co. GmbH*, 1999 E.C.R. at I-3841 (citing Case C-210/96, *Gut Springenheide & Tusky v. Oberkreisdirektor des Kreises Steinfurt*, 1998 E.C.R. I-4691, ¶ 31) (illustrating further the use of this language).

## 26 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

consumer or represent the industrialists who are consumers. The next section discusses the importance of the global appreciation test when determining the likelihood of confusion.

## 2. Global Appreciation

There is no hierarchical system for determining the likelihood of confusion. Rather, the CJEU has used case law to develop key sets of principles to aid in its analysis. The key principle that has emerged for determining the likelihood of confusion is global appreciation. The global appreciation test is interconnected with the other principles, such as similarity of the marks.<sup>158</sup> It creates a universe where global appreciation is a sun-like structure that breathes life and light into the dark maze of likelihood of confusion. The CJEU emphasized this principle in *Becker*, stating:

It is also settled case-law that the global appreciation of the likelihood of confusion, in relation to the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components. The perception of the marks by the average consumer of the goods or services in question plays a decisive role in the global appreciation of that likelihood of confusion.<sup>159</sup>

The *OHIM v. Shaker di L. Laudato & C. Sas* decision breathed new life into the global appreciation test. The *Shaker* dispute primarily concerned the similarity of two signs involving sour lemons.<sup>160</sup> The CJEU held that

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<sup>158</sup> See *supra* Part II.B.1 (providing a thorough discussion of the similarities requirement and comparing it to the idea of identity in trademark law).

<sup>159</sup> Case C-51/09 P, *Barbara Becker v. Harman Int'l Indus., Inc.*, 2010 EUR-Lex CELEX LEXIS ¶ 33 (June 24, 2010). There are a number of key cases in which the CJEU elaborates upon the global appreciation test. See Case C-334/05 P, *OHIM v. Shaker di L. Laudato & C. Sas*, 2007 E.C.R. I-4541, I-4553 (explaining the global assessment of likelihood of confusion); Case C-120/04, *Medion AG v. Thomson Multimedia Sales Ger. & Austria GmbH*, 2005 E.C.R. I-8565, I-8573 (detailing the global assessment of likelihood of confusion.); *Lloyd Schuhfabrik Meyer & Co. GmbH*, 1999 E.C.R. at I-3839 (“[L]ikelihood of confusion on the part of the public must be appreciated globally, taking into account all factors relevant to the circumstances of the case.”); Case C-251/95, *Sabel BV v. Puma AG*, 1997 E.C.R. I-6214, I-6224 (discussing the utilization of global appreciation).

<sup>160</sup> *Shaker di L. Laudato & C. Sas*, 2007 E.C.R. at I-4542–45. The senior sign consisted of the word mark LIMONCHELO while the junior mark (figurative) consisted of a round dish decorated with lemons. *Id.* at I-4544–45. In addition to its realistic representation of a dish,

“the global assessment of the likelihood of confusion, in relation to the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components.”<sup>161</sup> This finding by the CJEU was based on its previous decisions, but what places *Shaker* in a field of its own was its assessment of the phonetic/word mark and the figurative mark. *Shaker* had reasoned that “a phonetic and conceptual similarity can neutralise the dominant visual element, the dominant element thereby being deprived of any use in the assessment of the likelihood of confusion.”<sup>162</sup> *Shaker’s* line of reasoning was treated earlier by Advocate General Kokott in the following way:

The premiss that two marks may be regarded as similar only if they correspond as to the dominant component accordingly covers only a particular category of cases. . . . It is only if *all* other components of the mark are negligible that the dominant component alone can be assessed as to similarity.<sup>163</sup>

It was this reasoning that the CJEU essentially adopted when it held that more than one component of the mark must be assessed when considering likelihood of confusion.<sup>164</sup>

This case made its way to the CJEU because the OHIM applied to the CJEU for an annulment of the GC decision, which found that there was no likelihood of confusion between the marks.<sup>165</sup> In the context of the

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it is made distinctive by its contrasting colors, its large size, and the realistic depictions of lemons on its borders, giving it a quite particular visual attraction. *Id.* at I-4547.

<sup>161</sup> *Id.* at I-4553.

<sup>162</sup> *Id.* at I-4550. The dominant element of the trademark consisted of the round dish decorated with lemons. *Id.* at I-4547.

<sup>163</sup> Opinion of Advocate General Kokott, Case C-334/05 P, OHIM v. Shaker di L. Laudato & C. Sas, 2007 EUR-Lex CELEX LEXIS ¶ 21 (Mar. 8, 2007).

<sup>164</sup> *Shaker di L. Laudato & C. Sas*, 2007 E.C.R. at I-4541, I-4555. The court offered the following explanation:

It is important to note that, according to the case-law of the Court, in the context of consideration of the likelihood of confusion, assessment of the similarity between two marks means more than taking just one component of a composite trade mark and comparing it with another mark. On the contrary, the comparison must be made by examining each of the marks in question as a whole, which does not mean that the overall impression conveyed to the relevant public by a composite trade mark may not, in certain circumstances, be dominated by one or more of its components.

*Id.* (citation omitted).

<sup>165</sup> Case T-7/04, *Shaker di L. Laudato & C. Sas v. OHIM*, 2005 E.C.R. II-2309, II-2329-30 (“The dominance of the figurative representation of a round dish decorated with lemons in

global assessment of the likelihood of confusion, the GC further held that “the average consumer has only occasionally the opportunity to carry out a direct comparison of the various trade marks but must rely on his imperfect mental image of them.”<sup>166</sup> According to the GC, the dominant element of the mark was “of major importance in the overall [global] assessment of the sign because the consumer looking at a label for a strong alcoholic drink takes notice of, and remembers, the dominant element of the sign, which enables him to repeat the experience on the occasion of a subsequent purchase.”<sup>167</sup> However, the CJEU rejected the GC’s reasoning, because other cases have established the global assessment framework for likelihood of confusion.<sup>168</sup> There was no explanation for why the GC failed to consider the global assessment of the likelihood of confusion within the parameters of the established case law.<sup>169</sup> The CJEU threw the case right back to the GC, requiring it to consider the global criteria for likelihood of confusion.<sup>170</sup> The ruling by the CJEU presumably left a sour taste in the mouth of the GC.

The discussion above illustrates how courts handle the factors for the likelihood of confusion assessment. Courts emphasize the need to take into account the holy trinity of similarities of the marks when assessing what is essentially the holy grail of likelihood of confusion—global assessment. One could argue that the factors that make up the similarities requirement—visual, conceptual, and aural—sit on a level playing field, while the broad notion of the similarities requirement and global assessment forms some sort of hierarchy in determining the likelihood of confusion. However, this Article asserts the opposite. The factors for determining likelihood of confusion do not form any sort of hierarchy, and the trinity factors for the similarities test are not as level as one would initially think. Rather, they are unbalanced and must be assessed with that in mind, which is a position that the GC has essentially endorsed.<sup>171</sup>

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comparison with the other components of the mark claimed prevents any likelihood of confusion arising from visual, phonetic or conceptual similarities between the words ‘limonchelo’ and ‘limoncello’ which appear in the marks at issue.”).

<sup>166</sup> *Id.* at II-2330.

<sup>167</sup> *Id.*

<sup>168</sup> *See Shaker di L. Laudato & C. Sas*, 2007 E.C.R. at I-4555 (explaining that the GC failed to properly carry out a global assessment of the likelihood of confusion).

<sup>169</sup> *Id.*

<sup>170</sup> *Id.* at I-4556.

<sup>171</sup> *E.g.*, Case T-288/08, *Cadila Healthcare Ltd. v. OHIM*, 2012 EUR-Lex CELEX LEXIS ¶ 64 (Mar. 15, 2012) (“[I]n the context of the global assessment of the likelihood of confusion, the visual, phonetic or conceptual aspects of the signs at issue do not always have the same weight and it is appropriate then to examine the objective conditions under which the marks may be present on the market.”) (emphasis added); *see* Case T-157/10, *Barilla G. e R.*

The holy trinity is unbalanced, because it navigates through a group of customers who are not mono-linguistically similar, sending conflicting signals as to both origin and source quality. Therefore, the tests for likelihood of confusion must shift to narrower parameters, such as initial interest confusion, point of sale confusion, or post-sale confusion.<sup>172</sup> This Article discusses the latter in the next section.

### III. THE NATURE OF POST-SALE CONFUSION IN EUROPEAN TRADEMARK LAW

The notion of post-sale confusion is relatively new to European trademark law and, consequently, it lacks tradition. Framing a theory of post-sale confusion can often vary, especially when it is framed under unfair competition law in countries like Germany, or the common law action of passing off in the United Kingdom.<sup>173</sup> In this discussion, the member-state will be replaced by the federal entity—the EU—and, therefore, post-sale confusion will be based on the broader EU trademark law.

The post-sale confusion doctrine will largely be discussed in the manner and sequence in which it worked its way through the European courts, both national courts (“lower courts”), the OHIM Board of Appeal, the GC, and the upper CJEU.<sup>174</sup> Because the discussion is on European trademark jurisprudence, this Article invariably refers to American trademark jurisprudence and how the doctrine of post-sale confusion developed within the various circuit courts. It is interesting to note that a 2005 study on American trademark jurisprudence concluded that only a small percentage (1.5%) of the opinions sampled found post-sale

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Fratelli SpA v. OHIM, 2012 EUR-Lex CELEX LEXIS ¶ 25 (Mar. 23, 2012) (explaining that no greater weight was attributed to the phonetic aspect than the conceptual aspect).

<sup>172</sup> See *supra* note 39 and accompanying text (providing a general background for these three concepts).

<sup>173</sup> See Jörg Weberndörfer, “Post-Sale” Confusion and the Parameters of Opposition Decisions, in HARMONISIERUNG DES MARKENRECHTS: FESTSCHRIFT FÜR ALEXANDER VON MÜHLEND AHL ZUM 65. GEBURTSTAG AM 20. OKTOBER 2005 [*Harmonizing of Trade Mark Law: Essays in Honor of Alexander von Muhlendahl for His 65<sup>th</sup> Birthday, on October 20, 2005*] 255, 258–59 (Verena von Bomhard, Jochen Pagenberg & Detlef Schennen eds. 2005). Weberndörfer notes that *Lego Systems* discusses post-sale confusion under unfair competition law in Italy. *Id.* at 259 n.14 (citing *Lego Systems A/S & Lego Spa. v. Tyco Indus. Inc. & Arco Falc Srl*, [2002] EIPR 136). In relation to the United Kingdom, Weberndörfer suggests that it was a case from the New Zealand High Court that prompted the United Kingdom to take notice of post-sale confusion. *Id.* at n.19 (citing *Levi’s v. Kimbeyr Inv.*, (1994) 1 NZLR 332, 335 (HC)).

<sup>174</sup> See *infra* Part II.B (discussing important cases involving post-sale confusion); see also Case T-483/04, *Armour Pharm. Co. v. OHIM*, 2006 E.C.R. II-4112, II-4124 (“The applicant further maintains that the likelihood of confusion on the part of the public does not exist only at the time of purchase; post-sale confusion has long been taken into account in the United States.”).

## 30 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

confusion, suggesting that claims on post-sale confusion were “outside of the mainstream of trademark litigation.”<sup>175</sup> Even though this study only gives insight into which courts often find post-sale confusion infringement, it does not necessarily tell the entire story on the development of the doctrine within that jurisdiction. The following discussion on post-sale confusion is specifically related to decisions in which the courts have recognized post-sale confusion; however, it is a possibility that other courts have also recognized the doctrine of post-sale confusion or even rejected it outright.<sup>176</sup>

A. *The Meaning and Expansion of Post-Sale Confusion*

The starting premise for understanding the notion of post-sale confusion in intellectual property rights and trademarks is the decision by the English High Court in *Datacard*.<sup>177</sup> This well-written decision was relatively recent, and thus it contains considerable insight into post-sale confusion. In that dispute, post-sale confusion was defined as “confusion on the part . . . of the public as to the trade origin of goods or services . . . after the goods and services have been purchased[.]”<sup>178</sup>

The definitional scope of post-sale confusion does not present any problems for trademark law, because most agree that this phenomenon occurs on the part of consumers after the goods have been bought.<sup>179</sup> It is important to note how courts have recognized the post-sale confusion doctrine in European trademark law. In *Datacard*, for instance, the dispute arose due to a complaint by Datacard that Eagle infringed on

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<sup>175</sup> Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CALIF. L. REV. 1581, 1595 n.65 (2006). Further, “[a]s for post-sale confusion, only 6% (nineteen) of the opinions sampled considered a claim of post-sale confusion, and thirteen of these came from the Second Circuit, which found post-sale confusion in only three of these opinions. Overall, post-sale confusion was found in 1.5% (five) of the opinions sampled.” *Id.*

<sup>176</sup> See, e.g., *Greece: Indirect Rejection of the Post-Sale Confusion Doctrine?*, MARQUES (Jan. 14, 2009), [http://www.marques.org/Class46/Article.asp?D\\_A=20090114&XID=BHA907](http://www.marques.org/Class46/Article.asp?D_A=20090114&XID=BHA907) (discussing the Greek court’s indirect rejection of the post-sale confusion doctrine in analyzing Kraft’s TOBLERONE mark for chocolate in Greece and the junior mark ALMONDO).

<sup>177</sup> See generally *Datacard Corp. v. Eagle Techs. Ltd.*, [2011] EWHC (Pat) 244, [279]–[89] (Eng.) (discussing previous case law regarding post-sale confusion in relation to likelihood of confusion).

<sup>178</sup> *Id.* [277].

<sup>179</sup> See Ehrlich, *supra* note 11, at 267 n.2 (“Post-sale confusion occurs when persons, other than the actual purchasers of a product, view the mark on a product after it has been sold to the actual purchaser, such as persons who use a product that another person buys. It also occurs when passers-by see the mark on the product that an actual purchaser is wearing . . .”).

two of its patents and trademarks.<sup>180</sup> By virtue of its position as a market leader in supplying card printers and associated services, Datacard used a variety of product marks in conjunction with its house mark DATACARD.<sup>181</sup> Eagle, on the other hand, sold similar products to Datacard and even sold products manufactured by Datacard.<sup>182</sup> Datacard sued Eagle, arguing that Eagle infringed on its trademark primarily because of Eagle's use of the trademark DATACARD on its website, labels, and reseller's website.<sup>183</sup>

This decision is significant because it was one of the first cases that explicitly raised and coherently argued the notion of post-sale confusion.<sup>184</sup> Further, it was significant because the English High Court constructed post-sale confusion within the context of Article 5(1)(b) – the likelihood of confusion provision discussed earlier in this Article.<sup>185</sup> The court went further in its analysis than the previous CJEU judgments.<sup>186</sup> Because it was a recent decision, the substance of the decision is still fresh and provides enough flesh for a thorough analysis of the post-sale confusion doctrine.

Post-sale confusion arguments within trademark law have never been successful. In academic institutions and courtrooms, these arguments are rebuffed or dismissed as being vague or stifling.<sup>187</sup> But the notion of post-sale confusion is rather simple to digest, because it “involves the loss in prestige a senior user suffers as a result of the junior

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<sup>180</sup> *Datacard Corp.*, [2011] EWHC, [1].

<sup>181</sup> *Id.* [2]–[3].

<sup>182</sup> *Id.* [237].

<sup>183</sup> *Id.*

<sup>184</sup> *See id.* [276]–[78] (mentioning post-sale confusion's relevance in analyzing the case); *see also* *Clinique Labs., Inc. v. Dep Corp.*, 945 F. Supp. 547, 558 (S.D.N.Y. 1996) (finding that there was a likelihood of post-sale confusion).

<sup>185</sup> *Datacard Corp.*, [2011] EWHC, [276]–[78].

<sup>186</sup> *Id.* [ 279], [286]–[89].

<sup>187</sup> *See* Peter O'Byrne & Ben Allgrove, *Post-Sale Confusion*, 2 J. INTEL. PROP. L. & PRAC. 315, 322 (2007) (arguing that post-sale confusion influences post-sale consumer choices, but that common law needs to develop in parallel to help post-sale confusion to be included as a consideration under trademark infringement law). *See generally* Johnson, *supra* note 9. This analysis is, more or less, critical but appears to be in defense of consumers:

Consumers' interests in trademarks are vast and varied. Clearly, they are not adequately explained in purely economic terms. Relevant consumer interests include social signaling in the post-sale environment . . . . The prevention of post-sale, non-consumer confusion about the status of the consumer who purchased the good (relative utility) certainly indicates that courts have a great concern for consumer interests in trademarks.

*Id.* at 1334–35. *See id.* at 1336 (“Post-sale confusion is a second area in which courts seems to have begun to drift from the protection of consumer interests. Courts most often protect relative utility through the post-sale confusion doctrine.”) (footnote omitted).



user's branded product."<sup>188</sup> This definition is broad, but the damage post-sale confusion can cause, based on this definition, to the essential function of the mark should not be ignored. In *Datacard*, the court formulated the nature of post-sale confusion as "confusion on the part of . . . the public as to the trade origin of goods or services in relation to which the impugned sign has been used which only arises *after* the goods or services have been purchased."<sup>189</sup> This definition focuses on goods that have already been purchased, which is the essential period when consumers say: "oh no, I thought this was manufactured by Tide Inc." The implication then, as Berger and Halligan explained in their *Litigators' Guide*, is that "[p]ost-sale confusion can damage the reputation of the trademark owner because consumers' experiences with the inferior product tarnish their image of the legitimate product."<sup>190</sup>

This logic can be applied to *Och-Ziff*. Though the case was not about post-sale confusion, it presented such a scenario because of the name similarities, and consumers could easily assume that the junior mark was one of the financial products of the senior mark, Och-Ziff.<sup>191</sup> However, Justice Arnold later explained that he did not discuss post-sale confusion in *Och-Ziff* "since it did not arise."<sup>192</sup> Justice Arnold's admission suggested to the claimants that they would have fared better arguing post-sale confusion. Even if post-sale confusion had indeed arisen in *Och-Ziff*, a speculative analysis on how Justice Arnold would have ruled is probably pointless at this moment. We now have a full understanding of his views on post-sale confusion, which will be further analyzed below. Interestingly, in a similar U.S. case, a federal judge found that two identical marks used in the financial services industry were not

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<sup>188</sup> JAMES T. BERGER & R. MARK HALLIGAN, TRADEMARK SURVEYS: A LITIGATOR'S GUIDE § 5.04, at 92 (2012). The following excerpt provides a straight-forward approach to the doctrine of post-sale confusion:

The post-sale confusion doctrine aims to extend the scope of the likelihood of confusion question to post-sale situations. Instead of looking for possible confusion only at the point of sale, it recognizes that the courts should also consider whether third parties may be misled by viewing the items after the purchaser has put them to their intended use. In essence, post-sale confusion occurs when a third party viewing either the original manufacturer's product or the infringing manufacturer's product mistakes one for the other, and the mistake influences her subsequent purchasing decisions.

Moon-Ki Chai, Note, *Protection of Fragrances Under the Post-Sale Confusion Doctrine*, 80 TRADEMARK REP. 368, 373 (1990) (footnotes omitted).

<sup>189</sup> *Datacard Corp.*, [2011] EWHC, [277].

<sup>190</sup> BERGER & HALLIGAN, *supra* note 188, at 92 (footnote omitted).

<sup>191</sup> See *supra* notes 42–45 (analyzing the *Och-Ziff* decision).

<sup>192</sup> *Datacard Corp.*, [2011] EWHC, [277].

likely to be confused.<sup>193</sup> In *Omicron Capital, LLC v. Omicron Capital, LLC*, the court found in favor of the defendant and held that there was no likelihood of confusion after applying the *Polaroid* factors.<sup>194</sup>

*Datacard* revived the notion of post-sale confusion in the British courts and indeed in Europe, even though its origins are essentially American.<sup>195</sup> Other courts, for instance the United Kingdom and

<sup>193</sup> *Omicron Capital, LLC v. Omicron Capital, LLC*, 433 F. Supp. 2d 382, 394 (S.D.N.Y. 2006).

<sup>194</sup> *Id.* at 389, 394. See generally Heather L. Jensen, *Are Identical Marks in the Same Field of Services Likely to Be Confused?* *Omicron Capital, LLC v. Omicron Capital, LLC*, 97 TRADEMARK REP. 1366 (2007) (discussing the *Omicron* case).

<sup>195</sup> See Act of Oct. 9, 1962, Pub. L. No. 87-772, 76 Stat. 769, 773-74 (1962) (describing the conduct that results in trademark infringement liability, noting specifically that conduct causing confusion can result in a civil action). The first set of cases to expressly recognize post-sale confusion in American trademark law jurisprudence concerned clothing. See also *Levi Strauss & Co. v. Blue Bell, Inc.*, 632 F.2d 817, 822 (9th Cir. 1980). David M. Tichane explains that in *Levi Strauss* the defendant raised the issue of post-sale confusion:

Wrangler focuses upon the condition of its pants when sold and limits its argument to “point of sale” circumstances. However, billboards and other point of sale materials are removed by the purchaser and have no confusion-obviating effect when the pants are worn. Wrangler’s use of its projecting label is likely to cause confusion among prospective purchasers who carry even an imperfect recollection of Strauss’s mark and who observe Wrangler’s projecting label after the point of sale.

Tichane, *supra* note 9, at 406 (footnote omitted) (quoting *Levi Strauss & Co.*, 532 F.2d at 822). See, e.g., *Ferrari S.P.A. Esercizio v. Roberts*, 944 F.2d 1235, 1245 (6th Cir. 1991) (rejecting the notion that a plaintiff can only recover if there is point of sale confusion and suggesting that Congress intended to offer more extensive protection); *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 872 (2d Cir. 1986) (noting that post-sale confusion is an actionable claim). In the *Lois* case, for example, the Court noted, “[I]t is equally clear that post-sale confusion as to source is actionable under the Lanham Act. . . . [P]ost-sale confusion would involve consumers seeing the appellant’s jeans outside of the retail store, perhaps being worn by a passer-by.” *Id.* at 872. See also *Payless Shoesource, Inc., v. Reebok Int’l Ltd.*, 998 F.2d 985, 991 (Fed. Cir. 1993) (denying a preliminary injunction and instructing the parties to consider post-sale confusion); *Nabisco Brands, Inc., v. Conusa Corp.*, 722 F. Supp. 1287, 1291 (M.D.N.C. 1989) (finding a likelihood of post-sale confusion because the similarities in the parties’ candies would not be evident until a consumer opened the purchased candy). “Traditional confusion analysis focuses on post-sale consequences—in which the customer is likely to be confused about the source of goods even after they have been purchased.” *Chatam Int’l, Inc., v. Bodum, Inc.*, 157 F. Supp. 2d 549, 557 (E.D. Pa. 2001). See *Weberndörfer*, *supra* note 173, at 258-59 (providing a synopsis on post-sale confusion from a European perspective); see also TOBIAS COHEN JEHORAM, CONSTANT VAN NISPEN & TONY HUYDECOPER, *EUROPEAN TRADEMARK LAW: COMMUNITY TRADEMARK LAW AND HARMONIZED NATIONAL TRADEMARK LAW* § 7.5.6, at 289-90 (2010) (providing another perspective of European post-sale confusion). Author Jehoram, Nispen, and Huydeoper discuss the European approach to post-sale confusion:

In line with US practice, the term ‘post-sale confusion’ is sometimes used when the likelihood of confusion does not occur only at the time of sale/purchase of the good, but also afterwards. Such post sale

34 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47

Germany, arguably began to follow American trademark law, as is seen in *Datacard*.<sup>196</sup> Post-sale confusion in trademark infringement cases emanates from the evolution of the consumer confusion standard, which developed in early U.S. case law, such as *Borden Ice Cream Co. v. Borden's Condensed Milk Co.*<sup>197</sup> In addition to early case law, the evolving nature of the modern Lanham Act played a role in how post-sale confusion has been construed, beginning with the 1905 Trademark Act,<sup>198</sup> the subsequent adoption of the 1946 Lanham Act,<sup>199</sup> and then later amendments to the Lanham Act.<sup>200</sup> In the 1962 amendment to the Lanham Act,<sup>201</sup> language on post-sale confusion was literally inserted

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confusion can occur particularly in the event of merchandising articles, in what is referred to as 'me-too' products (where the product's appearance corresponds to the original trademarked product) . . . .

. . . .

[Post-sale confusion] is relevant in the practical assessment of the likelihood of confusion because this emphasizes that not only must the circumstances at the time of the sale/purchase of the product in question be examined but also the subsequent situation as well.

*Id.*

<sup>196</sup> See Ludwig Kouker, *Is the Purpose of the Trademark Law Limited Only to Protecting Purchasers? – Analysis Under the United States and German Trademark Law*, 87 TRADEMARK REP. 151, 151 (1997) (discussing two cases involving trademark infringement in Germany during the early 1990s that concerned post-sale confusion). The following excerpt provides examples of German courts applying the post-sale confusion doctrine:

The two German Hanseatic Appeal Courts have issued decisions regarding post-sale confusion in parallel trademark infringement actions brought against the same offender. The defendant—a supplier of humorous novelty items—offered a large quantity of individually packaged condoms for sale in a candy jar or display box, each individually wrapped and bearing a different label.

The subject of the dispute in the Hamburg proceedings was a condom packaged in a transparent wrapper with a sticker indicating “NIVEAU milk” and another sticker stating “It’s like NIVEA for the first time.” The subject of the proceedings simultaneously brought before the Bremen court was a condom packaged in a folded pack that looked like a book of matches, with an illustration of a MARS candy bar and the imprint “A MARS a day for Sex-Sport and Play.” In both cases, an injunction was granted against the defendant. On appeal, the Bremen and Hamburg courts reached different conclusions.

*Id.* (footnotes omitted).

<sup>197</sup> *Borden Ice Cream Co. v. Borden's Condensed Milk Co.*, 201 F. 510 (7th Cir. 1912).

<sup>198</sup> The Trademark Act of 1905, Pub. L. No. 58-84, 33 Stat. 724, § 5(b) (1905).

<sup>199</sup> Lanham Act of 1946, Pub. L. No. 79-489, 60 Stat. 427, §§ 2(d), 5 (1946) (explaining the dangers that are likely to cause confusion or mistake in the mind of the public).

<sup>200</sup> The Trademark Act of 1946, 15 U.S.C. §§ 1051–1141n (2006).

<sup>201</sup> Act of Oct. 9, 1962, Pub. L. No. 87-772, 76 Stat. 769, §§ 11, 20 (1962).

(depending on how one interprets the kerfuffle between *potential* and *actual* purchasers).<sup>202</sup>

Further decisions by the courts went on to suggest that the confusion-based standard evolved to the point where various theories and factors were important in determining confusion based infringements.<sup>203</sup> In recent cases, like *Gucci*, and in older cases, such as *General Motors Corp. v. Keystone Automotive Industries, Inc.*, the courts found post-sale confusion to be actionable.<sup>204</sup> For example, the Sixth Circuit Court provided a robust explanation of how post-sale confusion may harm a trademark owner.<sup>205</sup> In *Au-Tomotive Gold, Inc. v. Volkswagen of Am. Inc.*, the Ninth Circuit provided further insight into the effects of post-sale confusion.<sup>206</sup>

#### B. *The Judicialization of the Doctrine of Post-Sale Confusion in Europe*

This section examines five cases, two of which are from national courts and three of which are from the CJEU interpreting Article 5(1)(b)

<sup>202</sup> S. REP. NO. 87-2107 (1961), reprinted in 1961 U.S.C.C.A.N. 2844, 2847 (“The purpose of the proposed change is . . . to omit the word ‘purchasers,’ since the provision actually relates to potential purchasers as well as to actual purchasers.”).

<sup>203</sup> See *supra* notes 46–51 and accompanying text (listing the various factor tests utilized by statutes and the courts).

<sup>204</sup> See *infra* notes 314–32 and accompanying text (analyzing and discussing the court’s reasoning in the *Gucci* case); *infra* note 205 (quoting at length from the *General Motors Corp.* case).

<sup>205</sup> See *DINWOODIE & JANIS, supra* note 4, at 579 (citing *General Motors Corp. v. Keystone Auto. Indus., Inc.*, 453 F.3d 351, 358 (6th Cir. 2006)). In *General Motors Corp.*, the court made the following statement concerning likelihood of confusion with knock-off products in the stream of commerce:

Even without point-of-sale confusion, knockoffs can harm the public and the original manufacturer in a number of ways, including: (1) the viewing public, as well as subsequent purchasers, may be deceived if expertise is required to distinguish the original from the counterfeit, . . . (2) the purchaser of an original may be harmed if the widespread existence of knockoffs decreases the original’s value by making the previously scarce commonplace, . . . (3) consumers desiring high quality products may be harmed if the original manufacturer decreases its investment in quality in order to compete more economically with less expensive knockoffs, . . . (4) the original manufacturer’s reputation for quality may be damaged if individuals mistake an inferior counterfeit for the original, . . . (5) the original manufacturer’s reputation for rarity may be harmed by the influx of knockoffs onto the market, . . . and (6) the original manufacturer may be harmed if sales decline due to the public’s fear that what they are purchasing may not be the original . . . .

*General Motors Corp.*, 453 F.3d at 358 (citations omitted).

<sup>206</sup> *Au-Tomotive Gold, Inc. v. Volkswagen of Am. Inc.*, 603 F.3d 1133 (9th Cir. 2010) (discussing numerous cases addressing post-sale confusion in the U.S. market).

## 36 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

of the TMD. Indeed, of the five decisions, *Arsenal* has had the greatest effect on the post-sale confusion standard within the context of European trademark jurisprudence. While the arguments were taking shape in *Arsenal*, another English court raised the specter of post-sale confusion but received little notice. In *Société de Produits Nestlé SA v. Unilever*, Justice Jacobs explained the importance of post-sale confusion and even suggested that history was on the side of post-sale confusion.<sup>207</sup>

## 1. National Courts

a. *Benetton v. Star (Netherlands)*

The Supreme Court of the Netherlands was one of the national courts that interpreted Article 5(1)(b) of the TMD to include post-sale confusion. In *Benetton v. Star*, the Dutch Supreme Court held that a trademark can be registered based on the shape and attractiveness of the mark,<sup>208</sup> which was also noted by Justice Arnold in *Datacard*.<sup>209</sup> When the case reached the CJEU, that court rejected the Dutch Supreme Court's ruling regarding the registrability of a trademark based on shape and attractiveness.<sup>210</sup> The claimant, G-Star, had brought an action against the Italian fashion house, Benetton, before the Amsterdam District Court to preclude any manufacturing, marketing, or distribution of trousers with the mark Benetton in the Netherlands.<sup>211</sup> G-Star claimed that Benetton infringed the trademark rights attached to its Elwood design trousers by manufacturing and distributing a similar design, which also included an

<sup>207</sup> *Société de Produits Nestlé SA v. Unilever Plc*, [2002] EWHC (Ch) 2709, [49] (Eng.) (“Post sale effects of a trade mark are indeed important. They have always been so. The very earliest trade marks in history consist of marks on pottery which tell you both at the point of sale and always thereafter who the maker was.”).

<sup>208</sup> <http://jure.nl/av3384HR> 8 september 2006, NJ 2006, 492 m.nt. Eerste Kamer (Benetton Group SpA/Eiseres) (Neth.). The Court specifically stated:

... De eerste klacht van onderdeel (ii) houdt in dat het hof ten onrechte betekenis heeft toegekend aan de mogelijkheid van zogeheten 'post sale confusion', dat wil zeggen de verwarring die kan ontstaan bij het publiek dat wordt geconfronteerd met het inbreukmakende teken nadat het daarmee gemerkte product is aangeschaft en buiten de omgeving waar het is aangekocht. Deze klacht faalt, aangezien de mogelijkheid van post sale confusion een rol kan spelen bij de beoordeling van het voor merkinbreuk van belang zijnde verwarringsgevaar . . . .

*Id.* [3.10].

<sup>209</sup> *Datacard Corp. v. Eagle Techs. Ltd.*, [2011] EWHC (Pat) 244, [287] (Eng.) (citing *JEHORAM ET AL.*, *supra* note 195, at 290).

<sup>210</sup> Case C-371/06, *Benetton Group SpA v. G-Star Int'l BV*, 2008 E.T.M.R. 4, ¶ 17.

<sup>211</sup> *Id.* ¶ 10.

overlap kneepad and two lines of sloping stitching from the hip height to crotch height.<sup>212</sup>

Both parties failed in their claims and counterclaims at the Amsterdam District Court and filed appeals at the Amsterdam Regional Court, which found in favor of G-Star on grounds of reputation and “aesthetic attractiveness.”<sup>213</sup> Benetton further challenged this decision at the Supreme Court, which found that the “attractiveness of the shape was a consequence of its attractiveness linked to recognition of the shape as a mark.”<sup>214</sup> However, the Dutch Supreme Court referred the case to the CJEU, which later concluded that “the shape of a product which gives substantial value to that product cannot constitute a trade mark.”<sup>215</sup>

Aside from Author Jehoram,<sup>216</sup> who highlighted the discussion on post-sale confusion in the original language,<sup>217</sup> there are few other reliable English commentaries. Nevertheless, the case provides insight into the application of the post-sale confusion doctrine, though it is infrequently applied by European *lower* courts since it was first heralded by *Arsenal*. When *Benetton* was appealed, the CJEU did not discuss post-sale confusion, but rather cited *Philips v. Remington*, arguing that if a shape is refused registration under Article 3(1)(e) of the TMD, it cannot be registered under Article 3(3).<sup>218</sup> The CJEU’s inference to post-sale confusion justified the construction of a new threshold for trademark regulations, which was prompted by the *Benelux* court’s willingness to go beyond the standard of the current EU trademark regulations. The doctrine of post-sale confusion was articulated in more detail in an English case, *Datacard*, and that is the judgment to which we now turn.

*b. Datacard v. Eagle (The United Kingdom)*

Before *Datacard*, post-sale confusion had its foundation in the European trademark law constructed in *Arsenal*; however, the doctrine receded and only recently was the notion of post-sale confusion reintroduced. The claimants in *Datacard* argued that “post-sale confusion was capable of demonstrating the existence of a likelihood of

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<sup>212</sup> *Id.*

<sup>213</sup> *Id.* ¶ 14.

<sup>214</sup> *Id.* ¶ 17.

<sup>215</sup> *Id.* ¶ 28.

<sup>216</sup> JEHORAM ET AL., *supra* note 195, at 289.

<sup>217</sup> *Id.* at 290 (“In Benelux case law, such likelihood of confusion after the initial sale is also recognized as relevant likelihood of confusion.”) (footnote omitted).

<sup>218</sup> *Benetton Group SpA v. G-Star Int’l BV*, 2007 E.C.R. at I-7711, I-7720.

## 38 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

confusion for the purposes of Article 5(1)(b).<sup>219</sup> When Justice Arnold decided *Datacard*, he explained that, pursuant to CJEU case law, “post-sale confusion can be relied upon in support of a claim under Article 5(1)(b).”<sup>220</sup> Justice Arnold concluded that “in appropriate circumstances post-sale confusion can be relied upon as demonstrating the existence of a likelihood of confusion under Article 5(1)(b).”<sup>221</sup> Although the court relied on the previous judgments of the CJEU, the English court did not explain whether there are weaknesses in post-sale confusion that may deter a finding of post-sale confusion in trademark infringement cases. Nevertheless, the difficult nature of establishing the likelihood of confusion under European trademark law and the global appreciation criterion made the ruling by Justice Arnold a welcomed one. Although the *Datacard* decision was from a lower court, it placed the issue of post-sale confusion back into the spotlight of European trademark law after it receded under the CJEU rulings of *Arsenal*, *Anheuser-Busch, Inc. v. Budějovický Budvar*, and *Ruiz-Picasso v. OHIM* decisions.<sup>222</sup>

## 2. The CJEU

a. *Arsenal v. Reed*

Because *Arsenal* was the first case to introduce the notion of post-sale confusion into European trademark law, it took a while before post-sale confusion was able to charm its way into the hearts of lower courts across the EU. It has been suggested that “the acknowledgement of post sale effects into infringement considerations should not change the rationale for [trademark] protection.”<sup>223</sup> This is a valid point, and perhaps post-sale confusion would best serve as a standard factor test to measure its constituent elements when determining the likelihood of confusion under Article 51(1)(b) of the TMD. In *Arsenal*, the court stated “that some consumers, in particular *if they come across the goods after they have been sold by Mr. Reed and taken away from the stall where the notice appears*, may interpret the sign as designating Arsenal [soccer club] as the undertaking of origin of the goods.”<sup>224</sup> With this statement, the court

<sup>219</sup> *Datacard Corp. v. Eagle Techs. Ltd.*, [2011] EWHC (Pat) 244, [278] (Eng.).

<sup>220</sup> *Id.* [286].

<sup>221</sup> *Id.* [289].

<sup>222</sup> Case C-245/02, *Anheuser-Busch, Inc. v. Budějovický Budvar*, 2004 E.C.R. I-11018.

<sup>223</sup> Spyros Maniatis, *Post Sale Effects of a Trade Mark: Conceptual Necessity or a Gift to Trade Mark Proprietors?*, in EMERGING ISSUES IN INTELLECTUAL PROPERTY LAW: TRADE, TECHNOLOGY AND MARKET FREEDOM: ESSAYS IN HONOUR OF HERCHEL SMITH 176 (Guido Westkamp ed., 2007).

<sup>224</sup> Case C-206/01, *Arsenal Football Club plc v. Reed*, 2002 E.C.R. I-10299, I-10318 (emphasis added).

ventured into the area of post-sale confusion; however, the court may have felt that it was neither in its best interest nor its obligation to get into a factual analysis of cases, since it is the duty of the referring court to complete such a task.

The defendant in *Arsenal*, Matthew Reed, was taken to court for selling goods bearing the registered trademark of Arsenal soccer club without authorization.<sup>225</sup> Mr. Reed, however, was aware that his goods were unofficial Arsenal products, displaying a sign on his stall to indicate that the goods were not official Arsenal products.<sup>226</sup> By selling the unofficial merchandise, the defendant also faced a passing off claim, but it was dismissed by the High Court, stating that Arsenal failed “to show actual confusion on the part of the relevant public.”<sup>227</sup> After considering the other claims, the High Court asked the CJEU for a preliminary ruling.<sup>228</sup> The CJEU explained that for a trademark to fulfill its essential role in the system of undistorted competition, it “must offer a guarantee that all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality.”<sup>229</sup> The CJEU further argued that the use of a sign is likely to have an impact that would affect the origin function of a trademark, opining that “the proprietor must be protected against competitors wishing to take unfair advantage of the status and reputation of the trade mark by selling products illegally bearing it.”<sup>230</sup> In this passage, the CJEU created a nexus between reputation and how such reputation is likely to be harmed in post-sale situations.<sup>231</sup>

In discussing *Arsenal*, the CJEU was onto something, cryptically crafting the post-sale confusion doctrine into the reasoning of its judgment.<sup>232</sup> According to the court, the Arsenal sign was used “to create the impression that there is a material link in the course of trade

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<sup>225</sup> *Id.* at I-10307.

<sup>226</sup> *Id.* (“The word or logo(s) on the goods offered for sale, are used solely to adorn the product and does not imply or indicate any affiliation or relationship with the manufacturers or distributors of any other product, only goods with official Arsenal merchandise tags are official Arsenal merchandise.”).

<sup>227</sup> *Id.* at I-10308.

<sup>228</sup> *Id.* at I-10299.

<sup>229</sup> *Id.* at I-10316 (citation omitted).

<sup>230</sup> *Id.*

<sup>231</sup> *Id.*

<sup>232</sup> *See id.* at I-10318 (discussing the possible post-sale confusion that some consumers would experience if they came across the actual good after purchasing the infringed product). In *Datacard*, Justice Arnold noted, “[57] appears to acknowledge the relevance of post-sale confusion when considering the impact of the use of the sign (which is not, of course, the same thing as requiring a likelihood of confusion).” *Datacard Corp. v. Eagle Techs. Ltd.*, [2011] EWHC (Pat) 244, [280] (Eng.).



between the goods concerned and the trade mark proprietor.”<sup>233</sup> The court then held that the use of an identical sign was “liable to jeopardise the guarantee of origin which constitutes the essential function of the mark”; thus, the trademark owner may prevent its use under Article 5(1) of the TMD.<sup>234</sup> The court explained that “uses for purely descriptive purposes are excluded from the scope of Article 5(1),” because they neither affect the interests of the provision nor do they fall within the concept of use.<sup>235</sup>

There is a major difference between *Datacard* and previous CJEU decisions, such as *Arsenal*. The decisions of the CJEU do not expressly mention post-sale confusion, but the Court’s reasoning has left little doubt that it was referencing this doctrine. As Spyros Maniatis also pointed out, “In *Arsenal* the Court had the opportunity to consider post-sale effects of a trade mark and indicated that they should be taken into account,” and, within a broader context, the CJEU was “telling us that post sale confusion matters when it affects the function of a trade mark as an indicator of origin in the mind of the relevant reasonable consumer.”<sup>236</sup> But Justice Arnold would later acknowledge in *Datacard* that even though the CJEU “touched on” post-sale confusion in *Arsenal* and other judgments, they were not determinative of post-sale confusion.<sup>237</sup> The CJEU, in *Arsenal*, arguably introduced this principle of American trademark law into European trademark jurisprudence. Consequently, the CJEU could not be determinative, because there were no proper factors for determining post-sale confusion at such an early stage. On the other hand, if the CJEU had explained in detail the nature of post-sale confusion and its relevance to the likelihood of confusion, then the *Arsenal* judgment would not have left so many doubts as to whether the case was, in fact, about post-sale confusion.

<sup>233</sup> *Arsenal*, 2002 E.C.R. at I-10318.

<sup>234</sup> *Id.* at I-10319. *But see* *Omicron Capital, LLC v. Omicron Capital, LLC*, 433 F. Supp. 2d 382, 389 (S.D.N.Y. 2006) (holding that there was no trademark infringement despite the same name used to designate similar goods). Additionally, the CJEU has held that the use of a sign that is confusingly similar to another’s trademark may still be permitted, so long as it stays within honest commercial practices. *Case C-100/02 Gerolsteiner Brunnen GmbH v. Putsch GmbH*, 2004 E.C.R. I-710, I-715.

<sup>235</sup> *Arsenal*, 2002 E.C.R. at I-10317-18.

<sup>236</sup> Maniatis, *supra* note 223, at 187.

Perhaps a positive statement on post sale confusion coupled with a restatement on the scope of infringement provisions could have resulted in a conceptually clearer judgment that would not allow misconstructions. But it is because of the position and the role of the [CJEU] in the overall judicial process that *the judgment failed to elaborate further on the nature and extent of post sale effects.*

*Id.* at 188 (emphasis added).

<sup>237</sup> *Datacard*, [2011] EWHC, [279].

*b. Ruiz-Picasso v. OHIM*

In *Ruiz-Picasso*, the court explained that trademarks have a post-sale purpose, solidifying the previous CJEU judgment and sending a message that post-sale confusion existed in trademark infringement.<sup>238</sup> The case concerned the application for registration of the CTM-PICARO for motor vehicles, which was opposed by the Picasso estate, owner of the registered mark PICASSO for motor vehicles.<sup>239</sup> The case had a long history through the various tribunals of the OHIM and the lower and upper tribunals of the European High Court.<sup>240</sup> In 1999, the Picasso estate lodged an opposition against the application by Daimler Chrysler for the word mark PICARO, which was filed a year earlier at the OHIM.<sup>241</sup> The Picasso estate alleged that there was “the existence of a likelihood of confusion within the meaning of Article 8(1)(b)” of the CTMR.<sup>242</sup> The opposition was rejected and later appealed to the Third Board of Appeal of the OHIM, which also dismissed the appeal, stating that the “marks at issue were not similar at either a phonetic or a visual level.”<sup>243</sup> The Picasso estate brought an action before the GC to annul the previous decision; however, the GC dismissed the action.<sup>244</sup> Finally, the

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<sup>238</sup> Case C-361/04 P, *Ruiz-Picasso v. OHIM*, 2006 E.C.R. I-660.

<sup>239</sup> *Id.* at I-664.

<sup>240</sup> *Id.*

<sup>241</sup> *Id.*

<sup>242</sup> *Id.*

<sup>243</sup> *Id.*; see also Opinion of Advocate General Colomer, Case C-361/04 P, *Ruiz-Picasso v. OHIM*, 2005 E.C.R. I-645, I-647 (“[T]he marks at issue were not phonetically or visually similar.”).

<sup>244</sup> *Ruiz-Picasso*, 2006 E.C.R. at I-668. The General Court stated that the degree of similarity between the double consonant “ss” and “r” was rather “low,” and the signs were not “similar from the conceptual point of view.” *Id.* at I-665–66. Furthermore, the GC explained that “the word sign PICASSO is well-known as corresponding to the name of the famous painter Pablo Picasso is not capable of heightening the likelihood of confusion between the two marks for the goods concerned.” *Id.* at I-667. The following excerpt captures the full extent of the GC’s reasoning:

In the context of the global assessment of the likelihood of confusion, it must also be taken into account that, in view of the nature of the goods concerned and in particular their price and their highly technological character, the degree of attention of the relevant public at the time of purchase is particularly high. The possibility raised by the applicants that members of the relevant public may also perceive the goods concerned in situations in which they do not pay such attention does not prevent that degree of attention from being taken into account. A refusal to register a trade mark because of the likelihood of confusion with an earlier mark is justified on the ground that such confusion is liable to have an undue influence on the consumers concerned when they make a choice with respect to the goods or services in question. It follows that account must be taken, for the purposes of assessing the

## 42 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

GC judgment was appealed to the CJEU, which confirmed the GC's finding that the average consumer of vehicles would not exhibit a high level of attention.<sup>245</sup>

There is no doubt that the doctrine of post-sale confusion was present in the *Ruiz-Picasso* judgment; however, the court conspicuously applied the doctrine in its opinion.<sup>246</sup> If the CJEU's adoption of post-sale confusion originated in *Arsenal*, then the court's use of the doctrine in *Ruiz-Picasso* was poorly constructed. Despite the fact that the appellants skillfully introduced the doctrine of post-sale confusion, the *Ruiz-Picasso* court failed to implement it. Citing *Arsenal*, which initially crafted the post-sale confusion doctrine, the appellants argued that the GC misapplied Article 8(1)(b) of the CTMR and failed to consider post-sale confusion "according to which the mark must be protected against possible confusion not only at the time of purchase of the product concerned, but also before or after such a purchase."<sup>247</sup> Even if the appellants were guilty of bad lawyering, they achieved a fundamental victory by causing the court to recognize post-sale confusion.<sup>248</sup>

The doctrine of post-sale confusion in *Ruiz-Picasso* was more skillfully argued by Advocate General Colomer who said that "the Court simply used the post-sale confusion argument to confirm that there was a breach of trade mark rights."<sup>249</sup> He further explained that whether the likelihood of confusion is being assessed in the context of opposition proceedings or an infringement of trademarks rights, "both situations

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likelihood of confusion, of the level of attention of the average consumer at the time when he prepares and makes his choice between different goods or services within the category for which the mark is registered.

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In light of all the above elements, the degree of similarity between the marks at issue is not sufficiently great for it to be considered that the relevant public might believe that the goods in question come from the same undertaking or, as the case may be, from economically linked undertakings. The Board of Appeal was therefore right to consider that there was no likelihood of confusion between them.

*Id.* at I-667-68.

<sup>245</sup> *Id.* at I-677.

<sup>246</sup> Opinion of Advocate General Colomer, *supra* note 243, at I-645. The CJEU, in applying the notion of post-sale confusion, essentially adopted the opinion of Advocate General Colomer, who opined that "marks also have a post-sale purpose." *Id.* at I-655.

<sup>247</sup> *Ruiz-Picasso*, 2006 E.C.R. at I-674 (emphasis added).

<sup>248</sup> See generally Opinion of Advocate General Colomer, *supra* note 243. Note that the CJEU basically disagreed with the appellants on this issue by stating that the GC did not "in any way hold that the concept of likelihood of confusion under Articles 8(1)(b) and 9(1)(b) must be interpreted differently." *Ruiz-Picasso*, 2006 E.C.R. at I-677.

<sup>249</sup> Opinion of the Advocate General Colomer, *supra* note 243, at I-655-56.

demand an analysis of post-sale confusion.”<sup>250</sup> The Advocate General noted that the GC did not “take into account the perception of the public at times other than the moment of purchase, in particular subsequent to purchase, which may be relevant in an assessment of the likelihood of post-sale confusion.”<sup>251</sup> Nevertheless, he would later suggest that “most writers do not accept that post-sale confusion is relevant when analysing the likelihood of confusion.”<sup>252</sup> This statement is a bit odd because the CJEU would essentially adopt the Advocate General’s recommendation. However, it seems that he was indicating that writers are skeptical about the nature of post-sale confusion, even though it is an established European doctrine. The Advocate General also suggested that if the court does not clarify the position of post-sale confusion in European trademark law, the legal academe will continue to be wary of post-sale confusion.<sup>253</sup>

Though *Ruiz-Picasso* recognized post-sale confusion, its recognition was shrouded in poor analysis, and one way to interpret its construction of post-sale confusion was that it meant that “the average consumer’s level of attention is likely to vary according to the category of goods or services in question.”<sup>254</sup> The argument can be made that the phrase “likely to vary” also includes post-sale confusion or, as the court further explained, the attention the consumer was “capable of displaying in different situations.”<sup>255</sup> However, the *Ruiz-Picasso* court explained that post-sale confusion occurs when consumers “[come] across the goods after they had been sold and taken away from the place of sale, [and consumers] might interpret the sign affixed to those goods as designating the proprietor of the mark concerned as the undertaking of origin of the goods.”<sup>256</sup> Consequently, the doctrine, as applied by the court in *Ruiz-Picasso*, will likely have a very limited impact on consumers who might purchase a PICARO motor vehicle, only later to be confused by the fact that the Picasso estate gave its blessing.

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<sup>250</sup> *Id.* at I-656.

<sup>251</sup> *Id.* at I-649–50 (footnote omitted).

<sup>252</sup> *Id.* at I-656 (footnote omitted).

<sup>253</sup> *Id.* (citing C. Baudenbacher & A. Naumann, *Neuste Entwicklungen in der immaterialgüterrechtlichen Rechtsprechung der Europäischen Gerichtshofe*, in *NEUSTE ENTWICKLUNGEN IM EUROPÄISCHEN UND INTERNATIONALEN IMMATERIALGÜTERRECH*, 1–47 (C. Baudenbacher & J. Simon eds., 2003)).

<sup>254</sup> Case C-361/04 P, *Ruiz-Picasso v. OHIM*, 2006 E.C.R. I-660, I-675 (emphasis added).

<sup>255</sup> *Id.* at I-676.

<sup>256</sup> *Id.* at I-677.

44 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47

c. Anheuser-Busch Inc. v. Budějovický Budvar

The battle for the beers in *Anheuser-Busch* is known all over the trademark world for a number of different reasons.<sup>257</sup> It is lesser known, however, for its application of the post-sale confusion doctrine. Budvar asked the CJEU for a preliminary ruling concerning the labeling it used to market beer in Finland.<sup>258</sup> Anheuser-Busch argued that the Budvar labeling infringed its Budweiser, Bud, Bud Light, and Budweiser King of Beers trademarks, which it also owned in Finland.<sup>259</sup> In 1996, the battle began in Finnish lower courts and ended up in the Finnish Supreme Court, which then asked the CJEU for a preliminary ruling.<sup>260</sup> The CJEU then considered whether the owner “of a trade mark has an exclusive right to prevent a third party from using that trade name without his consent.”<sup>261</sup>

Because the CJEU had already recognized post-sale confusion in *Arsenal*, it suggested in *Anheuser-Busch* that post-sale confusion was also a factor in determining likelihood of confusion, offering the following explanation:

That is the case, in particular, where the use of that sign allegedly made by the third party is such as to create the impression that there is a material link in trade between the third party’s goods and the undertaking from which those goods originate. *It must be established whether the consumers targeted, including those who are confronted with the goods after they have left the third party’s point of sale, are likely to interpret the sign, as it is used by the third party, as designating or tending to designate the undertaking from which the third party’s goods originate . . .*<sup>262</sup>

Thus, the ruling was not all that different from *Arsenal*. The *Budvar* court later explained that, in order for the trademark owner to enjoy the

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<sup>257</sup> Case C-245/02, *Anheuser-Busch Inc. v. Budějovický Budvar*, 2004 E.C.R. I-11018.

<sup>258</sup> *Id.* at 11020. The Finnish dispute was only part of the battle for beers, which stretched across many countries “between the Czech brewery Budějovický Budvar . . . and the American company Anheuser-Busch Inc. . . . concerning the right to use the words ‘Bud’, ‘Budweiser’ and similar terms when marketing their various beers.” Opinion of Advocate General Tizzano, Case C-245/02, *Anheuser-Busch Inc.*, 2004 E.C.R. I-10993.

<sup>259</sup> *Id.* at I-11020–21, I-11030.

<sup>260</sup> *Id.* at I-11031–32.

<sup>261</sup> *Id.* at I-11041.

<sup>262</sup> *Id.* at I-11041–42 (emphasis added) (citing Case C-206/01, *Arsenal Football Club plc v. Reed*, 2002 E.C.R. I-10273, ¶ 56–57).

protection of Article 5(1)(b),<sup>263</sup> he must be able to demonstrate likelihood of confusion.<sup>264</sup> When Advocate General Tizzano cited *Arsenal*, he indicated what direction the court would go regarding post-sale confusion.<sup>265</sup> One of the similarities between *Arsenal* and *Anheuser-Busch* was that the defendant knew or, at the very minimum, should have known that there could be cause for confusion among customers regarding the origin of its goods.<sup>266</sup>

### 3. Post-Sale Confusion and Trademark Law's State of Hibernation

The cases discussed above create the epicenter for post-sale confusion in European trademark law. Post-sale confusion is well established within the law of the CJEU and some member-states, but its establishment is not free from criticism. Unlike the United States, where

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<sup>263</sup> *Id.* at I-11041. The court noted:

[I]t follows from the Court's case-law on the definition of use by a third party, for which provision is made in Article 5(1) of that [trademark] directive, that the exclusive right conferred by a trade mark was intended to enable the trade mark proprietor to protect his specific interests as proprietor, that is, to ensure that the trade mark can fulfill its functions and that, therefore, the exercise of that right must be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods.

*Id.* (citation omitted).

<sup>264</sup> *Id.* at I-11042. The court stated:

Where those conditions are satisfied, it follows from the case-law of the Court that, in the event of identity of the sign and the trade mark and of the goods or services, the protection conferred by Article 5(1)(a) of [the Trademark Directive] is absolute, whereas, in the situation provided for in Article 5(1)(b), the proprietor, in order to enjoy protection, must also prove that there is a likelihood of confusion on the part of the public because the signs and trade marks and the designated goods or services are identical or similar.

*Id.* (citation omitted).

<sup>265</sup> Opinion of Advocate General Tizzano, *supra* note 258, at I-11006. In addition, Tizzano stated:

[W]here there is a similarity between the sign and the trade mark, even though they are not identical, Article 5(1)(b) makes the exercise of that right subject to the existence of a "likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark."

*Id.* at I-11007. *See id.* at I-11008-09 (explaining further the steps the court needed to take in its post-sale confusion analysis).

<sup>266</sup> *Id.* at I-10999. The sign read as follows, "BREWED AND BOTTLED BY BREWERY BUDWEISER BUDVAR NATIONAL ENTERPRISE," and appeared on the labels below the trade mark in fine print. *Id.*

the majority of the early post-sale confusion cases were related to luxury goods, the discussed European cases transcend all sectors.<sup>267</sup> Dinwoodie and Janis argue that because the courts, in some instances, “distinguish[] between confusion among purchases and confusion among *secondary* viewers of the mark,” the courts often use secondary confusion, instead of post-sale confusion.<sup>268</sup> The courts’ inconsistent descriptions of post-sale confusion only add uncertainty to a doctrine that is still trying to make its way to the U.S. Supreme Court. Because post-sale confusion is relatively new to European trademark jurisprudence, this variation in the language is not yet present. Instead, European courts cryptically describe situations similar to post-sale confusion rather than explicitly mentioning it.

The trouble with post-sale confusion is that it has receded to the sidelines in European trademark litigation. Perhaps one reason for this trend is that the CJEU mistakenly believed the U.S. Supreme Court would address the post-sale confusion issue, because it was developing at a rapid speed in the U.S. circuit courts.<sup>269</sup> This belief has failed to materialize thus far, and the CJEU has since ignored discussing post-sale confusion since the heydays of *Arsenal*, *Picasso*, and *Anheuser*. However, the U.S. Supreme Court’s failure to address the issue may not be the only reason the CJEU is reluctant to formulate an adequate test for post-sale confusion.

One could argue that neither the claimants nor the defendants raised any claims pertaining to post-sale confusion in these European trademark cases, or that the CJEU sees no need to go further than what was provided in *Arsenal*, which is its only major discussion on post-sale confusion. Whichever path one could use to get to the *debunktion junction* (a famous line on a political TV show), there lurks a larger problem with post-sale confusion. Whose interest does the doctrine of post-sale confusion serve—the consumer or the trademark owner?

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<sup>267</sup> See, e.g., *Esercizio v. Roberts*, 944 F.2d 1235, 1237 (6th Cir. 1991) (accusing Roberts of trademark infringement when he built identical replicas of Ferrari sport cars); *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F.2d 464, 465 (2d Cir. 1955) (challenging the sale of a copy of Vacheron Constantin’s Atmos clock by Mastercrafters); see Jenny T. Slocum & Jess M. Collen, *The Evolving Threat and Enforcement of Replica Goods*, 33 W. NEW ENG. L. REV. 789, 801 (2011) (commenting on the interface between counterfeit and genuine goods). Slocum and Collen explained that post-sale confusion is harmful to trademark owners and that “[t]here is also significant harm to a consumer who is not aware the goods are fake, especially when purchasing goods from the secondary market.” *Id.*

<sup>268</sup> DINWOODIE & JANIS, *supra* note 4, at 578 (citing Acad. of Motion Picture Arts & Scis. v. Creative House Promotions, Inc., 944 F.2d 1446 (9th Cir. 1991)) (emphasis added).

<sup>269</sup> See McCarthy, *supra* note 9, at 3356 n.172 (citing a host of cases where post-sale confusion was considered).

Trademarks serve two key roles: (1) an identification of origin as to the good and (2) a quality signal for the consumer.<sup>270</sup> Post-sale confusion will have to navigate its way through these two interests.

In one of the earliest exposés on post-sale confusion, Anne McCarthy argued for the inclusion of the public when considering the likelihood of confusion as a result of post-sale confusion.<sup>271</sup> Since the publication of her article, very little has been written on post-sale confusion. The emerging scholarship since then has largely discussed post-sale confusion in relation to the “general public” or “the consumer.”<sup>272</sup> Unfortunately, this general discussion does not provide an answer to some of the fundamental problems of post-sale confusion.<sup>273</sup> It is a possibility that legal scholars have favored a consumer-based focus, because the general mentality of the public can be summarized in the old adage, “the customer is always right.”

*Hermès International v. Lederer de Paris Fifth Avenue, Inc.* reminds legal scholars that consumers are a unique group of people, because the law protects them from any possible confusion that may be harmful.<sup>274</sup> According to the court, “The creation of confusion in the post-sale context can be harmful in that if there are too many knockoffs in the market, sales of the originals may decline because the public is fearful that what they are purchasing may not be an original.”<sup>275</sup> One commentator suggested that the rise of the post-sale confusion doctrine in U.S. trademark law was due in part to “the lack of a full misappropriation doctrine.”<sup>276</sup> The courts’ recognition of post-sale confusion indicates that trademark infringement claims are not often made, perhaps due to a fear that trademark law is in a state of hibernation or because such claims will be difficult to prove. Therefore, the courts should adopt a new approach to determine whether a product

<sup>270</sup> See *supra* notes 40–45 and accompanying text (giving an example of how origin of goods and quality are connected).

<sup>271</sup> McCarthy, *supra* note 9, at 3361–68.

<sup>272</sup> E.g., Mark P. McKenna, *A Consumer Decision-Making Theory of Trademark Law*, 98 VA. L. REV. 67, 111 (2012) (discussing the need to focus on consumers when analyzing the effectiveness of trademark laws); see also Deborah R. Gerhardt, *Consumer Investment in Trademarks*, 88 N.C. L. REV. 427, 433–34 (2010) (arguing that consumer interests are often ignored or manipulated to conform to the interests of mark owners).

<sup>273</sup> See generally Jeremy N. Sheff, *Veblen Brands*, 96 MINN. L. REV. 769 (2012). This is a relatively new piece of scholarship that offers a scathing critique of post-sale confusion. *Id.*

<sup>274</sup> *Hermès Int’l v. Lederer de Paris Fifth Ave., Inc.*, 219 F.3d 104, 107–08 (2d Cir. 2000).

<sup>275</sup> *Id.* at 108.

<sup>276</sup> Ansgar Ohly, *Free Access, Including Freedom to Imitate, as a Legal Principle – A Forgotten Concept?*, in *THE STRUCTURE OF INTELLECTUAL PROPERTY LAW: CAN ONE SIZE FIT ALL?* 97, 110 n.58 (Annette Kur & Vytautas Mizaras eds., 2011).



## 48 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

has caused a likelihood of confusion, but such an approach should begin by setting out clear factors for determining post-sale confusion.

While it is natural to argue that trademark law and post-sale confusion concerns consumers, post-sale confusion has a more substantial impact on the trademark owner: "Post-sale confusion is of considerable concern to brand owners for its ability to reduce the ability of a brand to guarantee the origin of goods or services, harm brand value, and lead to lost sales in the future."<sup>277</sup> When the argument shifts away from the consumers to trademark owners, then post-sale confusion reinforces the origin function of trademarks. However, there is a catch. Consumers also desire the peace of mind conferred by a trademark about a product's quality; therefore, post-sale confusion is juxtaposed between the origin function of trademarks and the quality function.<sup>278</sup>

Consumerism demands regulatory protection. Some jurisdictions, such as the EU and member-states, provide a number of regulations to help protect consumers. Trademark law, which is one of many regulatory instruments, coexists with other regulatory doctrines, such as comparative advertising,<sup>279</sup> unfair competition,<sup>280</sup> passing off, misappropriation, antitrust law, and consumer protection law.<sup>281</sup> When trademark law fights to coexist in this regulatory maze, it is an indication that trademark law is either in a state of hibernation, or that there is a need to amalgamate the various regulatory instruments in order to form a super code to protect consumers. Consequently, trademark rights may need to be relegated to real property, detaching itself from the

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<sup>277</sup> O'Byrne & Allgrove, *supra* note 187, at 322.

<sup>278</sup> See generally Olsen, *supra* note 9.

<sup>279</sup> Council Directive 2006/114/EC, 2006 O.J. (L 376) 8.

<sup>280</sup> Gesetz Gegen Den Unlauteren Wettbewerb [UWG] [German Law Against Unfair Competition], July 3, 2004, BGBl. I at 1414 (Ger.). See generally FRAUKE HENNING-BODEWIG, UNFAIR COMPETITION LAW: EUROPEAN UNION AND MEMBER STATES (2006) (explaining that unfair competition law only regulates a portion of the broad concept of unfair competition); Manuela Finger & Sandra Schmieder, *The New Law Against Unfair Competition: An Assessment*, 6 GER. L.J. 201 (2005) (assessing the German Law Against Unfair Competition through an analysis of the legislative history, intent, and scope of the law); Jens Matthes, *Germany—Unfair Competition: Your Flexible Friend*, LINKLATERS (July 19, 2011), [http://www.linklaters.com/Publications/Publication1392Newsletter/July\\_2011/Pages/Germany\\_Unfair\\_Competition\\_Flexible\\_Friend.aspx](http://www.linklaters.com/Publications/Publication1392Newsletter/July_2011/Pages/Germany_Unfair_Competition_Flexible_Friend.aspx) (providing an example of how some practitioners have heralded the new German unfair competition law as flexible).

<sup>281</sup> E.g., Unfair Commercial Practices Directive 2005/29, 2005 O.J. (L 149), 22-39 (EC) (regulating commercial practices that result in unfair competition); see Jennifer Davis, *Unfair Competition Law in the United Kingdom*, in LAW AGAINST UNFAIR COMPETITION: TOWARDS A NEW PARADIGM IN EUROPE? 183, 186 (Reto M. Hilty & Frauke Henning-Bodewig eds., 2007) ("[T]he government makes it clear that the [Unfair Commercial Practices Directive] affects the relationship between the consumer and the trader, and is, indeed, primarily concerned with consumer protection not with business relationships.").

intellectual property system, so that it can survive and in order for proprietors to effectively prosecute trespassers.

If post-sale confusion has been a mainstay of American trademark law for more than a century, then it would seem naïve to assert that the doctrine is undeveloped. In fact, the post-sale confusion doctrine has passed its maturity stage, but the problem is that the U.S. Supreme Court is reluctant to apply the doctrine. But should the courts be blamed for this lack of implementation, or is it simply that the doctrine is not well liked or understood? Should claimants use other arguments, for example, when trying to prove post-sale confusion? Are there different methodologies that should be adopted or particular effects that need to be gauged? This Article suggests that a set of principles are needed to determine post-sale confusion, and courts in Europe and the United States need to look to the *Polaroid* factors for a solution.

#### 4. Post-Sale Confusion in the Era of Counterfeiting

Post-sale confusion is quite developed in European trademark law, but there is a problem simmering in the foreground of trademark infringement cases: The CJEU has not given clear guidance on post-sale confusion. Clearer guidelines are needed so that the lower courts in member-states may interpret and appropriately apply the doctrine. Though *Arsenal* introduced post-sale confusion to European trademark jurisprudence, its application by the courts in *Ruiz-Picasso* and *Anheuser-Busch* added little clarity. These two decisions acknowledged the existence of post-sale confusion but failed to provide a formal analysis. Though the *Ruiz-Picasso* decision was not entirely clear in its application of the doctrine, it highlighted post-sale confusion in opposition procedures.<sup>282</sup> When the doctrine was initially construed in the United States, the circuit courts were quick to adopt post-sale confusion, building a consistent body of case law, despite taking different approaches.<sup>283</sup> In *Academy of Motion Picture Arts and Sciences v. Creative House Promotions*, for instance, the Ninth Circuit explained that “[p]ost-sale confusion occurs when consumers view a product outside the context in which it is originally distributed and confuse it with another, similar product.”<sup>284</sup> The CJEU could adopt a similar approach, providing some guidance as to how post-sale confusion would affect consumers.

<sup>282</sup> See *supra* Part III.B.2.b (analyzing the *Ruiz-Picasso* decision).

<sup>283</sup> See McCarthy, *supra* note 9, at 3356 n.172 (citing a host of cases where post-sale confusion was considered).

<sup>284</sup> *Acad. of Motion Picture Arts & Scis. v. Creative House Promotions, Inc.*, 944 F.2d 1446, 1455 (9th Cir. 1991).

Despite the established case law on post-sale confusion related to European trademark law, no evidence suggests that post-sale confusion has been formulated to protect the intellectual property rights of luxury good owners against counterfeiting. Courts in the United States have applied the post-sale confusion doctrine as a way to combat counterfeiting. When comparing how the doctrine of post-sale confusion has been treated at the highest judicial level in Europe and the United States, one telling difference emerges: The U.S. Supreme Court has not endorsed the doctrine yet, whereas the CJEU has.

It is possible, however, to argue that the lower courts in Europe made passing attempts to link post-sale confusion with luxury brands. For instance, in *L'Oréal v. Bellure*, the court suggested that the junior mark would cause post-sale confusion.<sup>285</sup> But as trademark law continues to face new challenges and with the counterfeiting of luxury brands on the rise, there is good reason for post-sale confusion to emerge from the sidelines and become a dominant arbiter in determining trademark infringement cases. Unfortunately, discussing those arguments would go beyond the scope of this Article; thus, this Article focuses next on one aspect of trademark law that is still puzzling—blurring and how post-sale confusion fits into this puzzle.

#### IV. BLURRING AND POST-SALE CONFUSION

The final limb in the trajectory of European post-sale confusion is blurring, which is situated in the wider cosmos of dilution. For illustrative purposes, the trajectory can be described as: **Origin Function > Similarities of Marks > Post-Sale Confusion > Dilution (Blurring)**. It is assumed that the reader has an understanding of trademark functions, because the issue of origin function, which indicates quality, is not thoroughly discussed in this Article.<sup>286</sup>

After exposing the similarities of marks and post-sale confusion above, we are now at the edge of the cosmos pursuing the *blurring meteoroid*. This elusive meteoroid may hold answers when determining post-sale confusion, its relation to dilution, and whether blurring may

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<sup>285</sup> Case C-487/07, *L'Oréal v. Bellure* NV, 2009 EUR-Lex CELEX LEXIS ¶ 47 (June 18, 2009); see Chai, *supra* note 188, at 378 (“The [post-sale confusion] doctrine should only be applied to protect designer fragrances which have acquired secondary meaning. . . . The doctrine should only be applied to enjoin the manufacture of knockoff fragrances which create a likelihood of confusion.”).

<sup>286</sup> *But see* sources cited *supra* notes 30–34 (discussing key principles used in assessing the requirement of likelihood of confusion).

develop substantially in the universe of European trademark law.<sup>287</sup> In *Premier Brands UK Ltd. v. Typhoon Europe Ltd.*, the court explained that blurring occurs when the distinctiveness of a mark is eroded.<sup>288</sup> This section attempts to frame the dilutive harm of blurring within the context of post-sale confusion.

A. *Blurring – The Gospel According to Schechter*

Frank Schechter may be credited for single handedly advocating, and perhaps developing, the notion of dilution, which includes blurring.<sup>289</sup> Blurring occurs when new entrants in the competition for goods attempt to market their goods and services in a manner that is often at the detriment of a more well-known mark.<sup>290</sup> In his thesis,

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<sup>287</sup> Council Directive 2008/95EC, art. 4(4)(a), 2008 O.J. (L 299) (referring to dilution as a detriment to the distinctive character of the earlier mark); see Case C-252/07, *Intel Corp., Inc. v. CPM U.K. Ltd.*, 2008 EUR-Lex CELEX LEXIS ¶¶ 16, 29 (Nov. 27, 2008) (referring to dilution as a detriment to the distinctive character of the earlier mark); see also Opinion of Advocate General Sharpston, Case C-252/07, *Intel Corp., Inc. v. CPM U.K. Ltd.*, EUR-Lex CELEX LEXIS ¶ 11 (June 26, 2008) (“Two types of dilution are commonly recognised: blurring and tarnishment. Broadly, [dilution] corresponds to the notion of detriment to the distinctive character of the earlier mark in Article 4(4)(a) of the [Trademark] Directive . . . while [tarnishment] corresponds to that of detriment to its repute . . .”). *Id.* See generally Brian W. Borchert, Note, *Imminent Domain Name: The Technological Land-Grab and ICANN’s Lifting of Domain Name Restrictions*, 45 VAL. U. L. REV. 505 (2011) (discussing the Federal Trademark Dilution Act and its subsequent amendments and explaining the standard a plaintiff must meet in order to prove dilution).

<sup>288</sup> *Premier Brands UK Ltd. v. Typhoon Eur. Ltd. & Another*, 2000 E.T.M.R. 1071, 1093.

<sup>289</sup> Frank Schechter, *The Rational Basis for Trademark Protection*, 40 HARV. L. REV. 813 (1927). It should be noted that the anti-dilution doctrine existed in Europe before Schechter penned his thesis, discussing the well-known German case, *Odol*. *Id.* at 831–32. However, he stated that “the *Odol* doctrine hails from a country where registration creates an ‘incontestable right,’ whereas in the United States and Great Britain registration is purely procedural and creates no rights . . .” *Id.* at 832–33 (footnote omitted). See Mathias Strasser, *The Rational Basis of Trademark Protection Revisited: Putting the Dilution Doctrine into Context*, 10 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 375, 404–06 (2000) (discussing the history of the dilution doctrine); Soyoung Yook, *Trademark Dilution in European Union*, 11 INT’L LEGAL PERSP. 223, 223 (2001) (“Even though the dilution theory was born in Europe, it has been developed in the U.S.”). See generally *Mead Data Cent., Inc. v. Toyota Motor Sales*, 875 F.2d 1026, 1035 (2d Cir. 1989) (discussing the development of six factors to create a standard for blurring). In 1999, the Second Circuit created a new case-by-case standard to analyze dilution cases. *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 227–28 (2d Cir. 1999).

<sup>290</sup> “Dilution by blurring” is defined in the Trademark Dilution Revision Act of 2006 as an “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.” Trademark Dilution Revision Act of 2006, 15 U.S.C. § 1125(c)(2)(B) (2006). See also *Ty Inc. v. Perryman*, 306 F.3d 509, 511 (7th Cir. 2002) (providing an additional definition for blurring). *Perryman* discussed a possible issue associated with dilution:

[T]here is concern that consumer search costs will rise if a trademark becomes associated with a variety of unrelated products. Suppose an

## 52 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

Schechter wrote twenty-eight words defining blurring, and his definition continues to stand the test of time on what seems like unshakeable grounds: “It is the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods.”<sup>291</sup> This is Schechter’s gospel of dilution, which forms the holy narrative for blurring in modern trademark law.

The gospel of dilution and blurring has evoked tension among scholars of law and regulation of private goods and commerce, which is embodied broadly in trademark law. On the one hand, the dilution and blurring gospel has been codified into laws, forming the biblical truth in trademark harm for trademark owners.<sup>292</sup> On the other hand, the atheists and other non-believers reject the gospel.<sup>293</sup> This latter group—

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upscale restaurant calls itself “Tiffany.” There is little danger that the consuming public will think it’s dealing with a branch of the Tiffany jewelry store if it patronizes this restaurant. But when consumers next see the name “Tiffany” they may think about both the restaurant and the jewelry store, and if so the efficacy of the name as an identifier of the store will be diminished. Consumers will have to think harder— incur as it were a higher imagination cost—to recognize the name as the name of the store. . . . So “blurring” is one form of dilution.

*Id.*

<sup>291</sup> Schechter, *supra* note 289, at 825.

<sup>292</sup> See, e.g., Trademark Act of 1946, 15 U.S.C. § 1125(c)(1) (2006) (providing injunctive relief for trademark owners); Trademark Dilution Revision Act of 2006, 15 U.S.C. § 1125(c)(2)(B) (2006) (amending the Trademark Act of 1946 to address dilution by blurring). The Trademark Dilution Revision Act of 2006 (“TDRA”) replaced the earlier law enacted by Congress, the Federal Trademark Dilution Act (“FTDA”), which amended the Lanham Act for bringing Dilution claims. *Id.* Prior to the enactment of the first dilution act, a number of states had dilution laws. See Brian Lerner, Note, *Sneaking Through the Back Door with Peppercorn Farm: The Monopoly Advantage of Dilution*, 20 LOY. L.A. ENT. L. REV. 429, 439 n.90 (2000) (citing state dilution statutes that existed before FTDA). See generally *The Dilution Debate: The Global Analysis of Dilution*, WORLDEXTRA, May 2008, [http://static.informaprofessional.com/ipwo/images/supplements/INTA\\_May08.pdf](http://static.informaprofessional.com/ipwo/images/supplements/INTA_May08.pdf) (discussing the current global debate on dilution); FHIMA, *supra* note 41 (providing a recent comparative discussion on dilution). The replacement of the FTDA by the TDRA was primarily a result of the Supreme Court’s interpretation in *Moseley*, where the court held that proof of actual harm to the value of a well-known mark was required before the FTDA could grant relief. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003). See generally Joseph J. Galvano, Note, *There is No “Rational Basis” for Keeping It a “Secret” Anymore: Why the FTDA’S “Actual Harm” Requirement Should Not Be Interpreted the Same Way for Dilution Caused by Blurring as It Is for Dilution Caused by Tarnishing*, 31 HOFSTRA L. REV. 1213 (2003) (providing an analysis of *Moseley*).

<sup>293</sup> These skeptics mostly include scholars; however, some courts are also skeptical. See, e.g., *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc.*, 855 F.2d 480, 484 (7th Cir. 1988) (“Dilution is an infection which, if allowed to spread, will inevitably destroy the advertising value of the mark.”); see David J. Franklyn, *Debunking Dilution Doctrine: Toward a Coherent Theory of the Anti-Free-Rider Principle in American Trademark Law*, 56 HASTINGS L.J. 117, 119 (2004) (providing an example of a skeptical academic). See generally Robert G. Bone, *Schechter’s Ideas in Historical Context and*

made up mostly of legal academics and rogue courts critical of dilution—did not enjoy the luxury of enacting laws, while the former group—trademark owners—seeks comfort in the fact that there is a degree of constitutional protection for their property.<sup>294</sup> Once dilution was recognized by the law at the federal level and co-existed with the already enacted state dilution statutes, it was time for the U.S. Supreme Court to offer some guidance and interpretation on what constitutes dilution harm.

In *Moseley*, the Supreme Court interpreted dilution very narrowly, stating that blurring was “not a necessary consequence of mental association” and that the law “requires a showing of actual dilution.”<sup>295</sup> By this reasoning, the Supreme Court rejected the likelihood of confusion test, holding that the evidence provided was not sufficient to support dilution by blurring.<sup>296</sup> Even though there was legislation in place to protect the gospel of blurring according to Schechter, even the U.S. Supreme Court could not interpret what Schechter meant by the “gradual whittling away . . . of the mark.”<sup>297</sup>

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*Dilution's Rocky Road*, 24 SANTA CLARA COMPUTER & HIGH TECH L.J. 469 (2008) (providing a general overview of the skepticism surrounding Schechter's dilution theory); Kathleen B. McCabe, Note, *Dilution-by-Blurring: A Theory Caught in the Shadow of Trademark Infringement*, 68 FORDHAM L. REV. 1827 (2000) (illustrating further skepticism of Schechter's dilution theory).

<sup>294</sup> Pamela S. Karlan, *Constitutional Law as Trademark*, 43 U.C. DAVIS L. REV. 385, 394–95 (2009) (arguing that “there is a serious problem with letting a mark holder squelch criticism by denying critics the ability to make their case using the most effective possible language[.]” and that the manner in which “labels operate in constitutional arguments also has interesting parallels with trademark law”); see Laura R. Bradford, *Emotion, Dilution, and the Trademark Consumer*, 23 BERKELEY TECH. L.J. 1227, 1250 (2008) (proposing a form of truce because, as she argues, both sides of the dilution debate avoided a discussion of emotion, and there has been a “failure to communicate a coherent harm for dilution by blurring”). As optimistic as Bradford is, I cannot share one of her claims that “blurring eases barriers to entry,” because the junior mark does not add anything innovative. *Id.* at 1287. On the contrary, it often adapts a similar or near identical mark to the senior mark. *Id.* If anything, blurring, viewed through the lens of competition law or antitrust, distorts the competitive process. But such a claim by Bradford is best supported by the argument of comparative advertising. See Brian A. Jacobs, Note, *Trademark Dilution on the Constitutional Edge*, 104 COLUM. L. REV. 161, 165 (2004) (suggesting “a constitutionally adequate ‘efficiency test’ for dilution”). See generally P. Sean Morris, *Trade Marks External Costs* (2011) (unpublished manuscript) (on file with the author). This was presented at the Society of Legal Scholars Annual Conference on September 10–14, 2011, in Bristol, UK.

<sup>295</sup> *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433–34 (2003). See generally Julie C. Frymark, Note, *Trademark Dilution: A Proposal to Stop the Infection from Spreading*, 38 VAL. U. L. REV. 165 (2003) (noting that the Supreme Court's decision in *Moseley* had a detrimental effect on the dilution doctrine in American courts).

<sup>296</sup> *Moseley*, 537 U.S. at 433.

<sup>297</sup> Schechter, *supra* note 289, at 825.

## 54 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

Schechter's gospel on blurring has been debated ever since he penned *Rational Basis for Trademark Protection*. The various disciples—the legislature and judiciary—vociferously spread the gospel; however, because of inconsistencies in the blurring doctrine, the dilution by blurring idea was established for the most part by trial and error and could be perfected only with specific standards and parameters. Nevertheless, Schechter's dilution and blurring doctrine matured from its *Odol* origins in Germany, was fine-tuned in the United States, and then spread beyond the shores of the United States to the EU and other countries.<sup>298</sup> With this in mind, the next section explains how the dilution by blurring doctrine matured, as well as its relation to post-sale confusion in the EU, of which Germany is now a part.

B. *Intel and the European Construction of Schechter's Blurring*

*Intel Corp. Inc. v. CPM United Kingdom Ltd.* made its way to the CJEU and later equated the idea of detriment to the distinctive character as blurring, stating that such detriment has always been “referred to as ‘dilution,’ ‘whittling away’ or ‘blurring.’”<sup>299</sup> The CJEU's language was Schechterian gospel in its purest form, which evoked, reinforced, and entrenched what was originally a European doctrine.<sup>300</sup> If the language in Article 4(4)(a) of the TMD was not clear enough regarding the link between “detriment to the distinctive character” and blurring, then the CJEU in *Intel* made sure that there were no uncertainties and that detriment to the distinctive character equated to blurring.<sup>301</sup> Furthermore, by adopting the Schechterian language of blurring, the CJEU ensured that as European trademark law matured, it would mature on the same path as the more developed American trademark law.

<sup>298</sup> *Id.* at 831–33.

<sup>299</sup> Case C-252/07, *Intel Corp. Inc. v. CPM U.K. Ltd.*, 2008 EUR-Lex CELEX LEXIS ¶ 29 (Nov. 27, 2008). In *Interflora, Inc. v. Marks & Spencer plc.*, the advocate general made the following observation about dilution in European trademark:

As to the terminology, it seems . . . that in EU trade mark law *dilution in the wide sense* comprises blurring . . . . Blurring (or whittling away or *dilution in the narrow sense*) means use that can lead to a process of dilution of the trade mark in the strict sense, i.e. diminishing of the distinctiveness of the trade mark.

Opinion of Advocate General Jääskinen, Case C-323/09, *Interflora, Inc. v. Marks & Spencer plc.*, 2011 EUR-Lex CELEX LEXIS ¶ 54 (Mar. 24, 2011) (emphasis in original).

<sup>300</sup> See Morris, *supra* note 294 (making similar arguments regarding external costs and trademarks).

<sup>301</sup> *Intel Corp.*, 2008 EUR-Lex CELEX LEXIS ¶ 76.

The CJEU, however, did not conduct a thorough analysis of blurring in Schechterian language; instead, it was Advocate General Sharpston who framed blurring in Schechterian language, drawing a comparative analysis with the United States:

The courts in the United States, where owners of certain marks have been protected against dilution for some time, have added richly to the lexicon of dilution, describing it in terms of lessening, watering down, debilitating, weakening, undermining, blurring, eroding and insidious gnawing away at a trade mark. The essence of dilution in this classic sense is that the blurring of the distinctiveness of the mark means that it is no longer capable of arousing intermediate association with the goods for which it is registered and used.<sup>302</sup>

The Advocate General further explained that there has to be a mental link between the marks in the mind of consumers for blurring to occur:

The link is a precondition for examining the existence of blurring and, when the public does establish a link between the two marks, it may well be that the first step on the road to blurring has been taken, but other factors and evidence are needed to determine whether actual detriment is caused to distinctive character.<sup>303</sup>

This treatment of blurring also indicated how the CJEU would add its own discussion on blurring.<sup>304</sup> The English High Court referred the *Intel*

<sup>302</sup> Opinion of Advocate General Sharpston, *supra* note 287, ¶ 33.

<sup>303</sup> *Id.* ¶ 70; *see also id.* ¶¶ 42, 45, 76 (expanding on the elements necessary to prove blurring).

<sup>304</sup> *See Intel Corp.*, 2008 EUR-Lex CELEX LEXIS ¶ 76 (“[D]etriment to the distinctive character of the earlier mark is caused when that mark’s ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened . . .”); *see also* Opinion of Advocate General Jääskinen, *supra* note 299, ¶ 80 (providing an in-depth discussion of blurring). The court stated:

*Blurring* refers thus to the use of a sign identical with or similar to a trade mark with a reputation in a fashion that is likely to weaken its distinctiveness by decreasing its capacity to distinguish goods and services. At the end of the process of blurring (or dilution in the strict sense) the trade mark is no longer capable of creating an association in the minds of consumers of the existence of an economic link between a specific commercial source of certain goods or services and the trade mark. Therefore, what is at stake is the very capacity of a sign to serve as a trade mark, or in other words the identification or distinguishing function of the trade mark.



## 56 VALPARAISO UNIVERSITY LAW REVIEW [Vol. 47]

case to the CJEU in order to determine the relevant criteria “for the purposes of establishing whether there is a link . . . between the earlier mark with a reputation and the later mark.”<sup>305</sup> The referring court suggested some factors for the CJEU to consider and sought guidance on other factors it should consider when determining whether blurring has occurred.<sup>306</sup> Rather than create a definitive test for blurring, the CJEU lamented the shortcomings of the factors suggested by the English High Court.<sup>307</sup>

The CJEU included in its analysis a discussion of post-sale confusion, stating that an inquiry into the strength of the senior mark may be necessary “to determine whether that *reputation extends beyond the public targeted* by that mark.”<sup>308</sup> The Court later elaborated that “a link between the conflicting marks is necessarily established when there is a likelihood of confusion.”<sup>309</sup> This reasoning appears to indicate some degree of

Blurring or dilution in this sense primarily means that the distinctiveness of the trade mark is ‘watered’ down (‘Verwässerung’ in German) as the trade mark becomes banal.

*Id.* ¶¶ 80–81 (footnote omitted).

<sup>305</sup> *Intel Corp.*, 2008 EUR-Lex CELEX LEXIS ¶ 40.

<sup>306</sup> *Id.* ¶ 42. The factors were in the guise of the questions referred to by the CJEU. Paragraph twenty-three of the judgment lists the questions as:

(1) For the purposes of Article 4(4)(a) of the [Directive], where:

- (a) the earlier mark has a *huge reputation* for certain specific types of goods or services,
- (b) those goods or services are dissimilar or dissimilar to a substantial degree to the goods or services of the later mark [or the degree of distinctiveness],
- (c) the earlier mark is *unique* in respect of any goods or services,
- (d) the earlier mark would be brought to mind by the average consumer when he or she encounters the later mark used for services of the later mark,

are those facts sufficient in themselves to establish . . . a link . . . ?

*Id.* ¶ 23 (emphasis added). The referring court then asked in part two of the question if the answer is negative: “[W]hat factors is the national court to take into account in deciding whether such is sufficient?” *Id.*

<sup>307</sup> *See id.* ¶ 80 (stating that the factors were “not sufficient to establish that the use of the later mark takes or would take unfair advantage of, or is or would be detrimental to, the distinctive character or the repute of the earlier mark”). According to one scholar, it is “unfortunate that the Court did not inject more certainty into this troubled area.” FHIMA, *supra* note 41, at 141.

<sup>308</sup> *Intel Corp.*, 2008 EUR-Lex CELEX LEXIS ¶ 53 (emphasis added).

<sup>309</sup> *Id.* ¶ 57.

relationship between blurring and confusion (and hence post-sale confusion), and such a relationship can only be true once a link had been established.

C. *Haute Couture v. Guess Girl: Blurring and Post-Sale Confusion*

The CJEU nearly established a nexus between blurring and post-sale confusion in *Intel*, but the decision was unclear as to how to do so.<sup>310</sup> The Court should have turned to one of the many cases in the United States, such as *Nabisco*,<sup>311</sup> where courts found that dilution by blurring occurred in a post-sale context.<sup>312</sup>

*Gucci America, Inc. v. Guess?, Inc.* provides a prime example of the connection between post-sale confusion and blurring, when the court found that Guess infringed Gucci's trademark due to "dilution by blurring."<sup>313</sup> The case had all the ingredients for post-sale confusion, ranging from knock-offs to other brazen attempts by Guess to "Gucci-fy" its products, which even included an odd "rabbi" who allegedly sold "counterfeit Gucci products to benefit his synagogue."<sup>314</sup> The Gucci trademarks symbolize luxury, whereas the Guess trademarks symbolize mid-range luxury and are an imitation of Gucci products. This may cause post-sale confusion due to the luxurious nature of the senior mark, and also because the potential consumer who sees Mr. and Mrs. Highflyerberg wearing Guess's *Gucci-fied* products may think they originated with Gucci because of the similarity to Gucci's iconic designs.

Gucci, the proprietor of the senior marks, sued Guess and its cohorts for infringement.<sup>315</sup> Although the court found that a Guess licensee intentionally copied Gucci's iconic Green/Red/Green ("GRG") stripe and that Gucci instructed Guess to stop producing the infringing product, the court held that Guess's Brown/Red/Brown stripe was

<sup>310</sup> *Id.*

<sup>311</sup> *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 218 (2d Cir. 1999); *see also* I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 44 (1st Cir. 1998); *Polo Fashions, Inc. v. Craftex, Inc.*, 816 F.2d 145, 148 (4th Cir. 1987) (both discussing the likelihood of post-sale confusion due to dilution by blurring).

<sup>312</sup> *See* Robert G. Bone, *Enforcement Costs and Trademark Puzzles*, 90 VA. L. REV. 2099, 2120 n.65 (2004).

<sup>313</sup> *Gucci Am., Inc. v. Guess?, Inc.*, No. 09 Civ. 4373(SAS), 2012 WL 2304247, at \*31 (S.D.N.Y. June 18, 2012); *see also* Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 588 F.3d 97, 113 (2d Cir. 2009) (discussing the role of parody in dilution by blurring); *DINWOODIE & JANIS*, *supra* note 4, 635–46.

<sup>314</sup> *Gucci*, 2012 WL 2304247, at \*1, \*13. Gucci sued Guess for infringing on five Gucci designs: the GRG Stripe [a well-known mark], the Repeating GG Pattern [interlocking GG] (along with the Diamond Motif Trade Dress), the Stylized G, and the Script Gucci). *Id.* at \*3.

<sup>315</sup> *Id.* at \*1.

“visually dissimilar from the GRG Stripe and will not cause confusion, even in the post-sale context.”<sup>316</sup> But the court’s ruling did not mean that all was lost where post-sale confusion was concerned. If anything, the court demonstrated how it would then treat Gucci’s post-sale confusion claims.<sup>317</sup> The court continued to criticize post-sale confusion and argued that even though the alleged Guess knock-off shoes looked alike, they would not cause post-sale confusion due to the lack of similarities.<sup>318</sup> This reasoning was somewhat odd given that in other circumstances one factor for determining confusion was the similarity of the goods, signs, or services.<sup>319</sup> Even in dilution claims, there must be a degree of similarity between the junior and senior mark to conjure a likelihood of association and to lead the court to make a dilution determination.<sup>320</sup>

Another important aspect of the court’s decision dealt with consumer surveys.<sup>321</sup> The extent of the importance of consumer surveys has been controversial and *Gucci* continues to raise doubts regarding their use. The court initially rejected a consumer survey, but later reversed that decision and re-admitted the survey into evidence, because it served a particular purpose regarding “the narrow issue of post-sale consumer confusion.”<sup>322</sup> Gucci alleged that Guess’s Quattro G bags inflicted post-sale confusion on its senior mark, because it would have been difficult for “the casual observer” to see the junior marks’ ornamentation “in post-sale situations.”<sup>323</sup>

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<sup>316</sup> *Id.* at \*8. Gucci’s stripe consists of Green/Red/Green. *Id.* at \*1. The court also found that post-sale confusion was unlikely regarding the Stylized G, where Guess used similar patterns in a Square G on its products. *Id.* at \*11. The court stated, “While the Square Gs on the shoes have the word ‘Guess’ on them, I find that a casual observer in a typical post-sale setting is not likely to notice such markings.” *Id.* The Court also discussed evidence of expert witnesses following copying trends in the fashion industry and discussed how far such copying may go: “While the law allows emulation of successful product features in order to spur competition and benefit consumers, it prohibits emulation from crossing over into copying that causes consumer confusion.” *Id.* at \*14.

<sup>317</sup> *Id.* at \*19–21.

<sup>318</sup> *Id.* at \*8.

<sup>319</sup> See *supra* notes 46–51 (taking into account similarity in order to determine whether post-sale confusion is likely to occur).

<sup>320</sup> E.g., *Mead Data Cent., Inc. v. Toyota Motor Sales*, 875 F.2d 1026, 1029 (2d Cir. 1989) (holding that no claim of dilution would exist if there was not a significant similarity between marks).

<sup>321</sup> See generally Shashank Upadhye, *Trademark Surveys: Identifying the Relevant Universe of Confused Consumers*, 8 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 550 (1997).

<sup>322</sup> *Gucci*, 2012 WL 2304247, at \*15 (internal quotation marks omitted).

<sup>323</sup> *Id.* (internal quotation marks omitted). According to the court, “[T]hirty-seven percent of women . . . carry handbags on which no source-identifying ornamentation can be seen in the post-sale context . . . . [T]he maximum level of confusion amongst casual observers in the post-sale setting is 5.8 percent.” *Id.*

In its analysis of the law, the court reasoned that the harm addressed by the post-sale confusion was not a “misdirected purchase, but a purchase intended to confuse.”<sup>324</sup> The court stated that “a post-sale confusion plaintiff must still establish a likelihood of confusion among an appreciable number of post-sale observers, taking into account all the vagaries involved with post-sale observation.”<sup>325</sup> The court opined that the *Polaroid* factors, though not exhaustive, are to be considered when determining the likelihood of confusion and, more specifically, post-sale confusion.<sup>326</sup> Guess was in hot water from the beginning, because it was a “trend follower” and not a “trend leader,”<sup>327</sup> which gave rise to the need for “brand cohesion and aesthetics.”<sup>328</sup> This led to a failure to individually clear products that conflicted with Gucci’s intellectual property rights.

In the end, however, Guess triumphed on the issue of post-sale confusion. Neither party presented evidence on the sophistication of the casual observer in the post-sale setting; nevertheless, this factor favored Guess, especially in relation to the interlocking GGs, Gucci’s repeating G, and Guess’ Quattro G.<sup>329</sup> The court reasoned that it was the “general viewing public” who mattered.<sup>330</sup> Ultimately, Gucci proved trademark infringement due to post-sale confusion regarding the Stylized G.<sup>331</sup>

The *Gucci* case shows the extent to which post-sale confusion has developed within trademark law and practice. It also highlights some of the practical issues facing litigants and courts when analyzing post-sale confusion. It is interesting to note the divergent paths that both the CJEU and the U.S. Supreme Court have taken on this issue. On the one hand, the European high court recognizes post-sale confusion as actionable, while the U.S. Supreme Court remains silent on the issue. Even if a case involving post-sale confusion were to reach the U.S. Supreme Court, it would be hard to predict how the Court would decide the issue. The circuit and district courts have reached various conclusions on the issue of post-sale confusion, and it is unclear as to what factors the Court would consider in reaching a conclusion on the issue. Proving post-sale confusion remains difficult and additional

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<sup>324</sup> *Id.* at \*19.

<sup>325</sup> *See id.* (“[T]he fact that post-sale observers are removed from purchasing decisions makes post-sale trademark cases inherently difficult to prove, speculative, and subject to increased scrutiny.”) (footnotes omitted).

<sup>326</sup> *Id.* at \*20.

<sup>327</sup> *Id.* at \*5.

<sup>328</sup> *Id.* at \*6.

<sup>329</sup> *Id.* at \*25.

<sup>330</sup> *Id.* at \*26.

<sup>331</sup> *Id.* at \*29.

factors could prove useful; however, this would set the Supreme Court on a collision path with *Moseley*. Fortunately, the law is an ever-evolving creature, and one decision has the ability to correct previous judgments that are unfriendly to post-sale confusion-related litigation.

In terms of dilution by blurring and post-sale confusion, the focus must be on creating a standard set of factors for proving post-sale confusion. Only when a standard exists can the courts properly treat dilution by blurring in a post-sale confusion issue. Currently, the courts have recognized that post-sale confusion is actionable; however, the courts have failed to clarify how post-sale confusion affects a senior mark and the effect of such an injury on dilution claims. Nevertheless, the answer may be in the doctrine of blurring since confusion “lessens distinction,” especially when “consumers confuse the junior mark with the senior” mark.<sup>332</sup>

#### V. CONCLUSION

The cases discussed above highlight how post-sale confusion has worked its way through the European judicial system. However, courts, like the CJEU in *Arsenal*, unconvincingly addressed post-sale confusion.<sup>333</sup> Therefore, the CJEU must develop a form-factor test to ensure a smooth application of post-sale confusion by the lower courts. Merely stating that post-sale confusion is one of the determinants of the likelihood of confusion fails to provide a sound footing for European trademark jurisprudence.<sup>334</sup>

In the ten years since *Arsenal*, the post-sale confusion doctrine has fallen off the CJEU’s radar. For a doctrine of such significance, this is unacceptable when European trademark jurisprudence remains a maturing phenomenon. The CJEU often suffers from a “yes minister” syndrome, meaning that the CJEU usually adopts and follows doctrines that emanate from the U.S. courts. Although no evidence exists to suggest that the CJEU adopted the doctrine of post-sale confusion from the U.S. circuit courts, the CJEU is now in a position to shed the “yes minister” syndrome. In doing so, the CJEU could lead the way on the use of the post-sale confusion doctrine in trademark jurisprudence by adopting clear tests clarifying what constitutes post-sale confusion, when

<sup>332</sup> *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 221 (2d Cir. 1999).

<sup>333</sup> See *supra* notes 228–41 and accompanying text (discussing the court’s decision in *Arsenal*).

<sup>334</sup> See *Weberndörfer*, *supra* note 173, at 255 (“The exact scope of [post-sale confusion] is however neither abstractly defined nor absolutely harmonised, since the judicial circuits do not agree with one another in a number of questions and have only little guidance from Congress or the Supreme Court.”) (footnote omitted).

it occurs, where it occurs, why it occurs, how it occurs, and which consumers are actually affected. The CJEU must develop its own “*Polaroid moment*” for post-sale confusion.

The CJEU must take the lead by developing a form-factor test for the doctrine of post-sale confusion. Consequently, post-sale confusion is essential for preventing counterfeiting, and it also enforces the origin function of trademarks so that consumers remain confident in the communicative aspect of a trademark. Furthermore, articulating a coherent form-factor test for post-sale confusion pertaining to the likelihood of confusion would standardize how the likelihood of confusion is determined. Ultimately, it would ensure that there is a degree of certainty within the European Union concerning post-sale confusion.