

2. The Fame/Reputation Standard

A. Introduction

2.01 Both the United States and the European Union only offer protection against dilution in its widest sense to trade marks which have reached a certain level of recognition amongst consumers. This chapter will consider why a knowledge level is required to qualify for protection, what level of knowledge is required to satisfy this requirement in the US and Europe and how a trade mark owner might go about proving that this knowledge level has been reached.

B. Why is a knowledge level required?

2.02 We might pause to question why it is that trade marks only qualify for dilution protection when they reach a particular degree of recognition amongst consumers.¹ After all, Schechter made no mention of a need for marks to be famous, or to have a particular reputation in his article advocating for dilution protection.² Moreover, if dilution is genuinely seen as a harmful activity that it is in society’s interests to prevent, then one might think this would be the case regardless of the status of the mark.

A threshold for exceptional protection

2.03 As has been previously noted, dilution is a controversial form of protection, particularly because it has been cut loose from the tradition, consumer-orientated requirement of confusion for showing infringement. It is therefore possible that the fame/reputation requirement has been inserted merely to place a limit on dilution’s potentially huge scope. Such an explanation has substantial backing in the US.³ It also has also been put forward by at least one UK tribunal.⁴ This option is unattractive though as it implies that a burden has been placed on trade mark owners almost arbitrarily. If the desire was to mitigate the effects of dilution, one might expect a more sophisticated

¹ This section builds on ideas that I have previously put forward in I. Simon Fhima, ‘The Fame Standard for Trademark Dilution in the United States and European Union Compared’ 17 TLCP 631, 632-636 (2008).

² Frank I Schechter, ‘The Rational Basis of Trade-mark Protection’ 40 Harv L Rev 813 (1927). Instead he called for the protection to be limited to particularly distinctive marks.

³ Trademark Dilution Revision Act of 2005: Hearing on HR 683 Before the Subcomm. On Courts, the Internet and Intellectual Prop. Of the Comm. On the Judiciary, 110th Cong. 18 (2007), testimony of Anne Gundelfinder, President, International Trademark Association, p.18: ‘Dilution protection was never meant for the average trademark. It was intended to provide extraordinary protection for extraordinary marks’ and McCarthy, [ref](#) §24:104: ‘Without a requirement that the plaintiff’s mark be very strong or famous, an antidilution statute becomes a rogue law that turns every trademark, no matter how weak, into an anti-competitive weapon’.

⁴ *Far Peak Farm Trade Mark*, O/207/07 (24 July 2007) ‘Taking into account the strict requirements which need to be satisfied under Section 5(3) to *expand the parameters of “normal” trade mark protection* I cannot find that the opponent has shown reputation under Section 5(3) of the Act and the opposition under Section 5(3) must fail on this basis’ [emphasis added].

approach which targeted the types of third-party trade mark use that need to be exempted from the reach of dilution.

A reward for investment

- 2.04 It may be that the intention behind the fame/reputation requirement is to reward trade mark owners who have invested in their trade marks to the extent that they have built up a reputation over and above that of their peers by giving their marks an enhanced level of protection.
- 2.05 This justification has gained some acceptance before the Court of First Instance of the European Communities (CFI).⁵ However, it is fraught with difficulties. It suggests that the fact of investment might, of itself, merit protection. Alternatively, to take this one stage further, because the investment has led to the creation of a valuable symbol, the fact of that value should lead to protection. This is certainly not a position we generally take elsewhere in intellectual property law, where a potential right-holder must show not only that he has invested, but also that the investment has resulted in a positive outcome, such as a non-obvious invention in the realm of patent law, or an original work for copyright protection. Likewise, the UK has consistently rejected the prospect of an action against unfair competition because of the belief that the mere fact that a trader has something of value does not automatically mean that the thing should be protected.⁶
- 2.06 This possibility also raises the issue of whether we want to reward investment in advertising at all. Many see that investment as socially wasteful,⁷ and it can be argued that we would do better to reward investments in product quality, rather than in building up the ‘image’ of the product. However, there is a school of thought that views investment in advertising as socially beneficial, as it can enhance consumer choice and self-expression by allowing consumers to identify themselves with the image of a particular brand through their purchasing decisions.⁸

Reputation as a component of dilution and unfair advantage

- 2.07 Requiring a reputation makes sense in relation to some of the types of dilution because only marks which have a reputation can suffer those forms of damage. Most obviously, tarnishment or detriment to a mark’s reputation

⁵ See *SIGLA SA v OHIM; Eleni Holding BV intervening (VIPS)* T-215/03 [2007] ETMR 79 [35] (CFI) and *Mulhens GmbH & Co KG v OHIM (MINERAL SPA)* T-93/06 [2008] ETMR 69 [26], both of which state: ‘The messages in question which are conveyed inter alia by a mark with a reputation or which are associated with it confer on that mark a significant value which deserves protection, particularly because, in most cases, the reputation of a mark is the result of considerable effort and investment on the part of its proprietor.’

⁶ For a recent summary of these concerns see *L’Oreal SA v Bellure NV* [2008] ETMR 1 [141] (CA).

⁷ See for example R Brown, ‘Advertising and the Public Interest: Legal Protection of Trade Symbols’, 57 *Yale LJ* 1165, (1948), and, more recently J Litman, ‘Breakfast with Batman: Advertising and the Public Interest in the Internet Age’ 108 *Yale Law Journal* 1717 (1999). Although Litman is prepared to accept that there may be some social value in ‘atmospheric advertising’, she feels that this is insufficient to justify granting it legal protection.

⁸ See for example N Dawson, ‘Famous and Well-Known Trade Marks: “Usurping a Corner of the Giant’s Robe” [1998] *IPQ* 350, 37 and also S Dilbury, ‘Famous Trademarks and the Rational Basis for Protecting Irrational Beliefs’ 14 *George Mason Law Review* 605 (2007).

requires that mark to have a reputation in the first place. Likewise, for a junior user to be able to derive a benefit in the form of unfair advantage from a senior user’s mark, the senior user’s mark must be known to the junior user’s consumers. Thus, as a bare minimum, the mark would need to be known widely within a particular product market, but it should be remembered that dilution will often involve dissimilar goods or services. In such cases, the mark would need to be known outside the product market in which it was originally used, by the junior user’s consumers, for any form of advantage to ‘rub off’ on the junior user.

- 2.08 It would be possible to take care of this need for a reputation in the assessment of the harms themselves and, as we shall see in future chapters, the senior mark’s level of knowledge amongst consumers is taken into account in considering whether dilution can take place. However, it is efficient to put a reputation requirement ‘up front’ to weed out truly hopeless cases which could never suffer dilution.

Reputation as a component of association

- 2.09 Although association between the junior and senior marks does not amount to dilution in and of itself, as will be discussed in Chapter [ref](#), it is now acknowledged in both the US and in Europe that without association, dilution cannot take place.⁹ For consumers of the junior user’s goods to associate the junior user’s mark with that of the senior user, the senior user’s mark must be known to the junior user’s consumers. There is more chance of the senior mark being brought to mind if it is famous,¹⁰ but even in the absence of a high fame standard, association still requires some sort of knowledge threshold in relation to the senior mark. This is particularly the case where the parties’ goods are dissimilar, and so it cannot be assumed that the junior user will have come across the senior user’s mark merely by virtue of goods bearing the two marks being sold side-by-side, or at least on the same market. Instead, an association will only be made if the junior user’s consumers are ‘carrying around’ an image of the senior mark in their heads which is triggered by the junior use in a different context.
- 2.10 As was the case above, if fame or reputation is a core constituent of one of the crucial ingredients of dilution, it is most efficient for it to be considered as a preliminary requirement.

Historical and pragmatic reasons

- 2.11 In Europe at least, the influence of the pre-harmonisation law of the Member States may be in part responsible for the knowledge standard. As was noted in the previous chapter, the two types of action in Germany contained a

⁹ In the US association is explicitly a requirement for both tarnishment and blurring – see 15 USC §1125(c)(2)(B) and (C), while in the European Union, the role of association has been recognised in *Adidas-Salomon AG v Fitnessworld C-408/01* [2004] ETMR 10 [29] (ECJ).

¹⁰ See A Simonson, ‘How and When Do Trademarks Dilution: a Behavioural Framework to Judge Likelihood of Dilution’ 83 Trademark Rep 149, 163-163 (1993): ‘[T]he stronger the brand in terms of ease of recall or recognisability, the more vulnerable such brand may be to dilution because the new brand will tend to evoke the original brand more strongly...’.

knowledge component: the s.823 action required ‘supernotoriety’ while the s.1 UWG action required the senior mark to have a reputation or image that the junior user could compete to exploit. To an extent this mirrors two of the rationales proposed above: the s.823 appears to have operated as a reward for building up a reputation,¹¹ whereas the reputation under s.1 UWG was a vital component in making out the harm. However, it should be noted that the s.823 standard for proving fame has been rejected by the ECJ and the requirement that the mark be prestigious, as well as well-known has generally not been carried over into the Directive law.

- 2.12 An alternative explanation is offered Alexander von Muhlendahl,¹² who was closely involved with the drafting of the Directive. He explains that the reputation requirement is the result of a compromise brokered between the Benelux delegation, who sought a ‘wholesale adoption’ of the very wide protection offered in the Benelux under Art.13A, and other member states who thought such protection was inappropriately wide. This would suggest that the reputation requirement is something of an arbitrary limit of dilution protection, introduced to mitigate its effect.
- 2.13 Part of the impetus in the US for the introduction of a fame requirement appears to stem from the need for the US to comply with the position it was adopting on the international stage at the time that a federal dilution statute was first mooted in recent times in 1988, and ultimately passed in 1995. Congressional reports accompanying both the Trademark Revision Act 1988¹³ and the Federal Trademark Dilution Act 1996¹⁴ highlight that the US’s position in the course of negotiations for what was to become the TRIPs Agreement was that signatories should be required to give enhanced protection to famous marks. This stance suggested that the US should be giving at least as extensive protection at the domestic level as it was calling for other countries to provide.

C. What degree of knowledge is needed?

The United States

The fame standard under the FTDA 1995

- 2.14 One of the key changes contained in the Trademark Dilution Revision Act 2006 (TDRA) was the introduction of a stricter fame standard, making it more difficult for trade marks to qualify for dilution protection. Although under the Federal Trademark Dilution Act 1995 (FTDA), a mark had to be ‘famous’ to qualify for protection, certain courts adopted a liberal attitude to

¹¹ BGH, November 11, 1958, GRUR 1959 182, 186 Quick: the ‘owner of such a distinctive market has a legitimate interest in continuing to maintain the position of the exclusivity he acquired’.

¹² Proceedings of the ECTA Conference of 27 May 1988 in Rome – 5. *The Community Trade Mark – a Conference and Consultation Between Legislators and Practitioners*, p84.

¹³ S REP 100-515

PL 100-667, TRADEMARK LAW REVISION ACT OF 1988--SATELLITE HOME VIEWER ACT OF 1988 SENATE REPORT NO 100-515 September 15, 1988, p7.

¹⁴ HR REP 104-374 PL 104-98, FEDERAL TRADEMARK DILUTION ACT OF 1995 HOUSE REPORT NO 104-374 November 30, 1995, p4.

fame, requiring only that the mark be recognised by consumers in the mark-owner’s product market, rather than across the entire consuming public. Some courts went as far as to only require that the mark be known in a particular geographical area.

2.15 Product market niche fame and geographical market niche fame, as they became known, proved controversial, as they were seen to be discrediting dilution by making it too easy to qualify for dilution’s exceptionally strong protection. McCarthy has also argued that providing protection against dilution in cases of niche fame was unnecessary since such scenarios would already benefit from traditional infringement-based confusion protection, particularly since courts which found niche fame were often only willing to offer dilution protection if the junior mark was in the same niche market as the senior mark.¹⁵ However, this position is questionable, because if dilution does involve a real type of harm, which is different from confusion, it is hard to see why, if both are present, they should not both be prevented. Adopting the approach that we should eliminate overlapping dilution and confusion protection would have serious implications for the European Union, where we will see that not only is niche fame recognised (in principle at least) but the dilution action has been expanded from a position where only the use of a junior mark on dissimilar goods to those of the senior user, which would not benefit from confusion protection would be caught to a position where a senior user can act against junior use on *all* types of goods.

The fame standard under the TDRA 2006

2.16 As a consequence, the 2006 Act explicitly states that in order for a mark to be considered famous, and hence to qualify for dilution protection it must be ‘widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner’. The mention of the *general* consuming public eliminates the possibility of fame in just one sector of the public being sufficient. The concept of ‘wide’ recognition implies that a relatively high percentage of the relevant public must recognise the mark. The fact that this recognition is defined by reference to the United States suggests that recognition in a mere part of the territory will not be enough.

2.17 As we will explore further in the discussion concerning how to prove fame, with a couple of early exceptions,¹⁶ the US courts have applied this standard robustly. The marks which have been recognised as famous are predominantly household names, used for mass-market goods, such as NIKE,¹⁷ PEPSI¹⁸ and VISA.¹⁹ Some luxury brands,²⁰ which would be out of

¹⁵ McCarthy, §24:105

¹⁶ Notably *Pet Silk, Inc v Jackson* 481 F Supp 2d 824 (SD Tex 2007), where ‘name recognition in the pet supply and dog grooming market’ sufficed, although fame does not appear to have been contested in this case. For a discussion of the treatment of fame in this case and in other cases immediately following the passing of the TDRA see B Beebe, ‘The Continuing Debacle of US Antidilution Law: Evidence from the First Year of Trademark Dilution Revision Act Case Law’ 24 Santa Clara Computer & High Technology Law Journal 449, 457-458 and 466 (2008).

¹⁷ *Nike, Inc v Nikepal Intern, Inc* Not Reported in F Supp 2d, 2007 WL 2782030 (ED Cal, 2007)..

¹⁸ *Pepsico, Inc v #1 Wholesale, LLC* Not Reported in F Supp 2d, 2007 WL 2142294 (NDGa, 2007).

¹⁹ *Visa Intern Service Ass’n v JSL Corp* 590 F Supp 2d 1306 (D Nev, 2008)

the reach of many, but might still be widely known as status symbols, have also been found to be famous. These marks have tended to have been used and advertised at least throughout the entire US, and often worldwide.²¹ In fact, it is generally so easy to predict, without having seen the evidence, which marks will be considered famous, even to non-Americans like the author, that we might consider whether it is efficient for parties to have to go to great lengths to prove fame, when the answer often seems to be a foregone conclusion.

- 2.18 Equally well, courts have consistently refused to find fame where the evidence suggests that recognition of the mark is limited to the mark-holder’s own product market.²²

Must the mark have an enhanced level of distinctiveness to qualify?

- 2.19 A number of courts have sought to introduce an additional criterion of distinctiveness for a mark to qualify for dilution protection under the TDRA. Under the FTDA, some circuits adopted the position that marks could only benefit from dilution protection if they showed a level of distinctiveness in excess of what was required to qualify for trade mark protection, or even that the senior mark was inherently distinctive.²³ The Second Circuit in *Nabisco*²⁴ explained the rationale behind requiring distinctiveness: the wording of the FTDA introduced a distinctiveness requirement by describing its eight-factor test for fame as indicating ‘whether the mark is distinctive and famous’. Moreover, the concept of dilution of distinctiveness presupposes that the senior mark actually is distinctive. Finally, it saw distinctiveness as providing one more limitation on the scope of dilution by preventing the owners of famous but non- inherently distinctive marks such as AMERICAN and UNITED from excluding other users of those common terms.

- 2.20 One of the intentions behind the refinement of the TDRA fame test was to clarify that a senior user only had to show that his mark was famous, and did not have to prove that it was inherently distinctive.²⁵ To this end, in setting out the nature of protection, the TDRA states, ‘the owner of a famous mark

²⁰ Such as TIFFANY in *Tiffany (NJ) Inc v eBay, Inc* 576 F Supp 2d 463 (SDNY, 2008). and *Louis Vuitton’s LV monogram logo in Louis Vuitton Malletier SA v Haute Diggity Dog, LLC* 507 F 3d 252 (CA4 (Va), 2007) .

²¹ See [ref] below, discussing how the geographical reach of advertising and the extent of use have been used in proving fame.

²² For example, *Verilux, Inc v Hahn* Not Reported in F Supp 2d, 2007 WL 2318819 (D Conn, 2007) (claimant asserted its mark was well known in the relevant industry, i.e. lighting); *Componentone, LLC v Componentart, Inc* Not Reported in F Supp 2d, 2007 WL 4302108 (WD Pa, 2007)(claimant’s witnesses deposed that the ComponentOne mark was ‘well known only in its niche market-a specific segment of the computer information technology industry, namely, developers on the Windows, Borland, and Visual Studio platforms’; *Haynes Intern, Inc v Electralloy Slip Copy*, 2009 WL 789918 (WD Pa, 2009)(claimant unsuccessfully asserted that a showing that its C-22 mark for metal alloys was famous within the purchasing industry for those alloys was sufficient to prove fame under the TDRA).

²³ I.e. was capable of acting as a trade mark to indicate origin even in the absence of prior use. See McCarthy, § 24:104.

²⁴ *Nabisco, Inc v PF Brands, Inc* 191 F 3d 208, 216 (CA2, 1999).

²⁵ Testimony of Anne Gundelfinger, President, International Trademark Association, before House Subcommittee on Courts, the Internet and Intellectual Property, Committee on the Judiciary, February 17, 2005, p ref (109 th Cong, 1st Sess).

that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction’. However, some courts seized upon the separate mention of distinctiveness to incorporate distinctiveness as an additional prerequisite that a senior user must show before they will even consider whether the mark has suffered dilution. For example, in *Victoria’s Secret v Moseley*,²⁶ after considering fame, the District Court noted that ‘The TDRA requires but does not define “distinctiveness.”’ Likewise the court in *Visa v JSM* stated: ‘The TDRA adds a separate requirement to trademark dilution law that the claimant’s mark “is distinctive, inherently or through acquired distinctiveness.”’²⁷

- 2.21 However, as the *Victoria’s Secret* court suggests, the level of distinctiveness required is currently unclear. Although courts have sometimes commented²⁸ on the fact that senior marks are inherently distinctive, refusing protection to marks which have only acquired distinctiveness would go against the wording of the TDRA²⁹. Thus, after noting the distinctiveness requirement, the Eastern District of Michigan³⁰ found that the get-up of the Hershey chocolate bar met it on the basis of acquired secondary meaning. Moreover, it is difficult to see what considering distinctiveness separately will add because, once a mark is famous, it will inevitably also have acquired distinctiveness. The courts could find that the mention of distinctiveness implies that a particularly high level of inherent or acquired distinctiveness is required. However, there is no basis for this in the wording of the TDRA, or in the explanations for the change given during the Congressional hearing on the new Act.

The European Union

The degree of knowledge

- 2.22 Superficially at least, the European fame standard is much less exacting than that in the US post-TDRA. The Directive³¹ does not use the term fame. Instead Article 5(2) for infringement purposes, and Art.4(4)(a) for registrability state that in order to qualify for protection against dilution or unfair advantage, a senior mark must have a ‘reputation’. This term was the subject of interpretation by the European Court of Justice (ECJ) relatively early in the life of the Directive, and the court adopted a relatively liberal approach in a number of ways.

²⁶ *V Secret Catalogue, Inc v Moseley* 558 F Supp 2d 734, 744 (W D Ky, 2008).

²⁷ *Visa International Service Ass’n v JSL Corp* 90 F App’x 484 (9th Cir 2003) p1316.

²⁸ *Visa International Service Ass’n v JSL Corp* 90 F App’x 484 (9th Cir 2003) p1316; *Audi AG v Shokan Coachworks, Inc* 592 F Supp 2d 246 (NDNY, 2008)(AUDI mark deemed inherently distinctive because it was incontestable).

²⁹ Although B. Beebe, ‘A Defense of the New Federal Trademark Antidilution Law’ 17 *Fordham Intellectual Property, Media & Entertainment Law Journal* 1143, 1160 (2007) warns that a consideration of inherent distinctiveness could be reintroduced as a relevant consideration since the multifactor test for proving fame is non-exhaustive.

³⁰ *Hershey Co v Art Van Furniture, Inc* Not Reported in F Supp 2d, 2008 WL 4724756 (ED Mich, 2008).

³¹ Ref to Directive 89/104.

- 2.23 In *General Motors*,³² the ECJ considered the level of knowledge required of the senior mark. The Court noted a difference in the wording – certain of the official versions used the term ‘reputation’ or other similar language suggesting a quantitative test of recognition, whereas other versions used more neutral terminology, amounting to a requirement that the mark be ‘known’, but without any indication of the extent to which the senior mark had to be known.³³ The Court found that the translations were not incompatible, as in the context of a uniform interpretation of Community law, a minimum knowledge threshold could be read into even the more neutral language.³⁴ The ECJ also related the need for a minimum standard back to the scheme and purpose of the Directive: without the senior mark having a degree of knowledge amongst the public, the public would not make the association with the earlier mark when seeing the junior mark, particularly bearing in mind that (at that time) the association would have to be made in a situation where junior mark would be encountered on goods or services different to the senior user’s.³⁵
- 2.24 The Court’s approach suggests that the reputation requirement is more than just an arbitrary threshold that a mark has to overcome to gain protection. Instead it is intimately connected with what is needed for the harm to take place.³⁶ However, the Court declined to set a percentage for the level of recognition by the relevant public,³⁷ and declined to use terms such as ‘famous’ or ‘notorious’, which might suggest a very high knowledge threshold.³⁸ Instead the court stated that the mark must be known by a ‘significant’ percentage of the relevant public. The failure to set a percentage does make the entry criterion for European dilution more vague than it could be. However, as Advocate-General Jacobs pointed out in his opinion on the case,³⁹ this does leave the Member State courts with the flexibility to respond to the reality of individual situations before them, and to take into account indications of reputation other than surveys of consumer recognition. (As an aside though, we might note that these other indications, which will

³² *General Motors Corporation v Yplon SA* (C-375/97) [1999] ECR I-5421

³³ [[20]-[21].

³⁴ [[22].

³⁵ [[23].

³⁶ S Maniatis notes in *Trade Marks in Europe: a Practical Jurisprudence* (Sweet & Maxwell, London, 2006), [5-202]: ‘The Court uses the term “association” and at the same time requires a certain degree of knowledge. This degree of knowledge is pivotal because it is considered a condition for making the association and the reason for the damage suffered by the earlier mark’. Likewise, the connection between reputation and association was emphasised by AG Jacobs in *Adidas-Salomon AG and Another v Fitnessworld Trading Ltd* C-408/01 [2004] 2 WLR 1095 [49]. A Griffiths, ‘The trade mark monopoly: an analysis of the core zone of absolute protection under Art.5(1)(a)’ [2007] IPQ 312, 316 goes further, and links the way in which the reputation standard is set back to the nature of the harm envisaged under Art.5(2): ‘[The ECJ] has also treated the prerequisite that the trade mark must have a “reputation” as a relatively low threshold that can be incorporated into an overall “global appreciation”. As the ECJ has interpreted it, the additional zone acknowledges that the economic value of a trade mark can reflect a capacity for doing something more than performing its essential function and that this capacity can require specific legal protection.’

³⁷ For an application see *SpagO / SPA (FIG MARK) R 1285/2006-2* (OHIM Second Board of Appeal rejected argument that a fixed percentage of 70% recognition is required under Art.8(5)).

³⁸ In *TOSKA / TOSCA R 70/2007-4* ref, the OHIM Fourth Board of Appeal notes that the notion of a ‘famous’ mark as was used in the pre-harmonisation German law does not exist under the Regulation.

³⁹ [40] – [41].

- be discussed below, are merely circumstantial evidence of likely consumer recognition, and, arguably, should be trumped by indications that they have not been successful in implanting the senior mark in the minds of the public).
- 2.25 Examining the Advocate General’s decision also helps us to understand how the Court decided on the need for the mark to only be known to a ‘significant’ section of the relevant public, seemingly a rather lower standard than the US requirement that the mark be ‘widely recognized.’ The Advocate General compared dilution protection to that offered under Art.6*bis* of the Paris Convention, and Art.16(3) of the TRIPs Agreement.⁴⁰ Both of these provisions also require senior marks to reach a prescribed knowledge standard of being ‘well-known’ before protection will be granted. Both provisions are exceptional as they offer protection where the senior mark is not registered in the country where protection is sought. According to the Advocate General, a high standard is required because the marks are not registered, but this does not apply in respect of the dilution provisions, which will only protect *registered* senior marks. Moreover, the difficulties of proving not only that the senior mark has suffered detriment or unfair advantage and been taken, but also that the junior use is without due cause, would mean that dilution protection would not be over-extensive.⁴¹
- 2.26 As the OHIM Opposition Guidelines indicate,⁴² the *General Motors* test is quantitative, not qualitative. A senior mark does not have to have a particularly good or prestigious reputation to qualify for protection. However, the quality of the senior mark’s reputation may be relevant at a later stage in order for the senior user to make out that he has a good reputation that is capable of being tarnished, or that junior users might derive an advantage from exploiting.
- 2.27 Casparie-Kerdel⁴³ notes that the *General Motors* ruling has left Europe with a much lower standard than that of the US, meaning that a greater number of marks will qualify for protection. She concludes that ‘This clearly cannot have been the intention of the different Member States’. However, a look at the background to the drafting of the Directive casts doubt on this position. Although the wording of the draft Community Trade Mark Regulation initially limited protection in the absence of confusion ‘well known’ marks,⁴⁴ and subsequently to marks of ‘wide repute’,⁴⁵ Vincenzo Scordamaglia,⁴⁶ the Director of the Secretariat General at the Council of Ministers at the EEC, later explained that the wording was changed once more from marks with a ‘wide repute’ to marks with a ‘reputation’ under the influence of the Benelux delegation, since the previous wording was thought to be too close to that of Art.6*bis*. It should also be recalled that until a relatively late stage,⁴⁷ extra protection for well-known marks was left out of the Directive intended to be

⁴⁰ [32] – [33].

⁴¹ [42].

⁴² *Opposition Guidelines, Part 5, Article 8(5) CTMR - Status: March 2004*, p10.

⁴³ S Casparie-Kerdel, ‘Dilution disguised: has the concept of trade mark dilution made its way into the laws of Europe?’ [2001] EIPR 185, 192.

⁴⁴ IS THIS RIGHT?

⁴⁵ *Proposal for a Regulation on Community Trade Marks C-351/5*, Art 8(1)(b) and E-307/50, p48-49, Art 8(1)(b).

⁴⁶ Proceedings of the ECTA Conference, 27 May 1988, Rome, 5. *The Community Trade Mark – a Conference and Consultation Between Legislators and Practitioners*, p34.

⁴⁷ It was still absent from the 1985 draft of the Directive found at C-351/4 of 31 December 1985.

transposed in the form of national trade mark laws, and was instead to be limited to Community trade marks to encourage applicants to apply for CTMs instead of national trade marks.⁴⁸ We might speculate that setting a relatively low standard for qualifying for dilution protection might have been in keeping with the intention to make the CTM regime particularly attractive, and may have been (accidentally?) included in the Directive once dilution protection was added.

Product market niche fame

- 2.28 In keeping with this spirit of flexibility, the ECJ also approved product-market niche fame, stating that the mark could be known either by the public at large, or the public concerned with the goods or services sold under the senior mark. This standard was reiterated by the ECJ in *Intel v CPM*, where the Court, borrowing from its definition of the relevant public used in judging confusion, stated ‘both a trade mark’s distinctiveness and its reputation must be assessed, first, by reference to the perception of the relevant public, which consists of average consumers of the goods or services for which that mark is registered, who are reasonably well informed and reasonably observant and circumspect’.⁴⁹
- 2.29 Both the Court and the Advocates General have failed to explain how this standard was reached, although it does seem to be in keeping with the spirit behind the international protection of well known marks. Neither the TRIPs Agreement nor the non-binding WIPO Joint Recommendations for the Protection of Well Known Marks envisage a requirement of reputation amongst the entire consuming public.⁵⁰ It would have been odd if the Court had required a wider scope of protection than that required by the international agreements after finding that in terms of degree of knowledge required, the Directive is not as exacting as the international regime.
- 2.30 Subsequently, in *Adam Opel*,⁵¹ the ECJ commented that, subject to verification by the German referring court, the Adam Opel logomark was well known for motor vehicles, and hence qualified for Art.5(2) protection.
- 2.31 However, the European acceptance of niche fame is a double-edged sword for brand owners. Tribunals have got into the habit of defining marks as having a reputation *for* particular goods or services. Following the ECJ’s lead of treating reputation as the starting point of association, the tribunals often go on to find that when the parties’ goods are far apart, no one would associate a junior mark in field X mark with a senior mark in field Y because the reputation is centred around field Y. Even if association is found, this will often be followed up by a finding that the field of activity in which the senior user has a reputation is too far from the junior user’s field of activity for damage to occur.

⁴⁸ See further *Zino Davidoff v. AG Imports* C-414, 415 416/99 AG [35].

⁴⁹ *Intel Corp Inc v CPM United Kingdom Ltd* C-252/07 [2009] RPC 15 [34].

⁵⁰ Art.16(2) of the TRIPs Agreement calls on Members of taken into account ‘knowledge of the trademark in the *relevant sector*’ when establishing whether a mark is well known under Art 6bis Paris and the Joint Recommendations at Art 2(1)(b)(1) call on Members to consider ‘the degree of knowledge or recognition of the mark in the *relevant sector of the public*’ when establishing whether a mark is well known [emphasis added in both cases].

⁵¹ *Adam Opel AG v Autec AG* C-48/05 [2007] ETMR 33 [34].

- 2.32 This phenomenon can be seen at work in the ECJ’s decision in *Intel*. After noting that the reputation of the earlier mark has a role to play as one of a number of factors relevant to establishing association, the Court raised the possibility of a senior mark with a reputation in one field of goods and a junior mark in ‘completely distinct’ a field of goods, such that although the senior mark had a reputation, it would be unknown to the junior user’s public and so ‘the public targeted by each of the two marks may never be confronted with the other mark, so that it will not establish any link between those marks.’⁵² Even if the relevant publics did overlap, the Court observed that the goods might be so far apart that the junior mark would be unlikely to bring the senior mark to mind.⁵³ There could be cases where the mark will ‘have acquired such a reputation that it goes beyond the relevant public as regards the goods or services for which those marks were registered,’ in which case a link might be made even where the publics at which the two marks were aimed did not overlap. Although the stronger the senior mark’s reputation, the more likely a link would be, the fact that the earlier mark had a ‘huge’ reputation would not necessarily lead to a link being made.⁵⁴
- 2.33 It is too early to tell what the effect of this aspect of the *Intel* judgment will be, particularly because the Court speaks in the abstract, leaving it for Member State courts to work out what level of reputation and what type of relationship between product markets will lead to an association. However, it is strange that European dilution protection began by being limited to situations where the parties’ goods are dissimilar but has, through *inter alia* a wide view of reputation ended up being progressively more difficult to prove the further apart the parties’ goods are. Moreover, the *Intel* court appears more willing than the *General Motors* court to place limits on the reach of reputation, treating it almost as the exception rather than the rule. This is even more apparent in the opinion of Advocate General Sharpston in that case. In contrast to the *General Motors* approach, she appears to view reputation as a ‘precondition’ for qualifying for the harm⁵⁵ and, although she associates the need to establish an association between the two parties’ marks with the preconditions, she only mentions similarity of marks as contributing to establishing that association.⁵⁶

Geographical niche fame

- 2.34 In terms of the geographical extent of the reputation required, while the EU does not require the mark’s reputation to extend to the entire territory in question as is now the case in the US, a reputation in a single geographical area, such as a particular city will not suffice.
- 2.35 The Directive⁵⁷ states that the mark must have a reputation ‘in the Member State’ to qualify. However, in *General Motors*, the ECJ stated that a trade mark cannot be expected to have a reputation ‘throughout’ a Member State and instead, the Directive must be understood to include a mark with a

⁵² [48].

⁵³ [49].

⁵⁴ [64].

⁵⁵ *General Motors* [40].

⁵⁶ [41]-[42].

⁵⁷ Arts 4(4)(a) and 5(2).

reputation in a ‘substantial part’ of a Member State.⁵⁸ Advocate General Jacobs suggested that this was because there may be cultural or linguistic difference in a single Member State that would lead to the mark only attracting a reputation in part of its territory.⁵⁹

- 2.36 Once again, the ECJ has employed imprecise language in defining the geographical scope of fame. However, the rationale behind the Advocate General’s comments (which were not expressly adopted by the Court) would suggest that in order for an area to be considered a significant part of a Member State, it must be really quite sizeable, with its own distinct linguistic and/or cultural identity. In respect of the former, he gives the example of the Dutch-speaking part of Belgium. An example of the latter might be Scotland, as compared to the rest of the UK.
- 2.37 The ECJ has not revisited the issue directly. However, in *Nineto Nuño*⁶⁰ the court ruled on the territorial scope of reputation required for a mark to be ‘well known in a Member State’ for the purposes of Art.4(2)(d) of the Directive, which incorporates Art.6bis Paris as a ground for opposing the registration of a conflicting mark. There the court rejected the argument that knowledge of the mark a single city and its surrounding area would count as ‘in a Member State’. In reaching this decision, the Court worked by analogy to Art.5(2), as interpreted by *General Motors*, finding that as was the case for Art.5(2), the ‘in a Member State’ requirement could not mean the whole Member State, but did require the knowledge to extend to a ‘substantial’ part of the state. A single city and its surrounding area was not substantial for these purposes and, so, it should follow, will not be substantial for the purposes for Art.5(2).
- 2.38 It is noteworthy that the Court is willing to treat Art.6bis and Art.5(2) as having a common meaning in this respect, even though it viewed them as setting different standards regarding the level of recognition required to establish reputation. The Court’s approach also suggests that geographical scope of reputation is a genuine minimum standard for qualifying for Art.5(2). There is no suggestion is either case that the standard is dictated by, and therefore may be responsive to, the nature of the harm or its relationship with showing association, as was the case with the level of recognition and the relevant public amongst which the reputation had to be shown.

Geographical extent of reputation for Community trade marks

- 2.39 A more politically sensitive issue is the geographical scope of reputation required where the senior mark is a Community trade mark. According to Art.9(1)(c) of Regulation 40/94, dilution protection will be available where the mark ‘has a reputation in the Community’. This could be read as a requirement that the senior CTM must have a reputation in the entire European Union. However, as Advocate General Sharpston has pointed out in *PAGO*, assuming that *General Motors* applies by analogy, a reputation in

⁵⁸ [29].

⁵⁹ *General Motors* [47].

⁶⁰ *Ref nineto nuno* [14]-[18]. AG Sharpston has also drawn an analogy between the scope of reputation required for Art 5(2) with that required for showing that a mark is distinctive for the purposes of Art 3(1)(b) – see *Bovemij Verzekeringen NV v Benelux-Merkenbureau (EUROPOLIS)* ref [41]-[47].

a ‘substantial’ part of the EU should suffice.⁶¹ Moreover, a look back to the drafting history reveals that the Economic and Social Committee⁶² rejected the original requirement of a ‘wide repute throughout the Community’ as it would be ‘practically impossible to prove compliance with this condition’, and called instead for marks to be protected if they were recognised as well known in a ‘fairly large part of the Community’. It should be noted that this was at a time when the EU had a mere 10 Member States, rather than the current 27.

- 2.40 This begs the question, what counts as a ‘substantial’ or ‘fairly large’ part of the Community, In particular, does a reputation in a single Member State meet this criterion? This was the question posed to the ECJ in *PAGO*, where the referred court found that the trade mark in question, the shape of a bottle, had a reputation in Austria, but not necessarily in any other Member State. Advocate General Sharpston criticised the basis of the referring court’s question. She explained that a CTM is a unitary right, meaning that its effect is identical throughout the European Community, regardless of national frontiers. However, to think of reputation along Member State lines would be akin to re-erecting such national frontiers. Instead, she reiterated that a reputation in a substantial part of the EU is required. She noted that the ECJ has not indicated what a substantial part is, but in *Nineto Nuno*, it has indicated what will *not* be a substantial part.
- 2.41 Working by analogy to that case, she concluded that ‘where the “part” is, viewed objectively by reference to its size and economic weight, paltry in comparison with the Community as a whole and where the relevant public is more widely spread throughout the Community, that part cannot be deemed to constitute a ‘substantial part’ of the Community’.⁶³ Following the approach taken by the *General Motors* court in relation to the extent of recognition, the Advocate General refrained from specifying a particular number of states, or other fixed figure, that a senior user would need to show to establish reputation. Instead, flexibility is required, and in reaching their conclusion, courts should take into account factors including (but not limited to) the economic significance of the territory within the Community, the geographical extent of the area where the trade mark has a reputation and the demographics of the public concerned.⁶⁴ This analysis should take place in the context of the relevant public concerned with the goods or services sold under the senior mark⁶⁵ so, while a trade mark used for a generic product might be expected to be known throughout a wide geographical area, a product aimed at a specialist regional public might be expected to be known in more limited area, and by a smaller number of people in absolute terms.⁶⁶
- 2.42 The Advocate General’s approach would, if adopted, once again involve placing flexibility before certainty. It would also involve giving differential protection to trade marks, depending on how they are marketed. Once the

⁶¹ **Pago ref ag** [19].

⁶² ‘Opinion on the proposal for a first Council Directive to approximate the laws of the Member States relating to trade marks and the proposal for a Council Regulation on Community trade marks – Opinion of the Economic and Social Committee’ OJ C-310/22, 30/11-81, p24.

⁶³ [32].

⁶⁴ [34].

⁶⁵ [35].

⁶⁶ [33].

necessary territorial scope of reputation is related back to the target public, this could lead senior users to focus their marketing efforts more narrowly in order to benefit from stronger protection (albeit over a geographically narrow area). This could cause trade mark owners to concentrate on selling their goods or services to a relatively small part of the EU, which would surely be at odds with the EU’s founding principle of encouraging the free movement of goods and services throughout the internal market.

- 2.43 We might also question whether the approach truly does treat CTMs as unitary marks. In respect of all the other grounds for the refusal of registration of a CTM, an objection in any one Member State will render the mark unregistrable. For example, even if a CTM application will cause confusion only in Malta, it will still be barred from registration as a CTM across the entire EU. However, the owner of a senior mark which has reputation limited to a single Member State may not be able to block the registration of a later mark that will cause detriment to, or take unfair advantage of, the senior mark in that Member State. This in turn could make it more attractive for owners of marks with a reputation to apply for national trade marks, where a reputation in a significant part of a single Member State will suffice, rather than CTMs.⁶⁷ This is unlikely to have been the intention of the drafters of the Regulation.
- 2.44 The Advocate General’s approach would however enable courts to avoid ruling on the politically sensitive question of whether some Member States are just too small or too unimportant *per se* to count as a substantial part of the EU.
- 2.45 If the ECJ does adopt the Advocate General’s approach, it will be departing from past practice of the Court of First Instance (CFI)⁶⁸ and OHIM,⁶⁹ both of which have found marks to have a reputation actionable under Art 8(5) of the CTM Regulation based on a reputation established in a single Member State. It was also be at odds with the ruling of Mr Hobbs QC, who, sitting as

⁶⁷ I am grateful to Hasting Guise for this observation. The point is also identified in the *OHIM Opposition Guidelines, Part 5, Article 8(5) CTMR* p14 as a strong policy reason for recognising a reputation in a single Member State as sufficient.

⁶⁸ *Mühlens GmbH & Co. KG v OHIM (MINERAL SPA)* T-93/06 [2008] ETMR 69 and *Spa Monopole v OHIM– Spa-Finders Travel Arrangements (SPA-FINDERS)* T-67/04 [2005] ECR II-1825 (reputation in the Benelux for mineral waters), though see *Aktieselskabet af 21. november 2001 v OHIM (TDK)* T-477/04 [2009] ETMR 36 where the Court notes that the TDK mark has engaged in production, marketing, sponsorship and advertising of the earlier marks in question in several ‘heavily populated Member States’.

⁶⁹ *DUTILH & ASOCIADOS / NAUTA DUTILH (FIG.MARK) et al* - R 451/2008-2 (2009)(reputation in the Benelux for legal services); *SPA MANAGEMENT / SPA, SPA (FIG. MARK) et al* - R 217/2005-4 (2008); *SpagO / SPA (FIG. MARK) - R 1285/2006-2 (2007)*; *LIFESPA / SPA et al. - R 1136/2006-2 (2007)*(reputation in Benelux for mineral waters); *IL GALLO (FIG. MARK) / GALLO (FIG. MARK.) et al. - R 641/2008-2 (2008)*(reputation in Portugal for olive oil); *MAGN’HOM / HOM 15 - R 1585/2007-2 (2008)* (reputation in France for men’s underwear); *Ardlyarrods (FIG. MARK) / HARRODS - R 1786/2007-1*(reputation in the UK for retail services); *J’adore / J’ADORE - R 1890/2007-1 (2008)*(reputation in France for perfumes); *NATURA / natura selection (FIG. MARK) et al. - R 651/2007-1 (2008)*(reputation in Spain for souvenir shops and ethnic clothing); *TIMI KINDERJOGHURT (FIG. MARK)/KINDER - R 682/2007-2 (2008)*(reputation in Italy for foodstuffs); *CRUNCH (FIG. MARK) / CRUNCH - R 52/2005-4 (2007)*(reputation in France for chocolate); *MARTINI FRATELLI (FIG. MARK) / MARTINI - R 1244/2006-1 (2007)*(reputation in Italy for vermouth).

a deputy judge in *Whirlpool v Kenwood*,⁷⁰ found that as a mark’s territory of registration is part of the Community, where a trade mark has a reputation in a single territory, it will have a reputation in the Community and that ‘In principle, a Community trade mark should not receive less protection than a national trade mark with a reputation in the same territory.’⁷¹ Adopting the Advocate General’s approach would though be in alignment with the position taken by the UK’s Trade Marks Registry, where the idea that a reputation in a single Member State will qualify a mark for the protection of Art.8(5) has been forcefully rejected.⁷²

The reality of the European reputation standard

2.46 Although at the abstract level the European fame standard appears to be more flexible and more liberal than the US standard, we may question on the basis of the decided cases whether this is in fact the case. As we shall see in the section on proving the existence of fame, **the UK in particular has been quite demanding.** An examination of the case law from the High Court and above reveals only one case⁷³ where the court found that the senior mark was not well known enough to have established a reputation.⁷⁴ However, this does not mean that the courts have been liberal in their approach. The cases reviewed indicate that generally either the junior user has either accepted that the senior mark has a reputation or the senior mark has predominantly been a household name such as INTEL,⁷⁵ VIAGRA,⁷⁶ or TESCO.⁷⁷ It appears that the owners of lesser known marks are not taking the risk of litigating under Arts 4(4)(a) and 5(2).

2.47 The difficulty of proving a reputation in **the UK is** even more visible in the decisions of the Registry. In a number of decisions Hearing Officers have indicated that Art.4(4)(a) is an exceptional form of protection and thus a senior mark requires a high level of reputation to qualify for it.⁷⁸ This treats

⁷⁰ *Whirlpool Corp v Kenwood Ltd* [2009] ETMR 5 at [76]. Consequently, he viewed a reputation in the UK as sufficient for the senior user to rely on Art 9(1)(c).

⁷¹ This reasoning would not apply with equal force to Art 8(5) registrability, since there the senior mark may be a national, rather than a Community trade mark.

⁷² In *MOBIL/MOBIS*, O-020-07 ref?, a decision which has been frequently relied on in subsequent Registry decisions, Richard Arnold QC, sitting as the Appointed Person observed at [31]: ‘I cannot see any basis on which the Act, the Directive and the Regulation can be interpreted as merely requiring that the Community trade mark relied upon should have a reputation in the Member State in question. Nor did the opponent’s attorney cite any authority or commentary to support such an interpretation.’

⁷³ *Wilson v Yahoo! UK Ltd* [2008] EWHC 361 (senior user operated a single mobile catering unit under the trade mark MR SPICY).

⁷⁴ Although in some cases courts have found that the mark has a reputation in its primary field but not in subsidiary fields. For example, in *daimler chrysler v alavi* ref the MERCEDEZ BENZ and MERCEDEZ marks had a reputation for vehicles, but not for clothing.

⁷⁵ *Intel Corp Inc v CPM United Kingdom Ltd* [2007] EWCA Civ 431.

⁷⁶ *Pfizer Ltd and Pfizer Incorporated v Eurofood Link (United Kingdom) Ltd* [2000] ETMR 896 (Ch).

⁷⁷ *Tesco Stores Ltd v Elogicom Ltd* [2006] EWHC 403 (Ch).

⁷⁸ For example, *Far Peak Farm Ltd’s Application; Opposition of Kettle Foods Inc ‘PEAK’ BL* O/207/07 (‘This test [for reputation] sets out a high threshold’ [34] and ‘Taking into account the strict requirements which need to be satisfied under Section 5(3) to expand the parameters of “normal” trade mark protection I cannot find that the opponent has shown reputation under Section 5(3)’ [35]). Almost identical language was used in *Able C & C Co Ltd’s Application; Opposition of Mary Quant*

reputation as a ‘gatekeeper’ that prevents all but the most well-recognised marks from qualifying for protection, and as such is at odds with the *General Motors* approach of treating reputation as a necessary but flexible ingredient in establishing an association between the two marks that could lead to detriment or unfair advantage. This approach has impacted on the standards required of senior marks in the UK, as will be discussed below.

D. Proving fame and reputation

2.48 Both the US and Europe have clearly articulated tests, indicating the key factors to be considered by tribunals when a senior user is trying to prove that his mark has reached the relevant knowledge threshold. However, these tests can only be the starting point. The tests in both jurisdictions are expressly non-exhaustive, leaving courts the freedom to consider other factors that they identify as being helpful. Additionally, the tests are framed in abstract terms, and give no indication of the extent to which each of the factors has to be made out, or how the factors interact. These aspects are left to the courts to work out, bearing in mind the overall level of knowledge that is required. Thus, the following section will examine the basic test in each jurisdiction, before considering how the factors included therein, as well as additional factors, have been utilised by courts and tribunals.

United States – an overview of the test

- 2.49 The TDRA introduced a four-factor test⁷⁹ for proving fame, considering advertising, sales and recognition of the mark, as well as whether the senior mark is registered. The factors are:
- (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
 - (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.
 - (iii) The extent of actual recognition of the mark.
 - (iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

However, courts remain free to taken into account ‘all relevant factors’.

Cosmetics Japan Ltd ‘DEVICE OF FLOWER HEAD (STYLISED)’ BL O/305/07 [36] & [37]; *Target Brand’s Application for Invalidity* ‘TARGET’ BL O/281/07 [76] & [81].

⁷⁹ §43(c)(2)(A).

- 2.50 This test represents a considerable simplification of the FTDA test, which considered of a non-exhaustive list of eight factors.⁸⁰ The key differences are:
- the removal of the distinctiveness of the senior mark⁸¹ – as discussed above, this factor caused some courts to conclude that dilution required senior marks to have an extra level of distinctiveness;
 - the removal of channels of trade as a relevant factor⁸² – this could lead to a consideration of fame in particular niches;
 - the removal of use of the same or a similar mark by third parties as a factor⁸³ - this is strongly criticised by McCarthy,⁸⁴ who notes that a mark that is just ‘one in a “crowd”’ of similar marks is unlikely to stand out and become famous. In particular, a mark which is commonly used, such as AMERICAN, may be famous in its product niche but will not provoke an association with a single source when used for goods;
 - a shift in emphasis from examining the extent of use⁸⁵ to the extent of sales and advertising;
 - the simplification of the recognition factor, removing need to examine recognition within the trade channels and areas of the senior and junior users respectively⁸⁶ – this too could suggest that niche fame could be helpful.

United States – factors used by the courts and tribunals

Advertising and publicity generally

- 2.51 As McCarthy points out, advertising and publicity provide circumstantial evidence of fame.⁸⁷ The factor implicitly assumes that such advertising will have had an impact on consumers though presumably this presumption is rebuttable if it can be shown that the advertising has been ineffective.
- 2.52 It should be noted that the legislative factor instructs tribunals to consider both publicity generated by the senior mark’s owner, and by third parties. This is a pragmatic approach, recognising that consumers’ perceptions of a trade mark will not be affected solely by information flowing from the trade mark’s owner. Beebe⁸⁸ argues that it would be undesirable for this factor to become a reward for spending on advertising. Taking into account third party publicity demonstrates that this is not the intention of the factor as the senior user will not be responsible for it and so cannot meaningfully be rewarded for it.

Advertising – duration

⁸⁰ Old §43(c)(1)(A)-(H).

⁸¹ (A).

⁸² (E).

⁸³ (G).

⁸⁴ § 24:106.

⁸⁵ (B) and (D).

⁸⁶ (F).

⁸⁷ § 24:106.

⁸⁸ Beebe, p.1159.

- 2.53 Fame has been recognised where the senior mark has been advertised for in excess of two decades.⁸⁹ On the other hand, a mark that was advertised for 11 years⁹⁰ was found not to be famous (although the extent of advertising over those years seems to have been very low). However, courts appear to have only taken note of the duration of advertising in relatively few cases. Instead they have paid greater attention to the duration for which the advertising has been used.

Advertising – extent

- 2.54 The courts have recognised fame in cases where the senior user has engaged in a particularly high advertising spend, ranging from ‘tens of millions of dollars annually’⁹¹ to \$1billion of a three year period. Figures of hundreds of millions of dollars have also been cited.⁹² On the other hand, marks with an advertising spend of \$2.3m in a year⁹³ and as much as \$20m annually⁹⁴ have been found to not be famous.
- 2.55 Although we can be confident that the bar is set high, it is difficult to establish precisely how high since in some cases annual figures are used, while in others the spend is identified for a more idiosyncratic time period. Additionally, some figures are limited to the US while others are based on the cost of international marketing campaigns. (Incidentally, technically international advertising spend does not provide direct evidence that the mark has been exposed to US consumers, save for the portion of that spending which has taken place in the US. However, the fact that it is the subject of an international advertising campaign may provide indirect evidence that the mark is strong).

Advertising – geographical reach

- 2.56 Under the TDRA, a mark has to have a reputation across the enter US consuming public. To achieve this, it would be logical for the mark to have to be advertised throughout almost all, if not all, of the US, and hence come to the notice of the maximum number of American consumers, even if the product itself can only be purchased in a limited number of states.
- 2.57 Relatively few cases have commented on this factor. Those that have tend to focus on the geographical extent of use, rather than advertising specifically. Perhaps this is unsurprising – advertising is a form of use, and use, like

⁸⁹ *Visa International Service Ass'n v JSL Corp* 590 F Supp 2d 1306 (DNev, 2008)(VISA mark had been advertised for 25 years); *Nike, Inc v Nikepal International, Inc* Not Reported in F Supp 2d, 2007 WL 2782030 (ED Cal, 2007)(NIKE mark advertised for over two decades prior to relevant date);

⁹⁰ *GMA Accessories, Inc v Croscill, Inc* US Dist LEXIS 17589 (SD NY, 2007).

⁹¹ *Hershey Co v Art Van Furniture, Inc* Not Reported in F Supp 2d, 2008 WL 4724756 (ED Mich, 2008).

⁹² *Dan-Foam A/S v Brand Named Beds, LLC*, 500 F Supp 2d 296, 308 (SD NY, 2007)(\$250m in a three year period); *Jada Toys, Inc v Mattel, Inc* 518 F 3d 628 (CA 9, 2008)(\$350m).

⁹³ *Milbank Tweed Hadley & McCloy LLP v Milbank Holding Corp* Not Reported in F Supp 2d, 2007 WL 1438114 (CD Cal, 2007).

⁹⁴ *Argus Research Group, Inc v Argus Media, Inc* 562 F Supp 2d 260 (DConn, 2008). The court commented that the figure of \$20m, the senior user’s entire turnover, was ‘substantially less than other “famous” companies spend just on advertising’ (p282). However, in *Louis Vuitton Malletier SA v Haute Diggity Dog, LLC* 507 F 3d 252 (4th Cir, 2007) \$48million between 2003 and 2005 was sufficient.

advertising, can bring a mark to the attention to consumers, even if they do not go on to purchase the product bearing the mark. Courts have frequently identified advertising and use not only in the US’s 50 states, but also globally and on the internet.⁹⁵ Once again though, advertising or use outside the US should only provide inferential evidence of fame inside the US.

Advertising – mediums

- 2.58 Although it is not mentioned in the TDRA test, courts have looked favourable on marks which have been used or advertised⁹⁶ through a wide range of mediums, including the internet, television and radio and endorsing athletes, as well as more conventional print media and in-store advertising. This stands to reason as the more widely the mark has been advertised, the more likely it is to have come to the attention of, and stuck in the minds of, consumers.
- 2.59 On the other hand, advertising directed exclusively at a particular group of consumers may only suggest niche, rather than general fame. Thus, in *Argus*,⁹⁷ the fact that the company’s marketing materials were distributed by investment banks suggested that the mark might be known to potential investors in the stock market, but not to the public as a whole.

Third party publicity

- 2.60 In *Chewy Vuitton*,⁹⁸ the court took into account a number of means by which third parties raised the profile of a senior mark. These include coverage of a brand in host of leading fashion magazines, *Vogue*, *W*, *Elle*, *Harper's Bazaar*, *Us Weekly*, *Life and Style*, *Travel & Leisure*, *People*, *In Style*, and *Jane* and the publication of photographs of celebrities such as Jennifer Lopez, Madonna, Eve, Elizabeth Hurley, Carmen Electra, and Anna Kournikova using the trade marked goods.

Third party recognition of status

⁹⁵ *Visa International Service Ass'n v JSL Corp* 590 F Supp 2d 1306 (DNev, 2008)(VISA mark used in the 50 states of the US, 300 countries worldwide and on the internet); *Victoria's Secret Catalogue, Inc v Moseley* 558 F Supp 2d 734 (WD Ky, 2008)(1,000 stores throughout the US, 280million catalogues distributed in over 200 countries).

⁹⁶ *Louis Vuitton Malletier SA v Haute Diggity Dog, LLC* 507 F 3d 252 (4th Cir, 2007)(use in own stores and in-store boutiques in prestigious department stores; advertising through the internet); *Visa International Service Ass'n v JSL Corp* 590 F Supp 2d 1306 (DNev, 2008)(‘Plaintiff has widely promoted and advertised the VISA mark for more than twenty-five years in print, on the internet, and in other media.’); *Victoria's Secret Catalogue, Inc v Moseley* 558 F Supp 2d 734 (WD Ky, 2008)(mark had been advertised on the internet since 1998); *Nike, Inc v Nikepal International, Inc* Not Reported in F Supp 2d, 2007 WL 2782030 (ED Cal, 2007)(promotion through athlete endorsements, television, radio, print media, and billboard placements); *Dallas Cowboys Football Club, Ltd v America's Team Properties* 616 F Supp 2d 622, 2009 WL 819394 (ND Tex, 2009)(goods had been sold under the AMERICA’S TEAM mark through thirty-three Official Dallas Cowboys Pro Shops in malls and airports, at Texas Stadium, a merchandise trailer, through catalogs, and on the Internet); *Dan-Foam A/S v Brand Named Beds, LLC*, 500 F Supp 2d 296, 308 (SD NY, 2007)(newspaper and magazine advertisements, mailings, television commercials, infomercials, and the internet).

⁹⁷ *Argus Research Group, Inc v Argus Media, Inc* 562 F Supp 2d 260 (D Conn,2008) p282

⁹⁸ *Louis Vuitton Malletier SA v Haute Diggity Dog, LLC* 507 F 3d 252 (4th Cir, 2007) 257.

- 2.61 Courts have taken into account a number of forms of third party recognition that senior marks, or goods sold under them, have a particularly strong or prestigious reputation. These include obtaining a top ten positions in brand rankings,⁹⁹ favourable positions in lifestyle and marketing surveys¹⁰⁰ and recognition by consumer publications and interest groups.¹⁰¹ However, rankings which are too specialist may not give rise to a finding of fame. For example, the fact that the law firm Milbank Tweed Hadley & McCloy LLP¹⁰² was rated as the ninth most profitable law firm by *American Lawyer* did not persuade the court that the MILBANK mark was famous amongst the general consuming public.
- 2.62 Legal recognition of senior marks’ fame has also been taken into account. Previous cases finding the mark to be famous have persuasive¹⁰³ (although this factor should be treated with care, particularly in relation to decisions pre-dating 2006, since marks previously recognised as having niche fame would not meet the TDRA standard). In one case,¹⁰⁴ the fact that the mark had been given by McCarthy, the leading treatise on US trade mark law, as the paradigm example of a famous mark deserving of dilution protection was taken into account.
- 2.63 In one case, the fact that the mark was considered ‘iconic’ supported a finding of fame.¹⁰⁵
- 2.64 In another case,¹⁰⁶ the defendant junior user had himself written to third parties with the purpose of exploiting the senior mark ‘seeking licensing opportunities for this famous mark.’, and had referred to the mark as ‘one of this country’s most recognizable trademarks’ in its literature.
- 2.65 Although such forms of third party recognition will often be based on a perception on the part of those third parties that the brand or mark is well known, third party recognition of the *quality* of the senior user’s products may focus more on how fit the product is for purpose. This does not guarantee that consumers are aware of the product (though one might expect consumers to subsequently become aware of products which prestigious institutes or organisations recognise as being of good quality).

⁹⁹ *Louis Vuitton Malletier SA v Haute Diggity Dog, LLC* 507 F 3d 252 (4th Cir, 2007)(LOUIS VUITTON ranked as 17th ‘best brand’ of all corporations in the world and 1st ‘best brand’ for fashion by *Businessweek*); *Nike, Inc v Nikepal International, Inc* Not Reported in F Supp 2d, 2007 WL 2782030 (ED Cal, 2007)(NIKE ‘consistently ranked as a top brand in brand surveys in the United States and the world’).

¹⁰⁰ *Victoria’s Secret Catalogue, Inc v Moseley* 558 F Supp 2d 734 (WD Ky, 2008)(Victoria’s Secret ‘ranked in the top ten women’s apparel stores in a Scarsborough Research survey’ and ‘ranked second by Nielsen/NetRatings in online apparel and accessories purchases among retailers’).

¹⁰¹ *Dan-Foam A/S v Brand Named Beds, LLC*, 500 F Supp 2d 296, 308 (SD NY, 2007)(senior user’s mattresses had been ‘recognised’ by *Good Housekeeping* magazine, and had received awards from *Consumer’s Digest* and the Arthritis Foundation).

¹⁰² *Milbank Tweed Hadley & McCloy LLP v Milbank Holding Corp* Not Reported in F Supp 2d, 2007 WL 1438114 (CD Cal, 2007)

¹⁰³ *Pepsico, Inc v #1 Wholesale, LLC* Not Reported in F Supp 2d, 2007 WL 2142294 (NDGa, 2007). and *Adidas-America, Inc v Payless Shoesource, Inc*, 546 F Supp 2d 1029 (D Or, 2008).

¹⁰⁴ *Tiffany (NJ) Inc v eBay, Inc* 576 F Supp 2d 463 (SD NY, 2008).

¹⁰⁵ *Hershey Co v Art Van Furniture, Inc* Not Reported in F Supp 2d, 2008 WL 4724756 (ED Mich, 2008)(trade dress of the Hershey chocolate bar).

¹⁰⁶ *Dallas Cowboys Football Club, Ltd v America’s Team Properties* 616 F Supp 2d 622, 2009 WL 819394 (ND Tex, 2009).

Sales generally

- 2.66 Sales, like advertising, provide circumstantial evidence of consumer recognition. As a starting point, we can assume that consumers who have purchased goods bearing a mark are more likely to be left with a lasting impression, and knowledge of, that mark.
- 2.67 The new test measures sales by both amount (i.e. the monetary value of the sales) and volume (i.e. the number of units sold under the mark). Shanti explains in relation to the old Act that ‘deference must be given to the fact that some items are inherently more expensive and consequently produce significantly more revenues per sale’.¹⁰⁷ Thus, noting that there were \$100,000 of sales under a mark gives us only part of the picture. If the goods are chocolate bars which retail at 50 cents each, this would represent a volume of sales of 200,000. However, if the goods are cars which retail at \$20,000 each, this would represent a volume of sales of just 5. Equally well, just looking at the volume of sales might give us a misleading picture as certain goods, particularly those viewed as status symbols, might be expected to sell in very small quantities, and yet the marks they bear might be famous.¹⁰⁸ For example, very few ROLLS ROYCE cars are sold per annum,¹⁰⁹ and yet few would dispute that the mark is famous. However, for fast moving consumer goods, we might expect a very large number of sales indeed before a mark is found to be famous.

Sales – amount

- 2.68 In the cases to date, where the amount of sales has been commented on, a finding of fame has been accompanied by exceptionally high sales of hundreds of millions,¹¹⁰ or even billions.¹¹¹
- 2.69 On the other hand, even sales of \$400million have been held to insufficient in establishing general, as opposed to niche, fame.¹¹²

Sales – volume

¹⁰⁷ A. O. Shanti, ‘Measuring Fame: the Use of Empirical Evidence in Dilution Actions’ 5 Marq Intell Prop L Rev 177, 202 (2001).

¹⁰⁸ McCarthy makes a similar point at §24:106.

¹⁰⁹ For example, in the year to the end of May 2009, a mere 276 ROLLS ROYCE vehicles were sold (source: ‘BMW Group sells more than 109,000 vehicles in May’ BMW Corporate News, 8 June 2009, http://www.bmwgroup.com/e/nav/index.html?http://www.bmwgroup.com/e/0_0_www_bmwgroup_com/investor_relations/corporate_news/news/2008/Vertriebsmeldung_Mai_2009.html).

¹¹⁰ *Adidas-America, Inc v Payless Shoesource, Inc*, 546 F Supp 2d 1029 (D Or, 2008)(sales of billions globally and hundreds of millions in the US).

¹¹¹ *Victoria’s Secret Catalogue, Inc v Moseley* 558 F Supp 2d 734 (WD Ky, 2008)(sales of \$4.9billion in 2006 fiscal year); *Nike, Inc v Nikepal International, Inc* Not Reported in F Supp 2d, 2007 WL 2782030 (ED Cal, 2007)(sales of \$1billion per annum in US); *Dan-Foam A/S v Brand Named Beds, LLC*, 500 F Supp 2d 296, 308 (SD NY, 2007)(sales in excess of \$2billion in three years preceding the case).

¹¹² *Board of Regents, University of Texas System ex re University of Texas at Austin v KST Elec, Ltd* 550 F Supp 2d 657, (WD Tex, 2008)(‘retail sales of [University of Texas] products in stores such as Wal-Mart and Target totaled nearly \$400 million in 2005-06’ only established fame amongst college football fans).

- 2.70 Likewise, the courts also appear to be looking for exceptionally high sales by volume. However, the ways in which these sales have been expressed are more varied and less precise than the figures used for amount of sales, in part due to the diversity of business methods that may be at issue. Examples include the sale of 3 billion units under the HOT WHEELS mark for toy cars,¹¹³ the fact that a senior user is one of the largest confectionary producers¹¹⁴ and the fact that the user’s credit card was accepted in 6.3million outlets in the US and was used in \$1.3trillion of transactions in a single year.¹¹⁵
- 2.71 Underlining the strictness of the fame standard, in *University of Kansas v Sinks*, the senior user failed to obtain summary judgment that its mark was famous even though there was a ‘large volume of sales’ under the mark.¹¹⁶

Sales – geographical extent

- 2.72 Since the objective when proving fame is to show that the mark is known throughout the entire US, it is unsurprising that in relation to this factor, the courts have identified senior marks that have been used in all 50 states and, frequently, worldwide.¹¹⁷ However, there seems to be no reason why a mark that is advertised across the US but can only be purchased or accessed in a single or limited number of areas, such as a prestigious hotel or restaurant, should not be recognised by the entire US consuming public.

Use – generally

- 2.73 Both the duration and the extent of the senior user’s use of his mark were taken into account under the FTDA. However, the factor was removed from the TDRA. Nevertheless, courts have continued to pay attention to the duration of use in particular. This is understandable. The longer the use, the more time it has had to come to the attention of consumers, although this does not preclude the possibility of newly-launched marks being famous if they are launched with sufficient fanfare. Likewise, if a mark has been used extensively, a wide range of people are likely to have come into contact with it, reducing the possibility of the mark acquiring mere niche fame.

Use – duration

- 2.74 The courts have commented on the duration of use of the senior mark more frequently than they have commented on the duration of advertising. Where duration of use has been commented on, the marks which have been found

¹¹³ *Jada Toys, Inc v Mattel, Inc* 518 F 3d 628 (CA 9, 2008)

¹¹⁴ *Hershey Co v Art Van Furniture, Inc* Not Reported in F Supp 2d, 2008 WL 4724756 (ED Mich, 2008).

¹¹⁵ *Visa International Service Ass'n v JSL Corp* 590 F Supp 2d 1306 (DNev, 2008)

¹¹⁶ *University of Kansas v Sinks* 565 F Supp 2d 1216 (D Kan, 2008) 1258.

¹¹⁷ *Jada Toys, Inc v Mattel, Inc* 518 F 3d 628 (CA 9, 2008)(sold in all 50 US states and worldwide); *Hershey Co v Art Van Furniture, Inc* Not Reported in F Supp 2d, 2008 WL 4724756 (ED Mich, 2008)(‘sold around the world’); *Victoria’s Secret Catalogue, Inc v Moseley* 558 F Supp 2d 734 (WD Ky, 2008)(1,000 stores through the US and orders shipped worldwide); pet silk ref (distributors all over the world).

famous have generally been used for in excess of three decades, and often longer.¹¹⁸

Use – extent

2.75 In the *Texas Longhorns* case,¹¹⁹ the University of Texas’ American football team, the Texas Longhorns’, silhouette logo was found to not be famous because all of the evidence presented to the court related to use of the logo in relation to sporting events (although this did include use on merchandise and promotional packets of breakfast cereal). Thus, although the mark had a degree of ‘national prominence’, it was not clear that people who were not football fans would recognise the mark as being associated with the University of Texas.

2.76 This case should be treated with care as many undoubtedly strong marks will have only been used for a very limited range of goods or services. Perhaps the difference is, with the exception of ‘status symbol’ marks, famous marks will be used on goods or services which the general public, rather than a particular interest group, will consider purchasing.

Actual recognition

2.77 As McCarthy comments, this factor ‘goes directly to the heart of the matter’.¹²⁰ The aim of the fame test is expressly to determine whether the mark is recognised by US consumers, and there can be no better evidence than showing that the mark *is* actually recognised by those consumers. More pointedly, Beebe comments that the fame test is a ‘curious formulation’ since, as a matter of logic, sales and advertising are subsidiary to actual recognition and should only be used to provide evidence of actual recognition, and not as aims in themselves. He would like to see actual recognition take centre stage in a fame test that ‘should in all events be a purely empirical – and, ideally, a survey-based analysis’.¹²¹ We might question though whether empirical evidence is always necessary or, indeed, desirable. There are some marks which are just so well known that a survey showing public recognition is unnecessary and, arguably, wasteful. Likewise, it is likely to be easier for a senior user to present strong evidence of sales and advertising spend, both of which are figures which it will already be keeping a record of, than to produce survey or other direct empirical evidence of recognition. Where such evidence is particularly impressive, it

¹¹⁸ *Louis Vuitton Malletier SA v Haute Diggity Dog, LLC* 507 F 3d 252 (4th Cir, 2007)(since 1896); *Adidas-America, Inc v Payless Shoesource, Inc*, 546 F Supp 2d 1029 (D Or, 2008)(since 1952); *Jada Toys, Inc v Mattel, Inc* 518 F 3d 628 (CA 9, 2008)(since 1968); *Dallas Cowboys Football Club, Ltd v America’s Team Properties* 616 F Supp 2d 622, 2009 WL 819394 (ND Tex, 2009)(since 1978) and *Pepsico, Inc v #1 Wholesale, LLC* Not Reported in F Supp 2d, 2007 WL 2142294 (NDGa, 2007)(‘long use’). The exception is *Pet Silk, Inc v Jackson* 481 F Supp 2d 824 (SD Tex 2007), where the mark was used for 15 years, though this decision is questionable as the court appears to have been testing for niche fame.

¹¹⁹ *Board of Regents, University of Texas System ex rel. University of Texas at Austin v. KST Elec., Ltd*, 550 F.Supp.2d 657, 677-678 (W.D.Tex, 2008).

¹²⁰ McCarthy, §24:106.

¹²¹ Beebe, ‘A Defense of the New Federal Trademark Dilution Law’ n.ref, p.1159.

should be safe to infer recognition without recourse to the expense of compiling direct evidence.

- 2.78 The courts have taken a measured approach to the actual recognition factor. They certainly have not treated it as a necessity in proving fame, and in a number of cases fame has been found to be no more than a mention of actual recognition whatsoever.¹²² In other cases, the courts have observed that the other, more circumstantial evidence submitted has made up for a lack of survey evidence of actual recognition.¹²³ Certainly though, adducing survey evidence of a high level of recognition has proved helpful to some senior users in proving fame¹²⁴ and, as a corollary, a lack of survey evidence of recognition has sometimes been used by courts as at least one reason to find that a senior mark is not famous enough to qualify for TDRA protection.¹²⁵
- 2.79 Evidence related to recognition can also be used against the senior user. In a number of cases, the senior users’ own witnesses testified that the senior mark had recognition limited to the senior user’s own product market, which would suggest niche rather than general fame.¹²⁶ In one case, a previous survey suggested that the mark had zero recognition.¹²⁷ In another case, the court intimated that 40% recognition may suggest niche, rather than general fame and therefore would be insufficient.¹²⁸ It should in principle be possible for a junior user to challenge the fame of the senior user’s trade mark based on survey evidence of low, or even medium recognition findings in less extreme cases.

Whether the mark is registered

- 2.80 Both registered and unregistered marks can benefit from dilution protection in the US. However, the TDRA includes registration as a factor in

¹²² For example, Chewy vuitton ref; jada toys ref; audi ref; tiffany ref; adidas ref and pepsico ref

¹²³ *Adidas-America, Inc v Payless Shoesource, Inc*, 546 F Supp 2d 1029 (D Or, 2008); *Dan-Foam A/S v. Brand Named Beds, LLC*, 500 F Supp 2d 296, 308 (SD NY, 2007).

¹²⁴ *Visa International Service Ass'n v JSL Corp* 590 F Supp 2d 1306 (DNev, 2008)(99% brand recognition weighed heavily in favour of fame); *Dallas Cowboys Football Club, Ltd v America's Team Properties* 616 F Supp 2d 622, 2009 WL 819394 (ND Tex, 2009)(‘Plaintiffs’ survey demonstrates actual recognition among a relevant consumer base’).

¹²⁵ *Argus Research Group, Inc v Argus Media, Inc* 562 F Supp 2d 260 (D Conn,2008) p282(‘Argus Research has presented no evidence to indicate that these account holders actually access Argus Research’s materials or that they are aware of “ARGUS” as a mark’); *University of Kansas v Sinks* 565 F Supp 2d 1216 (D Kan, 2008)(‘Plaintiffs point to no evidence about the degree of recognition of the other marks and there is no evidence about the extent of actual recognition.’); charlotte ref (‘The record also contains no evidence of any consumer recognition of GMA’s mark’).

¹²⁶ *Argus Research Group, Inc v Argus Media, Inc* 562 F Supp 2d 260 (D Conn,2008) p282 (senior user’s own witness suggested recognition limited to those interested in the stock market); componentone (Claimant’s own witness testified that mark was ‘well known only in its niche market-a specific segment of the computer information technology industry, namely, developers on the Windows, Borland, and Visual Studio platforms’); verliux ref (senior user asserted that mark was well known in lighting products market).

¹²⁷ *GMA Accessories, Inc v Croscill, Inc* US Dist LEXIS 17589 (SD NY, 2007) ref (‘the Dupont survey suggests that “actual recognition of the mark is nil’).

¹²⁸ *Board of Regents, University of Texas System ex re University of Texas at Austin v KST Elec, Ltd* 550 F Supp 2d 657, (WD Tex, 2008). The senior user cited the FTDA case of *Ringling Brothers-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Development*, 955 F.Supp. 605, 613 & n. 4 (E.D.Va.1997), *aff’d* 170 F.3d 449 (4th Cir.1999), where fame was found based on 41% recognition, causing the court to observe that the TDRA has made it more difficult to obtain trade mark rights ‘in gross’, and in particular where the mark merely has niche fame.

establishing fame. It is hard to see why the fact that the senior user has complied with the formalities of registration should make his mark any better known than a mark which has been used equally extensively but which has not been placed on the register. However, McCarthy suggests that we might infer that a mark is *not* famous if its owner has not felt it necessary to register it.¹²⁹

- 2.81 The courts have paid limited attention to this factor. Certainly they have favourably noted the fact that the senior mark is registered in some cases where fame was found.¹³⁰ Equally, a lack of fame has been found in cases involving registered marks¹³¹ and fame has been found in cases involving non-registered marks.¹³² At least one court¹³³ has adopted a ‘cluster’ approach – although the particular mark allegedly suffering dilution (the trade dress of the Hershey chocolate bar) was not registered, the senior had hundreds of other registered marks and this weighed in favour of a finding that the trade dress was famous. This approach is questionable. While so many trade marks may suggest that the senior user is well resources and is hence more likely to be the owner of some famous trade marks, it is hard to see why this should indicate that one of the indicia that it did think worth protecting is famous.

Endorsement, licensing and sponsorship

- 2.82 Senior users have sometimes tried to prove the fame of their marks by reference to their contractual connections with other undertakings. So far, this has been met with a mixed response. The fact that the senior user has engaged in licensing activity has been noted favourably,¹³⁴ presumably because such activity will lead to the mark being exposed to a wider pool of consumers, and also because the fact that other traders want to take a licence could suggest that the mark is in demand among consumers outside the senior user’s existing trading area. However, licensing activity has also been treated as a neutral,¹³⁵ and even detrimental factor to proving fame.¹³⁶

¹²⁹ McCarthy §24:106.

¹³⁰ *Visa International Service Ass’n v JSL Corp* 590 F Supp 2d 1306 (DNev, 2008); *Nike, Inc v Nikepal International, Inc* Not Reported in F Supp 2d, 2007 WL 2782030 (ED Cal, 2007); *Dan-Foam A/S v. Brand Named Beds, LLC*, 500 F Supp 2d 296, 308 (SD NY, 2007); *Nike, Inc v Nikepal International, Inc* Not Reported in F Supp 2d, 2007 WL 2782030 (ED Cal, 2007)(the court noted that Nike held ten federal registrations for the mark in question).

¹³¹ *Verilux, Inc. v. Hahn* Not Reported in F.Supp.2d, 2007 WL 2318819 (D Conn,2007); **GMA Accessories, Inc v Croscill, Inc US Dist LEXIS 17589 (SD NY, 2007)charlotte ref** – this case underlines the limitations of the factor as the court observed that although the senior user’s CHARLOTTE mark was registered, so were more than 100 others containing the same word.

¹³² *Dallas Cowboys Football Club, Ltd v America’s Team Properties* 616 F Supp 2d 622, 2009 WL 819394 (ND Tex, 2009).

¹³³ *Hershey Co v Art Van Furniture, Inc* Not Reported in F Supp 2d, 2008 WL 4724756 (ED Mich, 2008)

¹³⁴ *Dallas Cowboys Football Club, Ltd v America’s Team Properties* 616 F Supp 2d 622, 2009 WL 819394 (ND Tex, 2009).

¹³⁵ *Board of Regents, University of Texas System ex re University of Texas at Austin v KST Elec, Ltd* 550 F Supp 2d 657, (WD Tex, 2008)(senior user held record for most royalties earned in a single year and was top university for licensing royalties, yet fame was not found).

¹³⁶ *Pet Silk, Inc v Jackson* 481 F Supp 2d 824 (SD Tex 2007) - the fact that the senior user had not licenced his mark appears to count in its favour. No explanation is offered by the court for this.

2.83 The fact that major companies engaged in sponsorship of a senior mark owner’s football team has been held not to provide evidence of fame.¹³⁷ We might note that the fact that another undertaking thinks it will get worthwhile exposure through sponsoring the team may provide some circumstantial evidence that the mark is known. However, it could be argued that it is the sponsor and not the senior use that is getting the publicity out of a sponsorship deal. The key benefit for the sponsee is the sponsorship fee. The reverse is true where the senior user pays to endorse an athlete, or other ‘brand ambassador’, and in one case the fact that the senior user had endorsed athletes was used as part of the evidence in proving fame.¹³⁸

Website data

2.84 In *Milbank*, the fact that the senior user’s website had over 1.3 million outside ‘hits’ during a single month does not appear to have been helpful in establishing fame.¹³⁹ However, used properly, information about web traffic could potentially be helpful in establishing fame as it indicates exposure to the mark as used on the site. To show that the website has had an effect on consumer perceptions of the mark, senior users should ensure their marks are displayed prominently on their websites and collect data regarding how many ‘hits’ are unique rather than repeat visitors, the geographical location of those visitor and the amount of time that they stay on the site. Since each unique ‘hit’ equates to one computer (if not one person) we might expect hits in the order of something close to the number of internet-connected consumers in the US for web data to persuasively show knowledge among the general consuming public of the US. It should be noted that figures relating to hits could be used against senior users, particularly if their business model relies heavily on online sales. In the conventional market place, we would expect more people to be aware of a mark than are actually purchasing goods under the mark since, in a shop, consumers will be confronted with a number of brands of a particular product, even if they only purchase one. However, on the internet, if a consumer goes to the website of a particular brand of goods, he will not be exposed to other brands and so will not see trade marks belonging to goods that he does not buy.¹⁴⁰

Use of mark by third parties and other challenges to distinctiveness

2.85 Although third party use of similar marks was removed from the TDRA test,¹⁴¹ certain courts have used this factor in finding a lack of fame. The *Milbank* court explained, referring to the Trademark Review Commission’s report, that where there are significant third party uses, the mark may not be

¹³⁷ *Board of Regents, University of Texas System ex re University of Texas at Austin v KST Elec, Ltd* 550 F Supp 2d 657, (WD Tex, 2008). The sponsors were household names such as NIKE and PIZZA HUT.

¹³⁸ *Nike, Inc v Nikepal International, Inc* Not Reported in F Supp 2d, 2007 WL 2782030 (ED Cal, 2007)

¹³⁹ *Milbank Tweed Hadley & McCloy LLP v Milbank Holding Corp* Not Reported in F Supp 2d, 2007 WL 1438114 (CD Cal, 2007).

¹⁴⁰ Although he will if he visits the websites of online markets such as Amazon or Wal-mart.

¹⁴¹ It was previously factor (G) of the FTDA test.

famous for the goods or services of a single business.¹⁴² In another case, the court explained that the existence of over a hundred registrations containing the senior mark meant that the senior user’s mark ‘hardly stands out’.¹⁴³ The distinctiveness of the senior mark was challenged in the IRONMAN case not only because of third party uses of the mark, but also because the mark consisted of a common English word.

- 2.86 A particular extreme case of third party use preventing a mark from qualifying for dilution protection occurred in *Johnson & Johnson v The American National Red Cross*.¹⁴⁴ Johnson & Johnson sought to bring a dilution claim against the American Red Cross in relation to the use of a red cross. The claim failed to get off the ground because, even though Johnson & Johnson was the senior user, the ARC’s sustained use of a red cross meant that neither the words ‘Red Cross’ nor a red cross logo would be viewed as a ‘marker’ of J & J’s goods or serve as an ‘exclusive designation’ of those goods.
- 2.87 These cases are interesting because although one of the aims of the TDRA was to remove the distinctiveness requirement from the fame test, they reintroduce it to some extent since the reasoning behind them is that the marks do not ‘stick out’ enough to identify the goods of a single undertaking, at least when viewed out of context. This is not entirely surprising as the explicit aim of the fame test is not to prove notoriety *per se*, but rather to prove that the senior mark is ‘widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner’¹⁴⁵ (emphasis added). Perhaps the key is to recognise that distinctiveness will always have a role to play in trade mark cases, since it is so intimately connected to the way in which a trade mark functions, but for the courts to refrain from overemphasising this role to the extent that a separate requirement of ‘hyperdistinctiveness’ is required.

The importance of precision

- 2.88 Although perhaps not strictly a factor, it is worth noting that a number of senior users have failed to prove fame because the evidence presented related generally to the senior user’s marks or business and rather than the precise mark they were seeking to protect.¹⁴⁶

Europe - Overview

¹⁴² *Milbank Tweed Hadley & McCloy LLP v Milbank Holding Corp* Not Reported in F Supp 2d, 2007 WL 1438114 (CD Cal, 2007) p.5.

¹⁴³ *GMA Accessories, Inc v Croscill, Inc* US Dist LEXIS 17589 (SD NY, 2007)

¹⁴⁴ *Johnson & Johnson v The American Nat Red Cross* 552 F Supp 2d 434 (SD NY 2008), [pg.no ref.](#)

The case is exceptional because the distinctiveness of J & J’s mark was said to be so low that it is questionable whether it could act as a trade mark. Nevertheless, benefits from trade mark protection because Congress authorised the ARC to make use of the Red Cross but preserved prior users’ trade mark rights through a ‘grandfathering clause’.

¹⁴⁵ §43(c)(2)(A).

¹⁴⁶ See *Milbank Tweed Hadley & McCloy LLP v Milbank Holding Corp* Not Reported in F Supp 2d, 2007 WL 1438114 (CD Cal, 2007)(unclear how much of advertising spend related to the mark MILBANK, as opposed to the firm in general, using its full firm name Milbank Tweed Hadley & McCloy LLP) and *World Triathlon Corp, Inc v Dawn Syndicated Productions* 2007 US Dist LEXIS 72544 (MD Fla, 2007)(evidence related to IRONMAN word and logo mark, rather than the IRONMAN word only mark).

- 2.89 There is no statutory indication in the EU of how a senior user should go about proving that his mark has a reputation. However, the ECJ in *General Motors*¹⁴⁷ ruled that relevant factors include:
- the market share of the goods or services sold under the senior mark;
 - the intensity of use of the senior mark;
 - the geographical extent of use of the senior mark;
 - the duration of the senior mark’s use; and
 - the size of the investment made by the senior user in promoting his mark
- 2.90 The test is non-exhaustive, and the court also instructed that ‘all the relevant facts of the case’ should be taken into consideration. It is strikingly similar to the test used to determine whether an inherently non-distinctive or descriptive mark has acquired secondary meaning¹⁴⁸ except, if anything, the acquired distinctiveness standard appears to be more precise, since it also calls on tribunals to consider the proportion of the relevant public that identifies the mark as coming from the relevant undertaking and statements from chambers of commerce and industry or other trade and professional associations. In fact, it is somewhat difficult to see the difference between the two standards. Acquired distinctiveness requires that ‘the relevant class of persons, or at least a significant proportion thereof, identify goods as originating from a particular undertaking because of the trade mark’. As we have already seen, for reputation, the test is also in relation to a significant proportion of the relevant public. It is therefore not surprising that some tribunals¹⁴⁹ have relied on their assessment of acquired distinctiveness to prove (or disprove) reputation.
- 2.91 On its face, the EU reputation test is far less comprehensive than that of the US. A particularly obvious omission is the lack of actual recognition as a expressly. However, in the next section we will see that tribunals in Europe take into account a much wider range of factors than those mentioned in the *General Motors* test, and that there is a significant overlap with the factors used by courts in the US.
- 2.92 A preliminary consideration in Europe is when reputation should be tested for. The CFI has indicated that before embarking on a consideration of whether the senior mark has a reputation, courts should first consider whether the parties’ marks are sufficiently similar.¹⁵⁰ Although there is an attraction in using reputation first to filter out marks which are manifestly unsuitable for dilution protection, it is submitted that considering similarity of marks first is more sensible as assessing similarity of marks is more straightforward than the evidence-intensive process of judging whether a mark has a reputation.
- 2.93 A further consideration, once niche product fame is taken into consideration is how widely the relevant product market is drawn since, the narrower the

¹⁴⁷ *General Motors Corporation v Yplon SA* (C-375/97) [1999] ECR I-5421 [52].

¹⁴⁸ Joined cases (C-108/97) and (C-109/97) *Windsurfing Chiemsee Produktions- und Vertriebs GmbH v Boots- und Segelzubehör Walter Huber and Franz Attenberger* [1999] ECR I-2779 [51]. The two differences are the omission of market share and statements from chambers of commerce and industry or other trade and professional associations.

¹⁴⁹ Ref

¹⁵⁰ *Gateway v OHIM; Fujitsu Siemens Computers* C-57/08 [2009] ETMR 32 [57].

product market, the fewer, more specialised consumers it will encompass, and the easier it should be to prove that the mark will be known to a significant proportion of the relevant public. This has particularly challenged the UK Trade Marks Registry in relation to designer clothing. In a number of decisions, the Registry has refused to define the relevant market as taking in designer clothing only, preferring instead to define it as ‘ladies outerwear’. It is much easier for a designer label’s reputation to get ‘lost’ in a market as large as that for ladies’ clothing. In particular, circumstantial evidence, such as unit volume sold and the geographical extent may look unimpressive where the aim of the senior user is to keep its mark exclusive.¹⁵¹ Particularly problematic could be a senior user who deliberately, or because of high pricing maintains low sales, but may nevertheless widely know as a status symbol to the public at large. This is envisaged by the OHIM *Manual concerning Opposition*, which cautions that the usual standards may need to be waived for goods which ‘which many may know, but few can buy’.¹⁵²

Europe – factors used by the courts and tribunals

Use – intensity

- 2.94 Intensity of use is the first factor mentioned in *General Motors*, but it is far from clear what it actually means. The OHIM *Manual Concerning Opposition* views this as equating to sales data¹⁵³ (which we will look at separately) although this is questionable because use by a trade mark owner does not necessarily result in sales. On its natural meaning, sales focus on consumers while use focuses on the activities of the trade mark owner.
- 2.95 Be that as it may, tribunals have considered a range of other information pertaining to use. They have sometimes found reputation after noting that the senior user has used his mark on a range of products.¹⁵⁴ They have also considered the way in which the product is distributed, paying particular attention to methods of mass-market distribution.¹⁵⁵ In one case, the fact that a television programme featuring the characters which were the subject of

¹⁵¹ This is particularly apparent in **EMILIO PUCCI/PUCCI - ‘PUCCI DESIGNER PETWEAR & DEVICE OF A UNION FLAG’ - BL O/024/08**. See also **‘PUCCI’ - BL O/168/07**. These decisions can be compared with **JUICY DIAMONDS ‘JUICY’ - BL O/231/07** where the hearing officer found a reputation for ‘high end’ goods.

¹⁵² OHIM, *The Manual concerning Opposition - Part 5, Article 8(5) CTMR*, p.18.

¹⁵³ P.19.

¹⁵⁴ For example, **QUIKSILVER (FIG. MARK) /QUIKSILVER et al - R 1010/2008-2** (mark used extensively inter alia on surfboards, snowboards, windsurfing equipment, beach clothes, winter sports clothes, jeans, wetsuits as well as an assortment of promotional goods taking the form of calendars, event kits, seasonal posters, window stickers and mannequins); **Ardlyarods (FIG. MARK) / HARRODS – R 1786/2007-1**(HARRODS mark used on ‘vast variety of items’); (microprocessor products, multi-media and business software graphics products, internet-based software and merchandising products e.g. clothing and toys); **TEFEX BL O/098/08** (wide ranging product base); **Tesco Stores Ltd v Elogicom Ltd [2006] EWHC 403 (Ch)**(senior user providing a range of products, including financial services, as well as supermarkets).

¹⁵⁵ **Julius Sämann Ltd, Julius Sämann Ltd, H Young (Operations) Ltd v Tetrosyl Ltd [2006] EWHC 529 (Ch)**(MAGIC TREE air freshener supplied to major wholesalers and retailers and petrol station forecourts); **Tesco Stores Ltd v Elogicom Ltd [2006] EWHC 403 (Ch)**(1780 stores acrosss UK). Analogously, in first reference, the senior user operated 9,000 buses from forty towns and cities carrying 2.8 million passengers a day.

the senior mark was repeated four times a day was helpful in establishing a reputation.¹⁵⁶ Although of these considerations are united by the fact that they represent situations where consumers will come into contact with the senior mark very frequently, increasing the likelihood that the mark will ‘stick’ in the minds of consumers.

- 2.96 On the other hand, use, even use that would be sufficient to prevent a mark from being revoked for non-use, is not necessarily indicative of a reputation, and limited use may suggest that the mark lacks a reputation. For example, in *Wilson v Yahoo*,¹⁵⁷ use of the MR SPICY mark on a catering vehicle offering hot snacks suggested that the mark lacked a reputation. Likewise, many cases have failed because the senior user has provided evidence of single instances of use (e.g. a single invoice bearing the mark),¹⁵⁸ rather than a sustained pattern of usage, or because evidence of use is not accompanied by evidence that the usage had an impact on consumer perceptions of the mark.¹⁵⁹

Use – geographical extent

- 2.97 Geographical extent of use is the second of the *General Motors* factors. As the OHIM *Opposition Manual* indicates,¹⁶⁰ this factor is indicative of whether the reputation of the senior user’s mark is likely to cover a substantial part of the relevant territory. Generally we would expect the scope of use to be broadly in alignment with the required scope of reputation. This factor has not been considered in the majority of cases. Where it has been considered, unsurprisingly tribunals have been impressed by use which spans entire countries, or which crosses national borders.¹⁶¹ However, use which is limited to single cities,¹⁶² or unsubstantiated vague claims to have used the mark in a ‘large’ or ‘wide’ number of unelaborated cities¹⁶³ have been of little help to senior users. We should note though that there may be exceptional examples of use concentrated in single cities, such as tourist sites or prestigious department stores, which logically could give rise to a reputation throughout an entire country.

¹⁵⁶ THE POWERPUFF GIRLS – BL O/155/08.

¹⁵⁷ *Wilson v Yahoo* [2008] EWHC 361 (Ch)

¹⁵⁸ For example 2 hr use ref (evidence consisted of catalogues and price list which would not even show genuine use); boomerang/zommerang ref (a single catalogue could not establish a reputation).

¹⁵⁹ For example NOVERA/NOVERA (FIG. MARK) - R 333/2008-5 (company brochure and statement by chairman did not indicate consumer perception); MORE/ASK FOR MORE (FIG.) ET AL - R 694/2008 (evidence of use in advertising campaign did not indicate impact campaign had on public); BAXOL PRODOTTI CHIMICI PER L’AUTO E L’INDUSTRIA (FIG. MARK) / MAXOL et al. (evidence of use did not know mark known by consumers).

¹⁶⁰ p20.

¹⁶¹ For example, FISH KETTLE - BL O/261/07 (UK trade mark – used throughout the UK); FLY FIRST FLY FIRST & device (series) - BL O/081/08 (UK trade mark - bus and rail network connecting 40 UK towns and cities); QUIKSILVER (FIG. MARK) /QUIKSILVER et al - R 1010/2008-2 (CTM – mark widely exposed in a number of Community Members States, in particular the United Kingdom, France, Spain, Portugal, Austria and Greece); – iberianwings / IBERIA (FIG. MARK) et al. - R 1909/2007-2 (CTM – flight network throughout Europe).

¹⁶² *Wilson v Yahoo* [2008] EWHC 361 (Ch)(the takeaway van in question was said to have travelled to festivals and similar gatherings throughout London).

¹⁶³ See Hummel DEVICE MARK ONLY - BL O/326/07 and THE DRUNKEN MONKEY (series of 3 marks) – BL O/236/07.

2.98 In relation to Community trade marks, as has already been noted, OHIM has adopted the approach that a reputation in a single Member State is sufficient to qualify under Art.8(5). As a consequence, the Office has been satisfied under this factor with use in a single Member State.¹⁶⁴ However, if the ECJ rules that reputation in a single Member State is insufficient, it is likely that OHIM will look for use in a geographical area which mirrors the necessary scope of the reputation.

Use – duration

2.99 This is the third of the *General Motors* factors. Although it has not been used in every case, it has been used often in cases where reputation has been found, and it is notable that in very many cases, the mark in question has been the subject of very long use. Often the use has dated back about two or three decades,¹⁶⁵ although in many cases it has gone back much further.¹⁶⁶ Nevertheless, reputation has been found without difficulty in cases involving just 5 to 10 years of use¹⁶⁷ and in exceptional cases use over a much shorter period has been sufficient where there are compensating strengths in relation to other factors. To take two English examples, in *O2 v H3G*¹⁶⁸ the senior user, O2 first began using its marks in May 2002, and yet was able to establish a reputation when the junior user, H3G, began its potentially infringing advertising campaign August 2004. O2 had the considerable sum of £320m on advertising and had sponsored Arsenal Football Club, the English rugby team and the popular television show ‘Big Brother’ during this time. Even more dramatic is *Pfizer v Eurofood*.¹⁶⁹ The senior user launched VIAGRA in the UK in September 1998 and successfully stopped the sale of VIAGRENE, demonstrating that VIAGRA had become a household name by January 1999. However, it was the fastest selling pharmaceutical in history, and had benefited from an extraordinary level of press coverage, some of which predated the launch.

2.100 Equally well, use of long duration but low intensity is unlikely to result in a finding of reputation.¹⁷⁰

¹⁶⁴ NATURA / natura selection (FIG. MARK) et al. - R 651/2007-1 (shops located all over Spain, in almost all major cities); MAGN’HOM / HOM - R 1585/2007-2 (goods were sold all over France). Often though the use has occurred in multiple Member States, or even throughout Europe.

¹⁶⁵ For example, KISS / KISS et al. - R 266-2008-2 (the band had been performing for three decades); *Aktieselskabet af 21. november 2001 v OHIM (TDK) T-477/04* [2009] ETMR 36 (since 1988) and *Riemann & Co and Others v Linco Care Ltd* [2007] EWHC 3466 (Ch)(since 1980).

¹⁶⁶ For example, *Spa Monopole v Spa-Finders Travel Arrangements (SPA-FINDERS)* [2005] ETMR 9 (since 1921); Ardlyarrods (FIG. MARK) / HARRODS – R 1786/2007-1(150 years); *Premier Brands UK Ltd v Typhoon Europe Ltd & Another* [2000] ETMR 1071 (since 1903) and ; ‘MARTELL TOWER’ BL – O/133/08(since the 18th Century).

¹⁶⁷ FLY FIRST FLY FIRST & device (series) - BL O/081/08(the mark had been used in various transport sectors since 1995 and 2001); THE POWERPUFF GIRLS – BL O/155/08 (since 1999).

¹⁶⁸ ***O2 Holdings Ltd, O2 (UK) Ltd v Hutchison 3G Ltd* [2006] EWHC 534 (although the case eventually went to the ECJ, the dilution issue was not appealed beyond the High Court).**

¹⁶⁹ *Pfizer Ltd and Pfizer Incorporated v Eurofood Link (United Kingdom) Ltd* [2000] ETMR. 896 (Ch) The case can be contrasted with EAGLE – BL O/249/08 where 7 months use did not lead to a finding of reputation in the absence of any other extraordinary factors.

¹⁷⁰ In *Daimler Chrysler AG v Alavi (t/a Merc)* [2001] ETMR 98, although the senior user undoubtedly had a strong reputation in the MERCEDEZ and MERCEDEZ BENZ marks for vehicles, it did not have a reputation for clothing, even though it had been using the mark on a small scale of promotional and gift clothing since the 1960s. Likewise in *Wilson v Yahoo* [2008] EWHC 361 (Ch), the proprietor of the

Sales – turnover

2.101 Unlike the US test, the basic EU test does not mention sales. However, the European tribunals have frequently paid attention to both the turnover under the mark and the number of units sold under the mark. In seeking to make comparisons with the US, it should be remembered that the population of any single territory of the EU is considerably smaller than that of the US, and so one would expect a reputation in a single territory to be attained through a lower number of sales than in the US. We might also expect that the fact that the EU only requires a reputation in the relevant public, and not among the public at large to mean that a lower level of sales will suffice, compared to the US where fame across the entire market rules the day.

2.102 However, establishing a reputation in the EU certainly is not a pushover, and this is particularly apparent with regard to sales. The UK in particular expects high sales, generally in excess of £1m before a finding of reputation will be considered.

2.103 OHIM has established that it is not absolutely essential to provide sales figures in proving reputation.¹⁷¹ However, the cases show that strong sales figures will be helpful in establishing reputation and moderate figures will have the opposite effect. Making generalisations about required sales per annum is particularly difficult, first because it may depend on the particular product market in question, and secondly because of the differing approaches to the scale of reputation required for CTMs. With that caveat in mind, we can observe that in one decision, the OHIM Fourth Board of Appeal held that sales of 13,876,000 euros and 18,291,000 euros per annum did not establish a reputation. Even though the figure might appear substantial, the Board noted that it was not particularly high, bearing in mind the geographical scope of the mark and the scale of penetration of the goods in question (audio and video equipment among the public).¹⁷² However, in another decision,¹⁷³ the same Board of Appeal found a reputation in France in a case involving sales of chocolate bars worth 23million euros. We might note in passing that 23million euros of chocolate bars would represent a far higher number of units of the product in question than the equivalent value of audio equipment. In general though, OHIM has not paid a great deal of attention to turnover figures.

2.104 The UK has had greater recourse to sales figures. Between June 2007 and June 2009, where sales figures were presented, reputation was only found where there was a turnover in excess of £1million.¹⁷⁴ Frequently

MR SPICY mark claimed to have used it for over 20 years, but only in relation to a single mobile food outlet.

¹⁷¹ ZEENA/ERMENEGILDO ZEGNA - R 970/2006-2.

¹⁷² DUALPIX / DUAL - R 810/2005-4 (the Board does not make clear what the geographical scope of the senior mark was (though it was a German trade mark), just that it was insufficient).

¹⁷³ CRUNCH (FIG. MARK) / CRUNCH - R 52/2005-4.

¹⁷⁴ The lowest figure is \$1.588m in *Intel Corp Inc v CPM United Kingdom Ltd* [2007] RPC 35 though this was a special case as the figure represented direct sales by Intel only (the earlier case of *Intel Corporation v Sihra* [2004] ETMR 4 estimated sales under the INTEL mark at £629.612 million in 1994). Sales of goods containing Intel components, and branded as such were far more substantial. The next lowest is *dorma ref.*, with sales of bed linen ranging between £2.6 and 4.5m pa and then *Whirlpool Corp v Kenwood Ltd* [2009] ETMR 5 (between 6 and 8m euros p.a. in the UK).

though the turnover was much higher than this, amounting to tens of millions of pounds per annum, if not more.¹⁷⁵ In cases where no reputation was found, relatively respectable sales figures of £50,000¹⁷⁶ under the mark and £209,000¹⁷⁷ in a single year were cited. However, sales as high as £1.49million in a year¹⁷⁸ and £3million¹⁷⁹ over an approximately four year period were also insufficient. Sales figures have also often been dismissed in the UK for imprecision. For example, worldwide sales figures that do not indicate UK turnover¹⁸⁰ and all data concerning all sales under a mark, rather than sales pertaining to the particular goods for which the senior user wishes to establish a reputation.¹⁸¹

Sales – units

2.105 As already been noted, to gain a complete picture of sales, it is necessary to examine both turnover and how many units of the product (and hence how many potential end users) those sales represent, bearing in mind that we would expect a greater number of sales of low-value goods. Both OHIM and the UK have noted high unit sales in cases where reputation has been found. These have generally been in the hundreds of thousands,¹⁸² and frequently in the millions per annum.¹⁸³ In one case,¹⁸⁴ sales of 99,000 in a year sufficed, though the good in question were food mixers, which are a relatively niche and expensive purchase. Not surprisingly, reputation was not established in a case involving the case of just 20 units.¹⁸⁵

Market share

¹⁷⁵ For example TEFEX BL O/098/08 (in the region of \$20m pa) and FISH KETTLE - BL O/261/07 (£40.2m between 2001 and 2002 for snack foods).

¹⁷⁶ Lambert ref (according to the hearing officer this was ‘manifestly not going to be a foundation for a claim to reputation’).

¹⁷⁷ FAR PEAK FARM - BL O/207/07 (though this appears to have been in the context of declining sales).

¹⁷⁸ EMILIO PUCCI/PUCCI - ‘PUCCI DESIGNER PETWEAR & DEVICE OF A UNION FLAG’ - BL O/024/08 though this represented sales from a single outlet of designer clothing.

¹⁷⁹ THE DRUNKEN MONKEY (series of 3 marks) – BL O/236/07. The senior mark was a CTM, and so the hearing officer first found that this figure was insufficient to establish a reputation in the EU. However, he went on to state that it would not be sufficient to establish a reputation in the UK only either.

¹⁸⁰ *Opposition of Mary Quant Cosmetics Japan Ltd* ‘DEVICE OF FLOWER HEAD (STYLISTED)’ BL O/305/07 (worldwide sales of £43m for cosmetics, but no indication of what the UK share was. The hearing office also doubted whether the worldwide figure was significant compared to the entire market for cosmetics).

¹⁸¹ KOSCH & device of a lions head - BL O/110/08 (total sales under the BOSCH mark of £1.3bn in the UK but no disaggregated figure for particular products). The fact that no reputation was found, despite the huge overall turnover, demonstrates the restrictive effect that requiring senior users to establish a reputation for particular goods has on dilution in Europe.

¹⁸² *Riemann & Co and Others v Linco Care Ltd* [2007] EWHC 3466 (Ch)(500,000 bottles sold during 2006); future ref (400,000 copies sold per month).

¹⁸³ For example KISS / KISS et al. - R 266-2008-2 (band sold 80m albums over three decades); botox (treatment had ‘millions of users’); RED’KA (stylised) & device of squares O/153/08(2.8million bottles sold in year prior to relevant date); *Julius Sämann Ltd, Julius Sämann Ltd, H Young (Operations) Ltd v Tetrosyl Ltd* [2006] EWHC 529 (Ch)(hundreds of thousands of air fresheners sold each month).

¹⁸⁴ *Whirlpool Corp v Kenwood Ltd* [2009] ETMR 5.

¹⁸⁵ TECHNICALS – BL O/232/08.

- 2.106 Market share is the first factor mentioned by the *General Motors* court. This stands to reason, as it deals with the problem that the nature of some markets, such as those for luxury goods, is for the number of units sold will be very low. Equally well, it moderates the risk of sales figures that look very high but make up only a very small part of the market. It is therefore surprising that, unlike the European courts, the US courts do not appear to have paid much attention to market share. Of course, the factor is only effective if the market is defined carefully and realistically. For example, in one case,¹⁸⁶ the relevant market was defined as the market for milk chocolate rice bars, even though one would assume that chocolate bars containing rice would be easily substituted with other chocolate bars. This narrow definition enabled the OHIM Fourth Board to find that the senior user had a 50% market share.
- 2.107 Although the European tribunals have often not required senior users to demonstrate that they satisfy all the *General Motors* requirements, they appear to place particular importance on market share and have frequently upbraided senior users for not providing this data.¹⁸⁷ This is particularly apparent in the decisions of the UK Registry.¹⁸⁸ Senior users have managed to demonstrate reputation with market shares of approximately 25%¹⁸⁹ and over, although in one case a market share as low as 2.93% sufficed.¹⁹⁰

Advertising – investment promoting marks

- 2.108 The final *General Motors* factor is the level of the senior user’s investment in promoting his mark. The assumption is that the more a senior user puts into promoting his mark, the more likely it is to come to the attention of a wide range of consumers (even those who do not necessarily go on to buy goods sold under the mark), and the more frequently consumers see the mark being promoted, the more likely it is to ‘stick’ in their heads. However, as one tribunal has implied, this is circumstantial evidence only, and the fact that a large sum has been spent on advertising does not guarantee that that advertising has been effective.¹⁹¹ Presently there does not

¹⁸⁶ CRUNCH (FIG. MARK) / CRUNCH - R 52/2005-4.

¹⁸⁷ For example, Emilio pucci cfi; carbospin ref (no data regarding market share); dualpix ref (no market share data).

¹⁸⁸ See Hydac ref (‘To establish that its trade mark HYDAC was known by a significant part of the public concerned with the products covered, it would be necessary, at the very minimum, to consider the sales figures within in a context of market share’ [25]) and zenith ref (‘without information setting out their market share or the size of their market sector, bald turnover figures provide little assistance’ [55]).

¹⁸⁹ See muhlens v ohim ref (23.6%); tdk ref (49.5% in Great Britain and 22.1% in Europe; of camcorder tape market; 64.1% in Great Britain and 39.3% in Europe of audio tape market); whirlpool ref (25-30%, depending on how market share was calculated). There are also many examples of the products being sold under senior users’ marks being recognised as market leaders.

¹⁹⁰ Kettle ref (if anything, the market share was lower, as this was 2.93% of the top-selling crisp brands). See also powderpuff girls ref (channel Powderpuff Girls cartoon shown on received 0.4% of TV audience at the time, though this was said to be typical for a satellite channel) and Pebble Beach (market share not particularly high).

¹⁹¹ More/ask for more (as well as seeking data on advertising spend, the Board noted that there was no evidence about the number of times the advertisement was transmitted, and what the audience numbers were). See similarly Eagle ref (no evidence on circulation of newspapers in which advertisements appeared).

seem to be a great deal of attention, before OHIM at least, paid to the fact that one might expect it to be more costly to establish a reputation in a significant part of the EU compared to a national mark. This may change depending on the outcome of *PAGO*.

2.109 In terms of the amount that tribunals are looking for, in very many cases involving both Community and national trade marks, the investment has been well in excess of £1 million per annum.¹⁹² However, reputation has been found where the investment amounts to a few hundred thousand pounds.¹⁹³ Often though, OHIM in particular has merely noted that the advertising spend is substantial, without giving figures.¹⁹⁴ In the UK reputation has not been found in cases involving promotional investments of under £100,000,¹⁹⁵ although in one decision,¹⁹⁶ a reputation was found where the advertising spend amounted to between £62,000 and £87,000 per annum. However, this was acknowledged to be a relatively modest amount, and there were compensating strengths in relation to the other factors. Moreover, senior users have been criticised for not providing evidence on this issue.¹⁹⁷

Advertising – mediums

2.110 As is the case in relation to the US, European tribunals have looked favourably on senior marks which have been advertised through a variety of mediums, even though this is not part of the basic reputation test. Mediums which have been highlighted include in-store promotions,¹⁹⁸ co-branding,¹⁹⁹ use of the mark on promotional items, such as free gifts,²⁰⁰ contributions to third-party publications,²⁰¹ and presence at trade shows,²⁰² as well as the more conventional print, radio, television and billboard advertising. This factor is particularly effective where the mark has been used on such a wide range of media that relevant consumers could not possibly escape it.²⁰³

¹⁹² For example, crunch ref (between 2.5 and 3million euros p.a.); martell (£2million p.a.); whirlpool (‘advertising and marketing spend for the KitchenAid brand in the European Union has been at the levels of €1 million (2004), €2 million (2005) and €2 million plus (2006) with about 95 per cent of that expenditure relating to advertising and marketing of the KitchenAid Artisan mixer’). There are many more examples, with far higher promotional investments, but these examples should give an idea of the lower end where reputation has been found without problem.

¹⁹³ Quicksilver (In Sweden, the ‘QUIKSILVER’ budget exceeded EUR 160 000 for the season 2004/2005. In Denmark, marketing costs exceed EUR 100 000 a year); Dorma (ranging from £242,000-£1.5million p.a.); first ref (£500,000 p.a.).

¹⁹⁴ E.g. botox ref (‘lots of money’); martini (‘extensive’ investments).

¹⁹⁵ Drunkmunky (£50,000 p.a.); PEAK ref (£87,088 over a five year period).

¹⁹⁶ Magic tree ref.

¹⁹⁷ E.g. Emilio pucci cfi ref; Zorro; zenith ref and many other examples.

¹⁹⁸ E.g. magic tree ref; kettle ref.

¹⁹⁹ Kettle ref.

²⁰⁰ CRUNCH ref (free jeans given away with chocolate); QUIKSILVER ref (stickers); FUTURE ref (used on promotional pens, mouse mats, CD covers, t-shirts).

²⁰¹ Nautahdutilh (senior user was a law firm that provided articles to legal publications).

²⁰² Tesco v elogicom ref; magic tree ref.

²⁰³ E.g. O2 ref (mark used on television and in the press; on advertising hoardings; on shop fronts; on packaging; in leaflets; in the tube and taxis, on the internet and to sponsor major sporting teams and television programmes). In Kinder ref, the Board noted that the frequency with which the senior user’s advertisements were shown (9,000 slots during the time that the junior mark was being applied for) meant that they provided ‘blanket coverage’.

Sponsorship and licensing

- 2.111 The fact that the senior user has entered into contractual arrangements with third parties regarding the use of his mark appears to be more helpful to establishing reputation in Europe than it is to establishing fame in the US. A significant number of successful senior users have been involved in the sponsorship of major sporting events²⁰⁴ or teams,²⁰⁵ or of other cultural events.²⁰⁶ In the UK such sponsorship appears to be viewed as a form of advertising investment.²⁰⁷ Such sponsorship can prove helpful in avoiding one of the difficulties noted above – that the EU tribunals tend to find that senior marks have reputations for particular goods, and then use the limited extent of that reputation to limit the scope of protection available. In *TDK*, the senior user had, through sponsorship, established a reputation outside its core business area of camcorder and audio cassettes for clothing, since clothing bearing the sponsor’s trade mark is often available or visible at sponsored events. This meant that there was a risk that the use of a similar mark on clothing might take advantage of TDK’s reputation for clothing.
- 2.112 However, sponsorship of even a national team does not guarantee a finding of reputation and in one case²⁰⁸ the OHIM Fifth Board of Appeal held that what brought the senior mark to the attention of consumers was not that it was used in sponsoring the Italian gymnastic team, but rather that a member of that team had won a gold medal and had appeared wearing clothing featuring the mark. The award of the gold medal happened after the relevant date and so, in spite of the ongoing sponsorship deal, no reputation was found.
- 2.113 Licensing agreements whereby third parties take a licence of the right to use the senior mark have also been recognised as helping to establish reputation, particularly in the UK. In *Pebble Beach v Lombard*,²⁰⁹ licensing arrangements were seen as a tool for the further promotion and sale of goods bearing the trade mark worldwide. They were also seen as an indication of the high regard in which the PEBBLE BEACH mark was held, as third parties would take out a licence with the intention of lending an air of

²⁰⁴ Spa-finders ref (senior user sponsored a number of sporting events); Tdk (sponsorship of every one of the World Championships in Athletics since 1983); quicksilver ref; martell (sponsorship of the Grand National, which became known as the Martell Grand National).

²⁰⁵ Tdk ref (sponsorship of time or another, the Finland national team in athletics and ice hockey, the Italian football club Milan AC, the Netherlands football club Ajax Amsterdam, in Spain, TDK Manresa, basketball club, in Sweden, the Uppsala Gators basketball team and, in the United Kingdom, Crystal Palace football club); O2 (sponsorship of Arsenal Football Club and the England rugby team); kettle (sponsorship of Norwich City FC, an English football club that vacillates between the Premier League and First Division).

²⁰⁶ Tdk ref (sponsorship of tours featuring the Rolling Stones, Paul McCartney, Phil Collins, Tina Turner and Janet Jackson); O2 ref (sponsorship of ‘Big Brother’, the popular reality television programme).

²⁰⁷ In both Martell ref and O2 ref the sponsorship fee was considered in the middle of the discussion of advertising.

²⁰⁸ DECISION OF 5 NOVEMBER 2008 – R 32/2008-5 – Device of a stylized man formed by curved lines (FIG. MARK)/Device formed by curved lines (FIG. MARK) *et al* ref.

²⁰⁹ pebble beach [5].

prestige to their products. Likewise, the court in *Gleneagles v Quillco*,²¹⁰ the fact that a local property developer had entered into a licence to develop a five-star hotel and luxury housing under the senior mark was helpful. However, the mere fact that the senior user has entered into a licence agreement may not even prove that the mark has been used, since it merely shows that there is an intention to engage in such use.²¹¹ Of course, without use in a particular field of goods, the mark cannot build up a reputation in that market.

...and this is where I'm up to (it really is a work in progress)

Still to go:

- Finishing off factors used by the European courts and tribunals – I've identified
 - External recognition/media coverage
 - Recognition of fame in past cases (sometimes accepted, sometimes not)
 - Actual recognition (not part of the gm test but often used)
 - Common knowledge
 - Used by celebrities
 - Fame in pop culture
 - Registrations
 - Use by third parties
 - Evidential deficiencies (seem to be very common in europe)

- Conclusion
 - Note the power of the fame/reputation standard – not much attention is paid to it BUT if a senior mark doesn't overcome it then it gets no dilution protection
 - In terms of the stated standard, the US fame level is much higher than that of the EU
 - In terms of the factors used, the US is probably still more strict than the EU, but not as much as one might expect. EU standards are robust, and come with the sting in the tail that senior users usually only establish a reputation *for* certain goods, effectively limiting reputation to those goods and those somehow linked to them.

²¹⁰ Gleneagles ref [5].

²¹¹ See Zorro [30].