

Unsettled Matter of European Trade Mark Law: Double Identity Rule

- Burden of Proof Issue-

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Abstract:

In the last decade, there has been a crucial development under the European trade mark law. The CJEU expanded the scope of protection under the double identity rule in order to safeguard the further functions of trade mark which are related to the selling power of the “brand image” created by trade mark owners. However, the double identity rule was traditionally designated to protect merely the origin function of trade mark and therefore the protection provided under the double identity rule was absolute. The CJEU’s case law broadened the scope of the protection under the double identity rule to cover the further functions that a trade mark performs. Therefore, the CJEU’s recent approach turned the principle of “absolute protection” upside down. The “burden of the proof” under the double identity rule appeared as an issue as the result of the broader protection under the double identity rule. In this paper, the author aims to examine the ongoing developments as to the double identity rule in the light of the European legislation and the CJEU’s case law; in particular from the point of the “burden of the proof” issue which has appeared recently.

Key Words: Trade Mark, Trade Mark Law, the CJEU’s Case Law, Double Identity Rule, Burden of Proof

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Avrupa Marka Hukukunun Çözümlemeyen Meselesi: Çifte Ayniyet Kuralı

-İspat Yüğü Sorunu-

Öz

Son on yılda, Avrupa marka hukukunda önemli bir gelişme görülmektedir. ABAD çifte ayniyet kuralı altındaki korumayı, marka sahipleri tarafından yaratılan “marka imajı”nın satış gücü ile ilgili olan, markanın diğer fonksiyonlarını da himaye altına almak için genişletmiştir. Fakat çifte ayniyet kuralı geleneksel olarak sadece markanın menşei gösterme fonksiyonunu korumak için tayin edilmiştir ve bundan dolayı çifte ayniyet kuralı altında sunulan koruma mutlaklıdır. ABAD’ın içtihat hukuku ise çifte ayniyet kuralı altındaki korumayı markanın diğer fonksiyonlarını da kapsayacak şekilde genişletmiştir. Bu sebeple, ABAD’ın yeni yaklaşımı mutlak koruma prensibini alt üst etmiştir. Çifte ayniyet kuralındaki ispat yükü, çifte ayniyet kuralı altındaki korumanın genişletilmesinin bir sonucu, sorun olarak ortaya çıkmıştır. Bu makalede yazar çifte ayniyet kuralı altında devam eden gelişmeleri, özellikle yakın zamanda baş gösteren ispat yükü sorunu açısından, Avrupa mevzuatı ve ABAD içtihat hukuku ışığında ele alacaktır.

Anahtar Kelimeler: Marka, Marka Hukuku, ABAD İçtihat Hukuku, Çifte Ayniyet Kuralı, İspat Yüğü

I. Introduction

A registered trade mark provides the owner with exclusive rights over the mark in relation to the goods or services for which it is registered. The owner of a registered trade mark enjoys the exclusive right to use that mark and can prevent third parties from using identical marks on identical goods or services covered by the registration. Owing to the *identical* marks and *identical* goods or services requirements, this clause is known as “*double identity rule*” in trade mark law.

Trade Marks Directive

¹ (TMD) which aims to approximate the laws of the European Union Member States relating to trade marks regulates the double identity rule under Article 5 (1) (a). The Recitals to the TMD describes this type of protection as absolute. More specifically, the protection afforded by the registered trade mark, the function of which is in particular to guarantee the trade mark as an indication of origin, should be absolute in the case of identity between the marks and the goods or services. This means that the likelihood of confusion as to the origin of the goods or services is presumed under the double identity rule, unlike the protection provided to trade mark owner under the other subsections of Article 5. There are three basic requirements for trade mark owner to apply the exclusive right under the double identity rule: “using in the course of trade” prerequisite, “identical signs” and “identical goods or services” requirements.

¹ DIRECTIVE 2008/95/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 22 October 2008 to approximate the laws of the Member States relating to trade marks. According to the Article 55 of the new TMD [Directive (EU) 2015/2436], DIRECTIVE 2008/95/EC is repealed with effect from 15 January 2019, without prejudice to the obligations of the Member States relating to the time limit for the transposition into national law of Directive 89/104/EEC set out in Part B of Annex I to Directive 2008/95/EC.

However, the Court of Justice European Union (CJEU) introduced a further requirement in its *Arsenal v. Reed* decision, namely that the use of an identical sign for identical goods or services cannot be prevented unless it affects or is liable to affect the functions of the mark, so called “the function theory”.² By using the “*functions*” in this case and the subsequent cases such as *Anheuser-Busch v. Budejovicky Budvar*, *Adam Opel v. Autec* and *Celine v. Celine*³, the CJEU recognized that the double identity rule does not safeguard merely the function of guaranteeing to consumers the origin of the goods or services bearing the registered trade mark. However, the identification of the *functions* came with the CJEU’s judgment in *L’Oréal v. Bellure* where *quality guarantee, communication, investment or advertising functions* of a trade mark in addition to its origin function are found to merit protection under the provision of Article 5(1) (a) of TMD.⁴

These judgments of the CJEU, which basically expands the scope of the exclusive right under the double identity rule to safeguard the quality guarantee and communication, investment or advertising functions that a trade mark performs, has been given rise to a number of the issues surrounding the double identity rule.⁵ In this paper, the author will focus on the burden of proof issue which arose with the introduction of the function theory to the double identity rule.

II. Double Identity Rule

² *Arsenal v. Reed* (C-206/01)[2003] E.T.M.R. 19.

³ *Busch v. Budejovicky Budvar* (C-245/02) [2005] E.T.M.R. 27; *Adam Opel v. Autec* (C-48/05) [2007] E.T.M.R. 33; *Celine v. Celine* [2007] (C-17/06) E.T.M.R. 80.

⁴ *L’Oréal v Bellure* (C-487/07) [2009] E.T.M.R. 55.

⁵ GANGJEE, Dev/BURRELL, Robert, “Because You’re Worth It: *L’Oreal* and the Prohibition on Free Riding”, **The Modern Law Review**, Y. 2010, V. 73, I. 2, p. 282; HORTON, Audrey, “The implications of *L’Oreal v Bellure*- a retrospective and a looking forward: the essential functions of a trade mark and when is an advantage fair?”, **E.I.P.R.**, Y. 2011, V. 33, I. 9, p. 555.

In order for a trade mark owner to succeed in a claim under the double identity rule, there are some conditions to be satisfied. The first is that the unauthorized use of a sign by a third party must be in the course of trade. The second is that the sign used by a third party must be identical to the registered trade mark. The third is that the sign must be used in relation to goods or services which are identical to those for which the trade mark is registered. The fourth is that the use must affect, or be liable to affect, one of the functions of the trade mark. As mentioned above the latter requirement, so-called the “function theory”⁶, was introduced by CJEU in *Arsenal v. Reed*.⁷

A trade mark conveys information to consumers about the commercial origin of goods or services bearing it. However, consumers may perceive a trade mark as an economic guarantee for likely product quality. More specifically, consumers expect the quality of all trademarked products to be consistent with each other; because they have originated under the control of one undertaking which is in a position to control their quality. Moreover, a trade mark gives its owner an opportunity to invest in creation or development, through advertising or other marketing techniques, of a “brand image” which consumers wish to be associated with in order to gain the loyalty of consumers.⁸ Once the brand image is created, the trade mark begins to communicate to consumers. This means that consumers no longer

⁶ SENFTLEBEN, Martin, “Function theory and international exhaustion-why it is wise to confine the double identity rule to cases affecting the origin function”, **European Intellectual Property Review**, Y. 2014, V. 36, I. 8, p. 518-524; KUR, Annette, “Trade marks function, don’t they ? CJEU jurisprudence and unfair practices”, **International Review of Intellectual Property and Competition Law**, Y. 2014, V. 45, I. 4, p. 434-454; JEHORAM, Tobias Cohen, “The Function Theory in European Trade Mark Law and the Holistic Approach of the CJEU”, **The Trademark Reporter**, Y. 2012, V. 102, I. 6, p. 1243-1253.

⁷ *Arsenal v. Reed* (C-206/01)[2003] E.T.M.R. 19.

⁸ ARIKAN, Özgür, **Trade Mark Rights and Parallel Importation in the European Union**, 1st Edition, Onikilevha, İstanbul, 2016, p. 65.

simply purchase products from a particular source. They also buy the respective “brand image” which they want to be associated with.⁹

The investment made by trade mark owner in the creation of brand image is protected against dilution under Article 5 (2) of TMD. However, the protection provided under Article 5(2) is merely for the well-known marks and the protection is balanced by “due cause” defence. Unlike the protection provided under Article 5 (2) of TMD, Article (5) (1) (a) is designed to provide basic protection against confusion so as to safeguard the exclusive link between the origin of goods or services and the trade mark. Nevertheless, the CJEU’s case law, which we will examine in detail below, expanded to scope of protection under the double identity rule to safeguard the further functions of trade mark.

III. Case Law

The double identity rule was specially designated to provide trade mark owners an exclusive right so as to safeguard their marks against confusion. Hence, the CJEU applied the essential function theory to determine the scope of the exclusive right given under Article (5) (1) (a) of the TMD. This means that double identity rule traditionally protects the ability of the trade mark to guarantee the identity of the origin of the marked product to the consumers or end users by enabling them, without any possibility of confusion, to distinguish the products from others which have another origin.¹⁰

However, this traditional approach of the CJEU has been changed with *Arsenal v. Reed*.¹¹ The facts of the case in brief are that Arsenal

⁹ SENFTLEBEN, Martin, “Trade Mark Protection – A Black Hole in the Intellectual Property Galaxy?”, **International Review of Industrial Property and Competition Law**, Y. 2011, V. 42, I. 4, p. 383.

¹⁰ *Hoffmann La Roche v. Centrafarm* (C-102/77) [1978] E.C.R. 1139 at [7].

¹¹ *Arsenal v. Reed* (C-206/01) [2001] 2 C.M.L.R. 23.

F.C. had registered the words "Arsenal" and "Gunners" as well as the club emblem as trade marks in relation to sports clothing and footwear. Reed was a stallholder who sold Arsenal souvenirs and memorabilia bearing these or similar marks without having obtained a licence from Arsenal F.C. There was unauthorised use of signs identical to the registered trademarks, on products identical to those for which the trade marks were registered. Therefore, Arsenal argued that the unauthorised use of the marks by Reed infringed their trademarks rights.

Nevertheless, Reed contested the infringement argument of Arsenal, claiming that there was no use in the course of trade, because the signs were only used as badges of support, loyalty or affiliation to the Arsenal football club. More specifically, the signs identical to the registered trademarks of Arsenal were used in order to express loyalty towards to the Arsenal football club *not to indicate the trade origin of the products* bearing them.¹²

The Court ruled, which was in favour of Reed's defence, that such use to express support, loyalty or affiliation cannot be considered as use in the course of trade and therefore the use of the marks by the defendant does not constitute to infringement. However, due to the sufficient uncertainty surrounding the issue, two questions were referred to the CJEU for a preliminary ruling.¹³ The first question was whether the third party have a defence to infringement on the ground that the use complained of does not indicate trade origin in a situation where the sign used in the course of trade by the third party is identical with the trade mark in relation to products which are identical with those for which the trade mark registered. The second question was whether the

¹² TORREMANS, Paul, **Holyoak&Torremans Intellectual Property Law**, 6th Edition, Oxford University Express, Oxford, 2010, p.429.

¹³ *Arsenal v. Reed* (C-206/01) [2001] 2 C.M.L.R. 23 at [69].

use of the trade mark as a badge of support, loyalty and affiliation was a sufficient connection in the course of trade.¹⁴

In replying to the questions referred by the Court, the CJEU stated that the use of the sign identical to the mark is indeed use in the course of trade, since it takes place in the context of commercial activity with a view to economic advantage and not as a private matter.¹⁵ The question to be determined is revised by the CJEU as being whether the exercise of the exclusive right under the double identity rule presupposes the existence of a specific interest of the trade mark owner, in that use of the sign in question by a third party must *affect or be liable to affect one of the functions of the mark*.¹⁶

This means that the trade mark owner could prohibit the use of an identical sign by a third part where such use adversely affects or is liable to affect the functions of trade mark. In this case, the use of word “Arsenal” created the impression that there is a material link in the course of trade between the products concerned and the owner of the trade mark which was not affected by the presence on Mr Reed's stall of the notice stating that the products at issue in the main proceedings are not official Arsenal FC products. Thus, in cases such as *Arsenal v. Reed*, there would be infringement and that it is irrelevant that, in the context of the use of the trade mark, the sign is perceived as a badge of support for, or loyalty or affiliation to, the owner of trade mark.¹⁷

It is important to note that the commentators have interpreted differently the convoluted judgments of the courts as to trade mark use

¹⁴ *Arsenal v. Reed*(C-206/01) [2003] 1 C.M.L.R. 12 at [27]; MORCOM, Christopher/ROUGHTON, Ashley/ST. QUINTIN, Thomas, **The Modern Law of Trade Marks**, 4th edition, LexisNexis, London, 2012,p. 340.

¹⁵ *Arsenal v. Reed* (C-206/01)[2003] 1 C.M.L.R. 12 at [40].

¹⁶ *Ibid.*, at [42].

¹⁷ NORMAN, Helen, “Time to blow the whistle on trade mark use?”, **Intellectual Property Quarterly**, Y. 2004,V. 1, p. 20.

prerequisite in *Arsenal v. Reed*. According to Norman, the question is no longer whether trade mark use is a prerequisite for liability, but whether the use of third party undermines any of the functions that trade mark performs.¹⁸

What the CJEU actually did in *Arsenal v. Reed* was to expand the scope of protection under the double identity rule. More specifically, protection provided under the double identity rule was not limited to uses to indicate the commercial origin of products bearing the trade mark. Therefore, Griffiths interpreted the CJEU's judgment in *Arsenal v. Reed* as follows:

*“ [this finding appears to give undertakings which] registered signs as trade marks that have a strong appeal to consumers for reasons that are not due to their signification of the fact that goods of the designated kind have a specific origin, a valuable monopoly over the commercial exploitation of this appeal. ”*¹⁹

The CJEU ceded the trade mark owner ownership of the entire range of functions which a trade mark might fulfil and of meanings which it might embody, whether or not these bear any relation to the trade mark role as an indication of origin.²⁰ Therefore, the one of the relevant questions needs to be asked under the double identity rule is that whether the functions of a trade mark, but in particular its essential function of indicating origin, are likely to be jeopardised through the unauthorised use of the trade mark by third party.

¹⁸ NORMAN, p. 27.

¹⁹ GRIFFITHS, Andrew, “The trade mark monopoly: an analysis of the core zone of absolute protection under Art.5.1 (a)”, **Intellectual Property Quarterly**, Y. 2007, I. 3, p. 338

²⁰ DAVIS, Jennifer, ‘To protect or serve? European trade mark law and the decline of the public Interest’, **European Intellectual Property Review**, Y. 2003, V. 25, I. 4, p. 187

Despite to the arguments on the ground that introduction of the function theory undermines the trade mark use prerequisite,²¹ the CJEU was reiterated its view in *Anheuser-Busch v. Budejovicky Budvar*, *Adam Opel v. Autec* and *Celine v. Celine*.²² However, the identification of the functions protected under the double identity rule came with the CJEU's judgment in *L'Oréal v Bellure* which are namely the *quality guarantee* and the *communication, investment or advertising functions*.

The facts of the case in brief are that *L'Oréal* opposed the use of the mark by *Bellure* on the basis of its registered word, device and packaging trade marks in order to protect its investment in creating its brand image of exclusive quality arguing that the defendants' perfumes damaged, or were likely to damage, its trade mark by creating confusion. Furthermore, the defendants were taking a 'free ride' on their trade mark investments. Based on these claims, *L'Oréal* sought to prohibit the use of its word marks in the comparison lists issued by the defendants, the use of allusive packaging and names of the five specific items sold by the defendants.²³ However, general resemblance was not sufficient to show that either the trade or public would be deceived; and therefore the consumer confusion and misrepresentation based claims under trade mark infringement failed in this case.²⁴ Nevertheless, the Court of Appeal referred a number of questions concerning the scope and the meaning of TMD Article 5 (and 6) in the context of the presentation by a trader of his products as

²¹ KUR, Annette/ BENTLY, Lionel A.F./ OHLY, Ansgar, "Sweet Smells and a Sour Taste – the ECJ's L'Oréal Decision", **Max Planck Institute for Intellectual Property, Competition and Tax Law Research Paper Series** No. 09-12, Y. 2009.

²² *Busch v. Budejovicky Budvar* (C-245/02) [2005] E.T.M.R. 27; *Adam Opel v. Autec* (C-48/05) [2007] E.T.M.R. 33; *Celine v. Celine* [2007] (C-17/06) E.T.M.R. 80.

²³ *Ibid.*, p. 282.

²⁴ *L'Oréal v Bellure* (C-487/07)[2007] EWCA Civ 968 at [17]

replicas of a luxury brand and his use of comparison tables to the CJEU.

The first question referred to the CJEU concerned whether the use of registered word marks in the comparison lists fell within Article 5(1) (a) of the TMD. More specifically, the CJEU was asked whether the use of a registered trade mark on a comparison list for the purposes of indicating the characteristics, in particular the smell of the goods, in such a way that it did not cause any likelihood of confusion, did not affect sales under the well-known mark, did not jeopardise the origin function of the trade mark, and did not tarnish or blur the registered trade mark, but played a significant role in the promotion of the product, could constitute infringement under Article 5 (1) (a) of TMD.²⁵

According to the CJEU's preliminary ruling concerning this question, trade mark rights were granted to protect the specific interest of the trade mark owner; therefore these exclusive rights were restricted situations where the *functions* of a trade mark were destructively affected. This covered not only the origin function of trade mark, "but also its other functions, in particular that of guaranteeing the quality of goods or services in question and those of *communication, investment or advertising* [Emphasis Added]."²⁶

On one hand, the CJEU's judgment clarified the scope of the protection under the double identity rule by identifying the protected functions of trade mark. On the other hand, the CJEU's judgment did not give a clear explanation as to the concepts of these functions and the rationale of the expanded protection under the double identity

²⁵ HORTON, p. 550.

²⁶ *L'Oréal v Bellure* (C-487/07)[2009] E.T.M.R. 55; GANGJEE/BURRELL, p. 285.

rule.²⁷ However, the CJEU applied to the function theory in the interpretation of the double identity clause in the subsequent cases.²⁸

The difference between the notions of the advertising and investment functions was clarified by the CJEU in *Interflora v. Marks & Spencer*.²⁹ Having said that, the notion of the communication function and its difference from the notions of advertising and investment functions remain obscure.³⁰ Furthermore, the quality guarantee is identified as a distinct function. However, the quality guarantee was linked to the essential function theory, as it can be clearly understood from the definition of the essential function, which the CJEU applied in the interpretation of the scope of protection under the double identity rule in the *pre-Arsenal* cases.³¹ As mentioned above, the protection under the double identity rule is absolute. The clear definition of the protected functions is crucial for determining the scope the “absolute” protection. Unless they are clearly defined by the CJEU, the issues relating to the double identity rule is likely to be arisen.

IV. Double Identity Rule under the new TMD³²

As mentioned above, there was a negative view as to the CJEU’s broader function theory approach in the interpretation of the scope of

²⁷ GANGJEE,/BURRELL, p. 282; HORTON, p. 555.

²⁸ *Google France* (C-236/08, C-237/08 and C-238/08) [2010] E.T.M.R. 30; *Interflora v. Marks & Spencer* (C 323-09) [2012] E.T.M.R. 1

²⁹ *Interflora v. Marks & Spencer* (C 323-09) [2012] E.T.M.R. 1

³⁰ KUR, Annette, “The EU Trademark Reform Package—(Too) Bold a Step Ahead or Back to Status Quo?” **Marquette Intellectual Property Law Review**, Y. 2015, V. 19, I. 1, p. 32.

³¹ *Hoffmann La Roche v Centrafarm* (C-102/77) [1978] E.C.R. 1139; *SA CNL-Sucal NV v Hag GF AG* (C-10/89) [1990] 3 C.M.L.R. 571 at [14] and [13], *Scandecor v Scandecor* (HL 4 APR 2001)[2001] E.T.M.R. 74 at [17].

³² DIRECTIVE (EU) 2015/2436 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 16 December 2015 to approximate the laws of the Member States relating to trade marks.

the protection under the double identity rule.³³ As a result, the European Commission, in its proposed Directive, which was carried out in the light of the Max Planck Institute's report, sought to limit the protection under the double identity rule to cases affecting merely the essential function of indicating origin.³⁴ It is pointed out in the preamble that the provision shall serve legal certainty and clarity. This means that the Commission aimed to make the double identity rule clear by limiting the scope of protection into the origin function.

However, the reasoning of the Commission was not satisfying for Trade Mark Associations and this proposal was met with some antagonistic reactions from them.³⁵ One of the criticism came from the Associations was the contrary statements avoiding confusion as to commercial origin of products.³⁶ This is the case occurred in aforementioned *Arsenal v Reed*.³⁷ In this case, *Reed* contested the infringement argument of *Arsenal* by claiming that there was no use in the course of trade because the products were not official were

³³ KUR, Annette, "Trade marks function, don't they ? CJEU jurisprudence and unfair practices", p. 438; SENFTLEBEN, Martin, "Function theory and international exhaustion-why it is wise to confine the double identity rule to cases affecting the origin function", p. 518.

³⁴ The European Commission commissioned a study to evaluate the current functioning of the European trade marks system to identify any needed improvements and to assess the need for further harmonization. The review was carried out by the Max Planck Institute and was published in 2011. In March 2013, the European Commission formally adopted its proposals to review the European trade marks Regulation and the Directive. The TMD is currently in force.

³⁵ For more information, see KUR, Annette, "Trade marks function, don't they ? CJEU jurisprudence and unfair practices", p. 434;

<[http://www.grur.org/uploads/tx_gstatement/2013-07-01 GRUR Opinion Recast TM Directive-summary 01.pdf](http://www.grur.org/uploads/tx_gstatement/2013-07-01_GRUR_Opinion_Recast_TM_Directive-summary_01.pdf)>;

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³⁶ <
<http://www.inta.org/advocacy/documents/june2013intacommentseutmsystemsreview.pdf>>

³⁷ *Arsenal v Reed* (C-206/01)[2001] 2 C.M.L.R. 23

prominently displayed on the signpost and signs, which are the registered trademarks of Arsenal, were only used as badges of support, loyalty or affiliation to the Arsenal football club. Therefore, the CJEU expanded the scope of the protection to safeguard the further functions of trade mark. It can be argued whether the expansion of trade mark protection to safeguard the further functions of trade mark can be a solution to prevent defences on the ground that there was a contrary statement avoiding confusion as to commercial origin of products. However, it is possible to say that limiting the scope of the protection to the origin function of trade mark does not provide a solution to the cases where it is obvious that there is no likelihood of confusion as to the origin of goods or services.³⁸ This can be because of a contrary statement avoiding confusion like the *Arsenal* case or significant price differences between the luxury products and their counterfeits.

Being alerted to those inherent contradictions in the Commission proposal, the European Parliament as well as the Council suggests deleting the restriction.³⁹ As a result, there is no mention as to the limitation of the scope of trade mark protection to origin function under the double identity clause in the new legislation. In other words, “detriment to origin function” requirement has been removed from double identity rule of the proposed Directive and it has been approved and published by the European Council and Parliament without this requirement. However, the recital 16 of the new TMD clearly states that the origin function of a trade mark is absolute in cases of double identity. This means that detriment to origin function under the double identity clause of the new TMD is absolute but the double identity clause is not limited to the protection of the origin function. Therefore, the case law of the CJEU regarding the

³⁸ SENFTLEBEN, Martin, “Trade Mark Protection – A Black Hole in the Intellectual Property Galaxy?”, p. 387.

³⁹ KUR, Annette, “The EU Trademark Reform Package—(Too) Bold a Step Ahead or Back to Status Quo?”, p. 32.

expansion of protection under the double identity rule remains as a crucial guidance in the new legislation era.

Having said that, the issues surrounding the double identity rule continues to appear. One of these issues is the burden of proof which appeared in *Supreme Petfoods v Henry Bell*.⁴⁰ We will examine the burden of proof issue in the light of this case.

V. Burden of Proof Issue

In its *Arsenal* decision, the CJEU stated that the exclusive right under the double identity rule was conferred in order to enable the trade mark owner to protect his specific interests as owner, that is, to ensure that the trade mark can fulfil its functions. The exercise of that right must therefore be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark.

This wording of the CJEU was interpreted as it suggests that it is necessary to prove likelihood of confusion, which would jeopardize the principle of absolute protection which is mentioned in the Recitals to the TMD.⁴¹ However, the CJEU did not provide any clear ruling as to the burden of proof in the cases where the use by third party affects or be liable to affect the functions of trade mark other than the origin function under the double identity rule.

The burden of proof issue arose in *Supreme Petfoods v Henry Bell* which is a recent and remarkable English case analysing the CJEU's case law on the double identity rule. The facts of the case are that the claimant owns SUPREME as a trade mark. It had used these marks for petfoods since 1990, and due to the long use, the mark acquired a reputation of distinctive character for small animal foods. The

⁴⁰ *Supreme Petfoods v Henry Bell* (HC 12 FEB 2015) [2015] EWHC 256 (Ch)

⁴¹ GIELEN, Charles, "Trademark Dilution Under European Law", **The Trademark Reporter**, Y. 2014, V. 104, I. 3, p. 700.

defendant and its predecessors had used SUPREME on its packaging for some 20 years, with no evidence of confusion. Accordingly, the High Court⁴² was able to find no infringement under Article 5(1) (b), or under Article 5 (2) of TMD; that the defendant had a good defence of descriptive use under Art 6(1) (b).⁴³

As for Article 5(1) (a) of the TMD, the High Court said that there are important uncertainties and contradictions in the CJEU's case-law and therefore reviewed it to discover in particular what it reveals about the burden of proof on the requirement for prejudice to trade mark functions. The High Court came to the conclusion that it is unclear from the judgments of the CJEU that which party bears the burden of proof that "the unauthorised use by a third party affects or be able to affect the functions of trade mark."⁴⁴

According to the High Court, there are four possible interpretations of the burden of proof under the double identity rule. The first is that, once the trade mark owner has shown that "using in relation to identical goods or services" condition is satisfied, the defendant bears the burden of proof that the use does not affect, nor is liable to affect, any of the functions of the trade mark. The second possibility is that the defendant bears the burden of proof that there is no likelihood of confusion, and hence no damage to the origin function, in which case the onus shifts to the trade mark owner to prove that the use affects, or is liable to affect, further functions of the trade mark. The third possibility is that, even if the trade mark owner bears the burden of proof in keyword advertising cases and other cases of referential use such as *Google France* and *Interflora v. Marks & Spencer* cases, the defendant bears the burden of proof in ordinary cases. The fourth

⁴² England and Wales High Court (Chancery Division)

⁴³ *Supreme Petfoods v Henry Bell* (HC 12 FEB 2015) [2015] EWHC 256 (Ch) at [12]

⁴⁴ *Ibid.* at [163]

possibility is that the trade mark owner bears the burden of proof in all cases.⁴⁵

The High Court viewed that this is an important issue of the European trade mark law which will have to be referred to the CJEU for determination, preferably sooner rather than later. Nevertheless, the High Court did not consider it necessary to refer the issue to the CJEU in this case. Instead, the High Court adopted the first interpretation which is once the trade mark owner has shown that use of a sign “in relation to” identical goods or services condition is satisfied, the defendant bears the burden of proof that the use does not affect, nor is liable to affect, any of the functions of the trade mark. However, the High Court added that the second interpretation, which is that the defendant bears the burden of proof that there is no likelihood of confusion, and hence no damage to the origin function, in which case the onus shifts to the trade mark owner to prove that the use affects, or is liable to affect, further functions of the trade mark, might be preferred as well. The High Court doubts that the difference between the first and second interpretations would be significant in many cases.⁴⁶

As mentioned above, the function theory gives rise to considerable difficulty in understanding and applying the law under the double identity rule. One of these difficulties to apply the function theory in the interpretation of the protection under the double identity rule is that which party bears the burden of proof that “the unauthorised use by a third party affects or be able to affect the functions of trade mark.” In the cases of double identity, the protection provided to trade mark owner is absolute. In other words, the likelihood of confusion is presumed. Therefore, there is no need for the claimant to prove that the origin function of trade mark is adversely affected by the use of

⁴⁵ *Ibid.* at [163]

⁴⁶ *Ibid.* at [164]

third party. The issue is whether the claimant must prove that the other functions of a trade mark are adversely affected by the use of a third party.⁴⁷

The High Court, based on the analysis of the CJEU's case law, came to the conclusion that once the trade mark owner has shown that use of a sign "in relation to" identical goods or services condition is satisfied, the defendant bears the burden of proof. The key point here is that the use must be "for the purpose of distinguishing" the goods or services. In the cases where a trade mark is used "in relation to" goods or services that do not originate from the owner of the trade mark, infringement will be found irrespective of whether consumers are actually aware that the commercial origin of the products such as the counterfeits of the luxury products.

In the cases where the sign is used in commercial speech to designate goods as originating from the owner, such as *L'Oréal v Bellure* case, the second interpretation of the High Court, which is that the defendant bears the burden of proof that there is no likelihood of confusion, and hence no damage to the origin function, in which case the onus shifts to the trade mark owner to prove that the use affects, or is liable to affect, further functions of the trade mark, might be a better option.

It seems that the burden of proof depends on the facts of the cases. In my opinion, the case law of the High Court about the interpretation of the burden of proof under the double identity rule may provide guidance to the similar issues. Nevertheless, the lack of clarity and certainty about the concepts of the functions protected under the

⁴⁷ KUR, Annette, "The EU Trademark Reform Package—(Too) Bold a Step Ahead or Back to Status Quo?", p. 30.

double identity rule does not help to solve the burden of proof issue. Hence, it would be better if the burden of proof issue was referred to the CJEU for a preliminary ruling.

VI. Conclusion

In its *Arsenal v. Reed* decision, the CJEU broadened the scope of the protection under the double identity rule by introducing the function theory. The issue was the lack of clarity and certainty about the concept of the functions which are supposed to be safeguarded under the double identity rule. Although the protected functions were identified in *L'Oréal v Bellure*, the clarity and certainly as to scope of the protection did come neither with this case nor with subsequent cases.

More specifically, there is no mention of the communication function and its difference from the other protected functions such as the investment or advertising. Similarly, the quality guarantee is a protected function under the double identity rule but the CJEU have not considered this function in any relevant case. Therefore, it is not known where the quality guarantee function differs from the essential function of indicating origin when it is interpreted broadly such as the ones in the *pre-Arsenal* judgments of the CJEU.

The case law of the CJEU has expanded the scope of the protection under the double identity rule to safeguard the further functions of trade mark. However, the European Commission proposal attempt to confine to the scope of protection to the cases where merely the origin function is jeopardized in the new TMD so as to avoid the uncertainty and lack of clarity came with the case law of the CJEU and make the protection absolute again under the double identity rule. The Commission's attempt was unsuccessful and the new TMD came into force without the restriction. Hence, the CJEU's function theory remains as a crucial guidance in the interpretation of the scope of the

protection under the double identity rule. This also means that the issues surrounding the double identity rule due to the lack of certainty and clarity of the function theory continues.

As one of the issues appeared with expansion of the protection under the double identity rule to safeguard the further functions, the burden of proof under the double identity rule arose in *Supreme Petfoods v Henry Bell*. There is no ruling of the CJEU as to the burden of proof issue under the double identity rule yet. Interestingly, the High Court did not find it necessary to ask the burden of proof issue to the CJEU for a preliminary ruling. Instead, the High Court has found two crucial formulations as to the burden of proof.

The first is that once the trade mark owner has shown that use of a sign “in relation to” identical goods or services condition is satisfied, the defendant bears the burden of proof. In the cases where trade mark is used “in relation to” goods or services that do not originate from the owner of the trade mark, infringement will be found irrespective of whether consumers are actually aware that the commercial origin of the products such as *Arsenal v. Reed*.

The second is the cases where the sign is used in commercial speech to designate goods as originating from the owner, such as *L'Oréal v Bellure* case, in which the defendant bears the burden of proof that there is no likelihood of confusion, and hence no damage to the origin function, in which case the onus shifts to the trade mark owner to prove that the use affects, or is liable to affect, further functions of the trade mark.

In essence, the issue of which party bears the burden of proof may vary according to the facts of the cases. However, the High Court emphasised on the fact that there will not be practical difference. It seems to me that the High Court’s conclusion can be a guide to the similar burden of proof issues which are very likely to be arisen again

under the European Trade Mark Law. Thus, it would be better to refer the issue to the CJEU for a ruling. In any case, the lack of clarity and certainty as to the double identity rule will not come to the conclusion by solving the burden of proof issue unless the CJEU provide a satisfying ruling about the concept of the function theory.

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