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# Evolution of German law on well-known marks

Germany has a long history of offering strong protection to well-known and famous marks. As the courts have developed the law in this area, they have slowly relaxed the criteria for recognition as a well-known mark. These days, good survey evidence can mean that even the most descriptive of marks may be classified as well known

## Early stages of protection

The rudiments of a special protection for well-known and famous trademarks in Germany started as early as the 1920s. There were no hard-and-fast rules for their protection; it was simply recognized by the courts that in some cases protection against the use of identical or similar signs was additionally required outside the area of likelihood of confusion between two trademarks. This was the case when a trademark was so famous that competitors were tempted to exploit the trademark for their own purposes, even outside the products for which the trademark was registered. But trademark law at that time dealt only with protection in the scope of product similarity. Two of the earliest famous trademarks were ODOL (a very famous brand of mouthwash) and SALAMANDER (which at that time was a famous brand of footwear).

By the 1950s the law had developed to the extent that protection of famous marks was based on a blanket clause in the German law of tort. But the criteria for protection outside the area of likelihood of confusion were very strict. The famous trademark needed:

- to be highly reputed;
- to have a level of public recognition of approximately 80%; and
- to have unique advertising appeal.

Having met the requirements, the owner of a famous trademark was able to take action against the use of an identical or similar sign even if the sign was used for different products. A precondition was that the sign was taking unfair advantage or was detrimental to the reputation of the trademark.

The law relating to the protection of well-known marks developed further at the

beginning of the 1980s. The courts started to apply unfair competition law, allowing protection against third-party use that took unfair advantage of or was detrimental to the reputation of a trademark. To be regarded as well-known under unfair competition law, public recognition of at least 33% was necessary. Further, a competitive relationship between the trademark owner and the infringer was required. However, the Federal Supreme Court took a very liberal approach to this and it usually did not prove to be a serious obstacle. For example, the Supreme Court granted, in the landmark *Rolls Royce Case* (ZR 133/80) from 1983, protection against the use of the representation of a Rolls Royce vehicle (several parts of which were protected as registered trademarks) in an advertisement for an alcoholic beverage, although a competitive relationship between the vehicle manufacturer and the advertiser was not obvious.

A number of signs already benefited from well-known mark protection by the 1980s, including MERCEDES, ADIDAS, FERRARI, LUFTHANSA, ASBACH, CAMEL and COCA-COLA.

## Current legal foundations

The protection of famous and well-known trademarks was codified under the German Trademark Act, implementing Article 5(2) of the First Trademarks Directive (89/104/EEC), in 1995. No separate register was established for famous and well-known trademarks; instead, protection was granted by introducing specific new provisions. According to Article 14(2)(3) of the Trademark Act, it is prohibited to use a sign similar or identical to a well-known trademark in the course of trade for non-similar products if such use without due cause takes unfair advantage of, or is

detrimental to, the distinctive character or the repute of the well-known trademark. Moreover, according to Article 9(1)(3) of the Trademark Act, such marks can be deleted from the register despite being registered for non-similar products. A significant advantage of the new law is that it has created a new regime of protection specifically designed for well-known and famous trademarks, meaning that rights holders no longer need to draw on provisions that were not intended to apply to trademarks. However, there is some debate as to whether additional protection remains available under German tort and competition law. Following the Supreme Court decision of *MacDog* (ZR 268/95) in 1998, it appears that there is no room for the application of German tort and competition law within the scope of Article 14(2)(3) of the act. Only when this clause does not apply or does not provide adequate protection might the additional protection come into play. This may be the case when a sign similar to the trademark in question is used not in the course of trade or as a trademark, but merely generically or as decoration.

As Article 14(2)(3) of the Trademark Act is based on the First Trademarks Directive, the European Court of Justice (ECJ) decisions in this area are of binding effect. Thus, the German Supreme Court follows the ECJ's guidance (issued in the cases of *Davidoff* (C-292/00) and *adidas* (C-408/01)) that the provisions concerning the protection of well-known trademarks also apply when the claimed products are similar. The Supreme Court, therefore, applies Article 14(2)(3) of the act to cases where the products involved are similar. However, practical relevance is given only if, despite product similarity, there exists no likelihood of confusion.

A trademark is regarded as well known

when it is recognized by a major part of the relevant public. Formerly, a certain percentage of recognition – generally around 30% to 50% – was required. But in the *Fabergé Case* (ZR 100/99) in 2001 the Supreme Court stated that other indications include, among other things:

- the intensity of the use;
- the expenditure on advertising; and
- the geographic area of use.

Therefore, evidence in the form of a survey showing the level of recognition of the mark by the relevant public is not obligatory. However, on a practical level, such surveys are the safest way of proving that a mark is well known and they are generally used by trademark owners.

#### Types of use amounting to infringement

German law provides for four types of infringement in relation to well-known marks:

- Exploitation of reputation occurs when a trademark with a high reputation is used by an infringer to transfer the repute onto its products. An example would be the printing of a well-known or famous trademark on a plain t-shirt.
- Defamation of reputation arises when negative associations are transferred onto the well-known or famous trademark. This might be the case if a trademark with a high reputation is used for inferior or inappropriate products. An example would be using a well-known trademark for an alcoholic beverage on cleaning products.
- Exploitation of distinctiveness takes place when an infringer unfairly benefits from the attention arising from the use of a well-known trademark. An example would again be the printing of a trademark on a plain t-shirt, showing that one type of infringement can meet more than one of the criteria.
- Dilution occurs when the distinctiveness of a trademark is damaged by the use of a similar or identical sign. However, only clearly recognizable harm is relevant, such as where a mark's advertising appeal is reduced. The more well known the trademark, the easier it is to prove dilution. An example would be the registration of a famous trademark as a domain name. In its decision in *shell.de* (ZR 138/99) from 2001, the Supreme Court ruled that the registration of the domain 'shell.de' had led to a dilution of the famous SHELL mark.

#### New developments

A number of the more recent decisions have



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focused on the issue of descriptive marks that have achieved well-known status through acquired distinctiveness. The cases have dealt with trademarks such as TELEKOM, KINDER (meaning 'children') or LOTTO. According to the provisions of the Trademark Act, trademarks that lack distinctiveness cannot be registered. In addition, in infringement cases their scope of protection is very narrow. Yet these rules do not apply if the trademarks have become distinctive through use and are recognized by the relevant public. The degree of recognition required depends on the level of descriptiveness. Generally, the Supreme Court has ruled that between 50% and 90% of the relevant public should recognize the trademark to overcome a lack of distinctiveness.

Owners of formerly descriptive trademarks have the possibility of proving recognition (and distinctiveness) of their marks through targeted surveys. This has so far proved to be a successful strategy. An example is the Supreme Court's decision in *Telekom* (ZR 137/04), dating from July 2007, in which the Supreme Court allowed a claim based on the trademark TELEKOM against the use of the name Euro Telekom Deutschland GmbH. The court accepted the plaintiff's evidence of recognition and distinctiveness. This decision also shows that descriptive trademarks with a high level of recognition are protected even against use in combination with other words.

#### Strong protection

Overall, the standard of protection in Germany for famous and well-known trademarks is very high. This is a direct result of the process undertaken by the German courts and the amendments to the Trademark Act. Moreover, through the use of surveys, rights holder can tap into the full potential of the protection available. [WTR](#)