Marks That Are Descriptive in Languages Other Than English or in Minority Languages

Issues and challenges of the protection of descriptive trademarks: the legal, political and economic consequences of the criteria used in the trademarks' descriptiveness assessment.

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WARNING

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| CTMR  | Community Trade Mark Regulation  
        *Council Regulation (EC) No 207/2009, 26th February 2009 on the Community Trade Mark* |
| ECHR  | European Court of Human Rights and/or European Convention for the Protection of Human Rights and Fundamental Freedom |
| ECJ   | European Court of Justice |
| EGC   | European General Court |
| EU    | European Union |
| IP    | Intellectual Property |
| NCL   | Nice Classification |
| OHIM  | Office for Harmonization in the Internal Market |
| TMD   | Trade Mark Directive  
| TRIPS | The agreement on Trade-Related aspects of Intellectual Property Rights |
| US    | United States |
| USPTO | United States Patent and Trademark Office |
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“A lawyer that has not studied economics (...) is very apt to become a public enemy”

Justice Brandeis – Cour suprême américaine (1916)

It is desirable to promote throughout the Community a harmonious development of economic activities and a continuous and balanced expansion by completing an internal market (...) For those purposes, trade marks enabling the products and services of undertakings to be distinguished by identical means throughout the entire Community, regardless of frontiers, should feature amongst the legal instruments which undertakings have at their disposal.

Preamble (2) CTMR
PART I

Introduction

The Community Trade Mark Regulation states in Article 4 that a trademark may consist of:

“any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings”.

The Community Trade Mark holds particular characters; it is uniform and unitary. This means, as proved by a constant case law, that it is independent from national trademarks and national registrations. Moreover, the Office for Harmonization in the Internal Market and the European Courts are not bound by national legal decisions.

The European Court of Justice has severally stated that there is no such thing as an independent right to a trademark. Therefore, a sign can be registered as long as it does not fall within the absolute grounds of refusal of Article 7 of the CTMR.

Among these grounds of refusal are the lack of distinctive character – Article 7 (1) b) – and the descriptiveness of the sign of Article 7 (1) c):

“trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or services”.

Article 7 (1) d) also forbids signs “which have become customary in the current language or in the bona fide and established practices of the trade”.

Article 7 (2) immediately adds that these grounds of refusal need to be applied even if they only exist in a part of the Community:

“Paragraph 1 shall apply notwithstanding that the grounds of non-registrability obtain in only part of the Community.”

1 CTMR, Preamble (3)
2 See for example: T-7/10, Diagnostiko kai Therapeftiko Kentro Athinon "Ygeia" v. OHII (νγεία), 17th May 2011, paragraph 32.
3 Ibid, paragraph 38.
It is however worth reminding that two trademark systems coexist in Europe: the CTM system which will be studied in this thesis and the national system. National systems are controlled by the Trade Mark Directive which tends to approximate the laws of the Member States. This directive is very comparable to the CTMR and holds the same grounds of absolute refusal. Article 3 (1) c) of the TMD thus has the exact same wording as of Article 7 (1) c) of the CTMR.

Whereas national trademarks are not the core of this study, they will however be mentioned in the context of some reasoning.

The distinctiveness of a CTM, under the light of its descriptive character, is an important and complex issue which essentially concerns word marks. Indeed, descriptiveness of a figurative element is a more complex and obscure issue which we have decided to exclude from this study.

The extreme complexity of descriptiveness of a CTM is partly due to the utter complicated nature of the language situation in Europe.

The European Union holds 24 official languages, which do not always correspond to Member States' official languages. In addition to these languages, there are more than 60 European minority and/or regional languages spoken by up to 50 million people in the EU, without counting the vast number of dialects. For example, Metropolitan France houses 7 minority languages and United Kingdom.

The European study “Speaking for Europe” gives three possible definitions of a regional or minority language.

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4 For example, Cyprus holds both Greek and Turkish as official and Ireland holds English and Gaelic – or Gaeilge.

5 The number of minority languages in Europe depends on the definition of the language chosen, notably compared to the notion of dialect. We can assume that there are between 60 and 65 minority languages though:


6 Breton, Basque, Alsatian/Lorraine language, Corsican language, Occitan language, Catalan language and Flemish language.

7 Welsh, Irish Gaelic, Scottish Gaelic – or Gàidhlig, Cornish language, Manx language and French – spoken in Jersey and Guernsey.

8 See note 5, « Speaking for Europe – Languages in the European Union ». 
Firstly, it can be a language specific to a region of the European Union, as Breton or Catalan. Secondly, it can be a language spoken by a minority of Europeans in a region but official in another country, such as Hungarian in Slovakia or French in the Aosta Valley. Languages and borders indeed do not always match. Thirdly, it can be a non-territorial language such as Yiddish.

There are also what the Study calls “non-indigenous languages” which are languages spoken by foreign immigrants, such as Turkish or Arabic.

The EU is not however the only system in the world which houses so many languages. The African Intellectual Property Organization and the African Regional Intellectual Property Organization for that matter house dozens of languages and dialects. The United States also host numberless languages: English, Native Americans languages, Spanish in South-West, French in Louisiana and Polynesian languages, as well as the dozens of foreign languages spoken by immigrants. All regional systems are therefore doomed to face languages issues.

The presence of so many languages in the EU is certain to have consequences on trademarks, notably in regards with the distinctive character and the possible descriptiveness of the signs.

However, studying the assessment of descriptive trademarks is not the only goal of this thesis. Indeed, we will have a closer look at all the diverse consequences raised by this issue and the possible explanations of the existence of these descriptive signs. These consequences arise from the two main features of the CTM, which are its unitary character and its goal of helping to achieve the Internal Market, and thus will lead us from legal to economic consequences through political consequences. Studying these issues is all the more interesting in regards with this particular market that is the EU, with its goal of an Internal Market and its 500 million citizens. Trademarks being indeed genuine property assets and permitting therefore to establish monopolies, they must be controlled.

This study will thus raise the questions of the issues and challenges of the protection of descriptive trademarks and will lead us to question the legal, political and economic

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9 See note 5, « The End of Minority Languages? Europe's Regional Languages in Perspective ».
10 CTMR, Preamble (2)
consequences of the criteria used in the assessment of descriptive trademarks and of this never-ending issue.

In this context, we will focus in a first part on the protection of descriptive trademarks in two systems: the AIPO and the EU. In a second part, the interactions between descriptive trademarks' assessment and competition law will be analyzed, as well as the achievement of the Internal Market and all the consequences arising from the descriptive trademarks situation.
PART II

From Yaounde to Alicante: the protection of descriptive trademarks

This thesis thus begins by a comparison between two harmonized systems: the African Intellectual Property Organization and the Community Trade Mark, and their differences regarding the consideration of languages in the assessment of descriptive trademarks.

CHAPTER 1: YAOUNDE OR A RULE OF REASON, THE CONSIDERATION OF THE TWO WORKING LANGUAGES OF THE AIPO

We thought that to draw a comparison between CTM law and another system was highly interesting mainly because of the inherent interest of compared law. We think indeed that one can always learn from such an intellectual reasoning.

However, the idea of studying the African systems was not chosen at random, but because of the large number of languages that this continent houses. Besides all its official languages, Africa shelters a very important number of languages, whether traditional or vernacular.

Moreover, both the AIPO and ARIPO are “old” systems which were successfully created well before the CTM.

For all the reasons presented, we have chosen Africa as the starting point of this study.
The AIPO system was created under the Bangui Agreement of 1977, upon the African and Malagasy Industrial Property Organization\textsuperscript{11}. In 1962, twelve French-speaking countries\textsuperscript{12} signed the Libreville Agreement which created the AMIPO. The system was renamed AIPO after the withdrawal of Madagascar in 1974\textsuperscript{13}.

There are currently 17 Member States\textsuperscript{14} in the AIPO since the Union of Comoros joined the system in May 2013, these countries amounting to more than 150 million people. Only two of these countries do not hold French as their official language\textsuperscript{15}. Most of the French-speaking countries only hold French as their official language but there are some that declared more than one official language\textsuperscript{16}.

Despite the dozens of languages that the AIPO Member States house, French and English are the only official languages of the AIPO.

The AIPO is a central and unitary system with an uniform law for all its Member States, which do not have national IP offices. As for Trademark law, the system is fully harmonized, whereas it is not entirely true for copyright law.

The ARIPO was created by the Lusaka Agreement of 1976. 19 countries are currently parties to the Agreement\textsuperscript{17}, most of them English-speaking countries. The Official language of the Organization is English.

Unlike the AIPO, the ARIPO is not a unitary system. The Organization is built to complete the national systems of the Member States.

Trademark law was addressed in the Banjul Protocol on Marks of 1993. There are currently 9 states that are parties to this Protocol: Botswana, Lesotho, Liberia, Malawi, Namibia, Swaziland, Tanzania, Uganda and Zimbabwe.

The procedure is somehow comparable to the International Trademark System of Madrid. The entity or the person seeking a trademark registration needs to file a single application before

\textsuperscript{11} Better known as the OAMPI (Office Africain et Malgache de la Propriété Industrielle). This Organization was created upon the Libreville Agreement of September 13\textsuperscript{th}, 1962.
\textsuperscript{12} Cameroon, Côte d'Ivoire, Congo Brazzaville, the Republic of Benin, Mauritania, the Central African Republic, Burkina Faso, Gabon, Madagascar, Chad, Niger and Senegal were parties to this Agreement.
\textsuperscript{13} Effective in 1976.
\textsuperscript{14} The Republic of Benin, Burkina Faso, Cameroon, the Central African Republic, Congo, Côte d'Ivoire, Gabon, Guinea, Guinea-Bissau, Equatorial Guinea, Mali, Mauritania, Niger, Senegal, Chad, Togo and the Union of the Comoros.
\textsuperscript{15} The Official language of Guinea-Bissau is Portuguese and Arabic is the official language of Mauritania.
\textsuperscript{16} For example, French and Sango are two official languages of the Central African Republic and Equatorial Guinea holds as official both French and Spanish.
\textsuperscript{17} Botswana, Gambia, Ghana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Sierra Leone, Liberia, Rwanda, Sao Tomé and Principe, Somalia, Sudan, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe.
the Office of the ARIPO or before one Industrial Property Office of a Contracting State\(^{18}\). Then, the applicant has to designate the States in which the protection is wanted. The Office only proceeds to a formal examination of the application\(^{19}\). It is the designated States that then examine the application in regards with their own national laws\(^{20}\).

Even though these two systems are highly interesting, it is the non-unitary nature of the ARIPO system that led us to focus on the AIPO system instead.

Section 1: The solution chosen by the AIPO

§1 The judicial functioning of the AIPO

Two “judiciary” systems coexist within the AIPO. The High Commission of Appeal\(^{21}\) of the AIPO has jurisdiction for judicial review of the Director-General's decisions regarding the IP rights granted. It is not a proper judicial authority and its decision cannot be reviewed by a higher authority. As regards with judicial litigation, the Courts of each Member State of the AIPO have jurisdiction for the validity of IP rights, for their violation, for contracts... One interesting fact about this system is that the decisions of these Courts are immediately enforceable in all the other Member States, except for decisions based on public order and/or morality.

§2 Trademarks' descriptiveness assessment

The consideration of the two working languages of the AIPO. The Bangui Agreement was last revised on February 24, 1999 to meet TRIPS requirements. Article 3, Title 1 of Annex III on Trademarks lists absolute grounds of refusal. These dispositions are quite similar to the European ones. Distinctiveness is a requirement for all trademarks and descriptiveness is also prohibited. However, unlike in European law, descriptiveness is not an independent ground of refusal.

\(^{18}\) Section 2, 2:1 of the Banjul Agreement  
\(^{19}\) Section 5, 5:1 of the Banjul Agreement  
\(^{20}\) Section 6, 6:1 of the Banjul Agreement  
\(^{21}\) « Commission Supérieure de Recours » in French
In the AIPO system, a sign has to be written in the Roman alphabet to be registered\(^{22}\). This rule implies that a sign in Arabic or in Chinese, for example, has to be translated before being registered.

Moreover, in order to assess whether a sign is descriptive or not, only French and English – the AIPO's working languages – are taken into consideration\(^{23}\).

The two following examples reflect this rule: the “ANDZA” and the “MADIBA” trademarks. The word “ANDZA”, which means “water” in Batéké was successfully registered at the AIPO for mineral water\(^{24}\). Similarly, the word “MADIBA”, which means “water” in a vernacular language of Cameroon, was also registered for mineral water\(^{25}\).

Even if a sign descriptive in English or in French is not supposed to be registrable, the AIPO seems to be less strict somehow than other Offices.

Indeed, reading the decisions of the Member States courts regarding trademarks, we find several signs that could have been considered descriptive or at the very least, suggestive, of the goods and services they were registered for.

For example, the Appeal Court of Abidjan had to deal in 2007 with a trademark “SUNWATT”, which has been registered in particular for batteries\(^{26}\). Likewise, the Court of Libreville had to rule on a trademark “GABON TELECOM” registered for telephone services\(^{27}\).

**The “BRONCHOKOD vs. BRONCHOBOS” case.** The High Commission of Appeal was also confronted to such a situation and its decision is highly interesting to study. In this decision of 2012\(^{28}\), the Commission had to deal with a conflict between two

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\(^{22}\) Information supplied by Almouctar Baba Kounta, Chief Administrator of the Applications and Registrations of Industrial Property Titles at the Malian Center of Industrial Property Promotion (CEMAPI – SNL OAPI).

\(^{23}\) “Le contentieux de la propriété intellectuelle : cas de la marque de produits ou de services », thesis by Nadine Josiane Bakam Titgoum, Dschang University (Cameroon), 2008.

And information supplied by Almouctar Baba Kounta and Gildas Borrys Ndong Nang, Head of the Trademarks and Designs service at the Center for Industrial Property Study of Gabon (CEPIG).

\(^{24}\) Information supplied by Gildas Borrys Ndong Nang.


\(^{26}\) Decision No 182, March 2\(^{nd}\), 2007, Cour d'Appel d'Abidjan. Trademark SUNWATT No 36961 of October 21, 1996.

\(^{27}\) Decision No 67, January 17\(^{th}\), 2007, Tribunal de Première Instance de Libreville.

trademarks, “BRONCHOKOD” and “BRONCHOBOS”.

“BRONCHOKOD”\(^{29}\) had been registered in 1989 for products of Class 5 and its owner filed an opposition against a “BRONCHOBOS” application\(^{30}\) for products in Class 5 in 2008. The Commission had to determine if there was a risk of confusion for the consumer between these two signs, this assessment being quite similar to the European one\(^{31}\).

The Director-General, in the contested decision, had considered that there was not a risk of confusion. The High Commission starts by defining the average consumer, namely a well-educated person and then reminds that in this case, the signs covered pharmaceutical products that are known in the medical field and always prescribed by a doctor or sold by a pharmacist. The High Commission also considers that the term “BRONCHO” only refers to the therapeutic destination of the product, namely the treatment of respiratory and bronchial illness. Therefore, it is descriptive and common. Moreover, the Commission points out that a lot of trademarks of Class 5 use this term.

That acknowledged, the Commission states that a sign constituted of a descriptive term which we can find in a dictionary or of a term with a low distinctive character because it is commonly used, will benefit from a lower protection than other trademarks.

In this case, the High Commission decides that only the terms “KOD” and “BOS” have to be compared and that therefore, there is neither a similarity nor a risk of confusion for the average consumer.

This decision shows that, just as in the EU system, the descriptive character of a sign has to be taken into account when assessing the risk of confusion. In a way, it also points out the issue of weak trademarks, constituted of descriptive or evocative terms.

\(^{29}\) Trademark No 28984

\(^{30}\) Trademark Application No 58899

\(^{31}\) See for example: Decision No 501, June 15\(^{th}\), 2007, Tribunal de Grande Instance du Wouri à Douala or, Decision of April 10\(^{th}\), 1989, Tribunal de Première Instance d'Abidjan.
Section 2: From Yaounde to New York

In this section, we will first analyze the AIPO's situation before focusing on the American example.

§1 The AIPO's rule of reason

As seen previously, the only languages taken into consideration for the assessment of the descriptive character of trademarks in the AIPO system are English and French. This choice presents both pros and cons. Indeed, it can be seen as a choice of reason. The AIPO system, though very well built, has to deal with a lot of obstacles and difficulties from very different sources: economic and political issues, but also the weight of traditions. In this situation, it is simpler to only consider two languages and not all of the languages spoken within the AIPO area. It is a matter of economy, both material and human. This choice is also reasonable considered from the point of view of the Courts of each Member States of the AIPO. Magistrates are not indeed specialized in Intellectual Property and only have to deal with very rare IP related cases. As such, it is much easier to keep things simple regarding the registrable character of a sign. Moreover, this solution can seem useful for economic players, considering their needs of legal certainty as well as greater flexibility and easiness in finding trademarks.

On the other hand, this “choice of reason” does not accurately reflect the diversity of Africa and of its languages. Even though the Member States of the AIPO share, for most of them, the same official languages, there are several dozens of languages that are spoken in the AIPO area. Therefore, one can wonder if a sign can still fulfills its function if it is understood by a large part of the population. Nonetheless, the AIPO does not have the financial or human means of other Offices, such as the OHIM or the USPTO for example, and it is probably the best choice considering the situation.

32 « Propriété Intellectuelle et développement de l'Afrique : Etat des lieux et perspectives », Intervention by M. Paulin Edou Edou, Director-General of the AIPO
33 See previously II, A, 1
Moreover, there are currently discussions on the fact to make Spanish and Portuguese working languages of the AIPO\textsuperscript{34}. We can assume that this would result in their consideration in trademarks’ descriptiveness assessment.

§2 The American extreme

Another legal system is also interesting to study, given its rather extreme position in comparison with the AIPO system, as well as its cosmopolitan character: the United States of America legal system.

US trademark law is addressed in the Lanham Act of 1946. The Act prohibits descriptive trademarks, just as in AIPO and EU law:

“No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it-

(...)

(e) Consists of a mark which
(1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them”\textsuperscript{35}

The Trademark Manual of Examining Procedure\textsuperscript{36} provides us with a doctrine used to examine the descriptive character of a sign: the doctrine of foreign equivalents.

According to this doctrine, a word cannot be registered as a trademark in the US if it is descriptive in a modern foreign language: “(A) word taken from a well-known foreign modern language, which is, itself, descriptive of a product, will be so considered when it is attempted to be registered as a trade-mark in the United States for the same product.”\textsuperscript{37}

For example, the sign “SAPORITO” was considered descriptive because in Italian, this word means “tasty” and as such, describes a “desirable characteristic” of dry sausages which were the goods covered by the application\textsuperscript{38}.

However, this doctrine cannot be considered as an absolute rule, the Manual reminding us that it is merely a guideline. This doctrine has to be applied in connection with the “ordinary

\textsuperscript{34} Le système de protection de la Propriété Intellectuelle de l’OAPI », Intervention by M. Paulin Edou Edou, Director-General of the AIPO.

\textsuperscript{35} Lanham Act, §1052

\textsuperscript{36} Trademark Manual of Examining Procedure, edited by the USPTO, last revised on April 2014.

\textsuperscript{37} N. Paper Mills, 64 F.2d 998, 1002, 17 USPQ 492, 493.

American purchaser”. Indeed, it is only if this purchaser is likely to stop and translate the word in English that this rule will apply. However, it is important to note that the ordinary American purchaser and the average American buyer are not the same person. The ordinary American purchaser has to be understood as a person “proficient in a non-English language who would ordinarily be expected to translate words into English”.\(^{39}\) Moreover, not all foreign languages are taken into account. Dead or obscure language need to be overlooked, unless there are evidence that the relevant public will know a specific word, as it can be the case in Latin for example.

This doctrine of foreign equivalents is also used in the assessment of the risk of confusion between two signs, meaning that a foreign word can be held confusingly similar with its English equivalent. For example, the words LUPO and WOLF were considered likely to cause confusion – both marks covering clothes – because LUPO is an equivalent of WOLF in English\(^{40}\).

... to Alicante. The AIPO and the US systems seem to be extremes, between the consideration of two languages and the consideration of all foreign languages. If the AIPO system may not take into account a sufficient amount of languages, the US system can be considered taking into account too many languages. Not all languages are equal indeed when it comes to assess the descriptive character of a trademark. It is our opinion that must be chosen a balanced system, taking into consideration notably economic issues as to the choice of the languages considered in the trademarks' descriptiveness assessment. We will then present the EU system and try to determine the relevance of the choices made regarding this matter and its numerous consequences.

\(^{39}\) *Spirits Int’l*, N.V., 563 F.3d 1347, 1352, 90 USPQ 2d 1489, 1492 (Fed.Cir.2009)

\(^{40}\) *Ithaca Indus., Inc.*, 230 USPQ 702 (TTAB 1986)
CHAPTER 2: ALICANTE OR THE TOWER OF BABEL, THE CONSIDERATION OF ALL 24 OFFICIAL LANGUAGES OF THE EU

As explained in the introduction, the EU holds 24 languages as official but houses dozens of non-official ones. This fact has led some authors to call the CTM system a “Tower of Babel”\(^\text{41}\).

However, before going deeper in the study of the languages taken into consideration for trademarks' descriptiveness assessment, we think that it is important to focus on the process of the assessment of the descriptive character of a sign. We will then first present general remarks regarding the assessment of descriptive trademarks before focusing on the languages considered in this assessment.

Section 1: General remarks regarding the assessment of descriptive trademarks

We will now present the determination of the relevant public and the goods and services, which are both important elements of this process.

§1 The relevant public

It is constant case law of the OHIM and the Luxembourg Courts that descriptiveness or lack of distinctiveness must be assessed considering the understanding of the relevant public.

“Distinctive character must be assessed, first, by reference to the goods or services in respect of which registration has been sought and, second, by reference to the perception of the relevant public, which consists of average consumers of those goods or services”\(^\text{42}\).

The relevant public must be determined on a case-by-case basis, depending on the goods and

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\(^{42}\) T-307/09 - Earle Beauty v. OHIM (NATURALLY ACTIVE), 9\(^{\text{th}}\) December, 2010, paragraph 22.

For another example, see T-7/10 - Diagnostiko kai Therapeftiko Kentro Athinon "Ygeía" v OHIM (υγεία), 17\(^{\text{th}}\) May 2011, paragraph 21 and
services covered by the application or registration.

Sometimes, it is the professionals of the sector concerned that will be taken into consideration, and other times the average consumer, especially if the goods and services involved are everyday goods: “the goods covered by the signs at issue (...) are everyday consumer goods for which the public is the average consumer”\(^\text{43}\). However, the Court will also consider both the professional and non-professional public if necessary: “the Board of Appeal was right to find that the relevant public consisted of the English-speaking consumers in the Community and of professionals and non-professionals”\(^\text{44}\).

The average consumer is defined by the Luxembourg Courts as a reasonably well-informed, reasonably observant and circumspect consumer\(^\text{45}\).

In the “NEW LOOK” case\(^\text{46}\), the EGC states that the understanding of the relevant public is to be assumed in a territory if the sign is in the native language of the population of this territory and proved when it is not, unless the sufficient knowledge of the relevant public of this language is a well-known fact. In this case, the basic understanding of English in the Scandinavian countries, the Netherlands and Finland is considered as a well-known fact by the Court.

It is constant case law that the appreciation of descriptiveness is different whether the sign is in English or in another language. English is the most commonly spoken and best known language in the EU and as such, it is far more difficult to successfully register a trademark in this language than in any other one because the pool of the relevant public is far more extended.

Indeed, the relevant public does not only include native speakers but also people with basic knowledge and understanding of the language, which means a large amount of people as far as English is concerned. In the “NATURALLY ACTIVE” case, the Board of Appeal had considered that “all the countries of European Union” had to be examined because of their understanding of basic English. However, the General Court did not agree with the Board and specified that “the number of countries where basic English can be understood is greater than the number of countries where English is the native language”. The Court points out that these countries are the Scandinavian ones, the Netherlands and Finland – because their

\(^{43}\) T-233/10 – Nike International v OHIM (JUMPMAN), 25\(^{\text{th}}\) May 2012, paragraph 22.

\(^{44}\) T-28/10 – Euro-Information v. OHIM (EURO AUTOMATIC PAYMENT), 12\(^{\text{th}}\) April 2011, paragraph 42.

\(^{45}\) See for example: T-16/02, Audi v OHIM (TDI), 3\(^{\text{rd}}\) December 2003, paragraph 28.

\(^{46}\) T-435/07, New Look v OHIM (NEW LOOK), 26\(^{\text{th}}\) November 2008, paragraph 22.
understanding of English is a well-known fact – but also Malta, which has English as a second national language, and Cyprus.

Yet, we could argue that in a lot more of countries, a great part of the population, even if unable to have a conversation in English, understands a lot of basic words. The problem would then be that the relevant public would have to be determined on a case-by-case basis, as it is already the case but regarding not only the language but also the words at stake.

It can be interesting to question the determination of this relevant public. It actually increases legal certainty to only consider native speakers but it may not always be accurate and not only for English. There are similarities between several European languages that could allow consumers to understand descriptive terms in another language than their native one.

Most of these similarities are due to the fact that several European languages share common roots: Latin and Greek. Thus, there are a lot of resemblances between Spanish, French and Italian for example, but also between Italian and Romanian.

For example, the word *pater* in Latin has become *padre* in Spanish and Italian, *père* in French, *father* in English and *Vater* in German. Being a common word commonly used, it is indeed known in several languages by an important part of the European population. However, this knowledge is also due to the fact that the different modern versions of these words are only slightly different because of their common roots.

Moreover, some words of one language can sometimes be directly and without modification adopted in another language. There are a lot of transfers between English and French for example. The words *week-end, management* or *business school* are now used very often by the French population, whereas the expressions *rendez-vous, femme fatale* or *déjà-vu* are well known of English speakers.

All these interactions between European languages tend to temper their differences and the relevance of only considering native speakers as the relevant public.

It can also be interesting to point out that in the “FERRARI” case, the EGC has taken a cultural aspect into consideration, saying that wine knowledge and oenology are cultural. In

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this case, both the English-speaking and the French-speaking public have been taken into account and considered as people understanding the term “perlé” qualifying wine. Although this kind of decisions tend to decrease legal certainty, it certainly is relevant to consider other aspects than merely the linguistic ones when determining the relevant public. Indeed, the generation or the socio-economic group one belongs to can modify the perception of a sign, whether in their native language or not.

§2 Goods and services

As exposed before, case law is clear: the examination of the descriptiveness of a trademark needs to be done for each of the goods and services the trademark has been applied for. However, an exception is made when goods and services form a single category, when they are “interlinked”. In this case, it is logical indeed to examine as a whole goods or services that are related to each other.

In order for a sign to be considered descriptive for goods or services, it is necessary that there is “a sufficiently direct and specific relationship between the sign and the goods and services in question to enable the public concerned immediately to perceive, without further thought, a description of the goods and services in question or one of their characteristics”. This recital appears to imply that a sign which is descriptive for some goods and services which the registration is sought for can be, on the other hand, distinctive for some other goods and services covered by the application. This is exactly indeed what comes out of case law and explains the need for a separate examination for each of the goods and services designated in the application. Besides, this seems logical, given that it is possible to form an opposition against a trademark application only for a part of the goods and services covered by this application.

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49 See for example: T-28/10, Euro – Information v OHIM (EURO AUTOMATIC PAYMENT), 12th April 2011, paragraph 54.
Nonetheless, if goods or services have been designated as a whole in the registration, and not as separate entities, the sign can be refused registration, even if it is not descriptive for all goods and services but only for a part of them.\textsuperscript{52}

Finally, it is irrelevant, when assessing a sign's descriptiveness, whether the characteristics described by the sign are commercially essential or not\textsuperscript{53}. The description of some characteristics is enough.

This seems like a logical solution designed to protect competition and to allow competitors to continue to use descriptive and necessary terms. Indeed, terms can be necessary in a profession or in a commercial field, even if they are not essential.

After this discussion on the matter of assessing a sign's descriptiveness, we shall focus more closely on the languages used in this assessment, and the criteria allowing to determine these languages.

\textsuperscript{52} See for example: \textit{T-16/02, Audi v. OHIM (TDI)}, 3\textsuperscript{rd} December 2003, paragraph 35.
\textsuperscript{53} See for example: \textit{T-164/06, ColArt v. OHIM (BASICS)}, 12\textsuperscript{th} September 2007, paragraph 21.
Section 2: From the traditional criterion to a new approach

In this section, we will present the traditional criterion used in the assessment of descriptive trademarks in a first paragraph and then, in a second paragraph, the eventual arrival of a new approach.

§1 Traditional criterion

**General Remarks.** First, some rules concerning the examination of a sign's descriptiveness may be recalled.

It is constant case law of both the OHIM and the Luxembourg Courts that there is no need for a descriptive term to be actually used by the competitors to describe their goods and services; the fact that they could be used in such a way is enough to consider that a sign is descriptive for the goods and services concerned.\(^{54}\)

Also, the examination of descriptiveness must be conducted in regards to the whole sign, and not only in regards to some of its elements\(^{55}\). Syntactic and lexical rules are also considered.\(^{56}\)

If the sign applies by these rules or really differs from them, it can be relevant and can alter the understanding of the relevant public, in one way or the other. Indeed, if a denomination complies with the regular syntactic and lexical rules of a language, it is more likely to be considered descriptive than a denomination which really differs from these rules.

Moreover, the fact that the sign seeking registration has several meanings and that some of them are not descriptive of the goods and services designated in the registration is irrelevant. It is enough if one of the meanings of the sign is descriptive\(^{57}\). This seems logical given that the relevant public considered to assess whether a sign is descriptive or not is supposed to understand the several possible meanings of a word.

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54 See for example: C-191/01 P, OHIM v. Wrigley (DOUBLEMINT), 23rd October 2003, paragraph 32.
56 See for example: T-28/10, Euro – Information v. OHIM (EURO AUTOMATIC PAYMENT), 12th April 2011, paragraph 46.
57 See for example: T-16/02, Audi v. OHIM (TDI), 3rd December 2003, paragraph 36.
The consideration of the 24 EU official languages. A constant case law provides a solution about languages that we have to take into consideration when assessing whether or not a trademark is descriptive. According to both the OHIM and the Luxembourg Courts, only official languages of the European Union – 24 since Croatia joined the European Union last summer – have to be considered.

This means that a trademark will be considered descriptive only if its meaning is descriptive in relation with goods and services for which the registration is sought in one of these 24 languages.

Currently, the Office only takes into consideration official languages when examining whether or not a sign is registrable.

As such, the semi-figurative trade mark “TRAOU MAD DE PONT-AVEN” was successfully registered in 2008. However, this sign could be considered descriptive in Breton because it means “good things of Pont-Aven” - Pont-Aven being a small town in Brittany - and has been registered for classes 29 and 3058.

Had minority languages been taken into consideration by the Office, this trademark could have been refused registration.

The Office holds the same position regarding “non-indigenous” languages, meaning languages spoken by foreign immigrants. Consequently, the wordmark “GAZOZ”, meaning sparkling mineral water in Turkish has been successfully registered for classes 25, 29 and 3259. Another example of this solution is the decision of the Board of Appeal of September 2010 regarding the registration of the trademark “GAZI HELLIM”.

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58 Semi-figurative trademark “TRAOU MAD DE PONT-AVEN”, No 6389101
59 Wordmark “Gazoz”, No 1270255.
There was a conflict between this sign seeking for registration and an earlier Cypriot collective trademark “HALLOUMI”. One of the issues of this case was the alleged conceptual similarity between these two words, the earlier trademark designating a traditional Cypriot cheese and the contested sign designating milk and dairy products. However, the examiner and the Board of Appeal decided against conceptual similarity between both words, considering that the possible meaning of “HELLIM” in Turkish was not decisive because Turkish is not an official language of the EU

The Trade Mark Directive and its proposal of revision. The TMD, in its article 3, (1), c), states that signs “which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or services” cannot be registered as national trademarks. This provision is identical to article 7, (1), c) of the CTMR. However, unlike the Regulation, the TMD does not specify the part of a Member state in which such a ground must exist to prevent a sign from registration as a trademark. This seems rather logical, given that the TMD intends only to approximate national trademark law in Europe. As a result, each Member States is free to consider only its official language or any other languages for the descriptiveness assessment.

That is why a State like France can have chosen to only consider French – its one official language – and no minority or regional languages. As such, we can find in the French Trademarks Register some trademarks which are descriptive in minority languages spoken in some parts of France. For example, the trademarks BREIZH COLA and ELSASS COLA have been successfully registered in France, despite their obvious descriptive character. Indeed, “cola” is a generic term, “Breizh” means Brittany in Breton and “Elsass” means Alsace in Alsatian.

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60 Fourth Board of Appeal, 20th September 2010, R 1497/2009-4
61 French trademark BREIZH COLA, No 3833048 and BREIZH COLA, COLA BRETON, No 3125542.
62 French trademark ELSASS COLA, No 3254737.
In 2013, the European Commission submitted a proposal for a revision of the TMD. This proposal included a disposition stating that:

“Paragraph 1 shall apply notwithstanding that the grounds of non-registrability obtain:

(a) in other Member States than those where the application for registration was filed;
(b) only where a trade mark in a foreign language is translated or transcribed in any script or official language of the Member States”

This disposition, along with the proposal for a new TMD, was deleted after a vote of the European Parliament. However, this provision is interested to discuss. If adopted, it would indeed have resulted in a very important change in trademarks' descriptiveness assessment. Every language in the world would have been examined in order to assess whether a sign was descriptive. It would not have included only European languages or minority languages spoken in Europe. If this would certainly reflect more accurately the globalized world we live in, it would have been a very difficult if not impossible task for national offices. Besides the minority and regional languages of the Member State involved, every other language spoken somewhere in the world could have been addressed by this disposition. Moreover, these dispositions are questionnable regarding the territoriality principle and the non-unitary character of national trademarks.

However, this debate is doomed to stay theoretical, at least for now.

Although the solution of only considering EU official languages seemed to be well established, recent cases make us wonder on its stability.

We shall now study the trademarks' descriptiveness assessment in the light of these decisions.

§2 Towards a new approach?

General remarks. Given the great number of languages existing in the European Union, a steady solution regarding their consideration in trademarks' descriptiveness assessment is needed by legal, political and economic players.

The traditional solution of the distinction between official and non-official languages appeared to be strongly established. However, recent case law seems to shake things up a little. The question is: do we need a new criterion integrating minority languages or a case-by-case basis solution or do we need to consider these languages on other grounds than descriptiveness?

Several recent – or less recent – factors have created the need for a decision, either to re-establish the current solution or to establish a new one. Among these factors is the “revival” of some territory and/or minority languages but also the increase of foreign languages due to immigration. The speakers of these languages, for some of them, demand a better recognition of their culture, recognition that can go through legal consideration in the trademark system. Another factor is also the fact that some “minority languages” are more spoken than official languages.

Some decisions of the EGC and the ECJ tend to imply that in a close future, non-official languages could be taken into consideration for the examination of descriptiveness.

**The “ESPETEC” case.** The “ESPETEC” case is very interesting to study because it was the first time that a minority language was taken into consideration when assessing a trademark's descriptive character.

In this case\(^{65}\), the General Court has made some decisions that could result in several changes. A registration had been sought for the word “ESPETEC” in relation to cold meats of class 29. The issue was that one of the meanings of this word in Old Catalan designates a type of traditional Catalan pork sausage. On the ground of descriptiveness, the registration was refused by the OHIM examiner\(^{66}\) and the Board of Appeal confirmed this refusal\(^{67}\).

An appeal was then filed to the EGC by the applicant. In paragraphs 33 to 36, the EGC comes up with a new reasoning compared to previous cases in the same matter. Indeed, the Court rejects the claim that Catalan should not be taken into

\(^{65}\) T-72/11, Sogepi Consulting y Publicidad v. OHIM (ESPETEC), 13\(^{th}\) September 2012.

\(^{66}\) Examination decision, January 8\(^{th}\), 2010. Trademark application No 007114572.

\(^{67}\) Appeal decision R0312/2010-2, November 12\(^{th}\), 2010.
account because of its non-official language status in the European Union.

Then, the EGC decides that the “AUGUST STORCK” case does not prevent the “part of the Community” in which an absolute ground of refusal exists from consisting of a smaller territory than a single Member State. This sentence in itself represents an important change in European case law, because the August Storck case seemed so far well established. This first step leads the Court to consider that Article 7 (1) c) of the CTMR does not imply that only official languages of Member States or the EU have to be taken into consideration. Therefore, the Court confirms the decisions of both the Office and the Board of Appeal to refuse the registration of the wordmark “ESPETEC”.

It is interesting to notice that the EGC does not speak of EU official languages only but also of the Member States official languages. This distinction is rather important because EU official languages and Member States official languages do not match perfectly.

This precision was not necessarily needed since Catalan is one of the official languages of a Spanish Autonomous Community if not of the EU. This sentence of the EGC could then leave room for the consideration of languages that are neither EU official or Member States official. Nonetheless, this decision was the first one in which a minority language was taken into consideration when assessing a trademark's descriptiveness. However, it is important to outline that even though Catalan is not an official language of the European Union, it is an official language of a Spanish Autonomous Community and is therefore recognized by Spain, and is moreover spoken by about 11 million people.

The “HELLIM” case. The “HELLIM” case is also interesting to be studied.

As explained before, there was a conflict between the sign “GAZI HELLM” seeking for registration as a CTM and the earlier collective trademark “HALLOUMI”.

The General Court explains that even though Turkish is not an official language of the European Union, it is one of the official languages of Cyprus – so is Greek – and as such, is understood by the Cypriot population. The Court states that “with regard to conceptual similarity, what must be taken into consideration is the point of view of consumers within EU

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68 C-25/05 P, August Storck v. OHIM, 22th June 2006. In this case, the European Court of Justice decided that “a part of the Community” in which an absolute ground of refusal exists could consist of a single Member State.
69 Paragraph 36 : « Par ailleurs, contrairement à ce que soutient la requérante, la disposition en question ne saurait non plus être comprise comme se référant obligatoirement, dans le cas d'un signe verbal, à une des langues officielles d'un État membre et/ou de l'Union ».
70 T-534/10, Organismos Kypriakis Galaktokomikis Viomichanias v. OHIM - Garmo (HELLIM), 13th June 2012, paragraphs 38 to 42.
It then adds that it is common knowledge that the word “HELLIM” is a Turkish translation of the word “HALLOUMI” which implies that the Cypriot population, who understands both languages, will see that both terms refer to the same cheese specialty.

For the first time, the General Court, in this case, has taken into consideration a foreign language to assess the descriptive character of a sign.

Nonetheless, it should be reminded that, somehow as in the “ESPETEC” case, Turkish is an official language of a Member State – Cyprus – if not of the EU.

The two cases we just exposed make us wonder if a transition towards a new approach of trademarks' descriptiveness assessment has begun. This could indeed be the beginning of a new criterion: understanding of the relevant public rather than a distinction between official and non-official languages of the European Union and this, no matter the status of the relevant public's language.

**Max Planck Institute Trade Mark Study's position.** According to the Max Planck Institute Trade Mark Study, Courts ought to continue to distinguish official and non-official languages of the European Union to assess whether or not a sign is descriptive.\(^72\)

Reading the study, we understand that even though this solution is arbitrary, it is the only one that fully respects the unitary character of the CTM. However, the Institute considers that Courts should develop a case-by-case basis and possibly take into consideration non-official languages on matters regarding fair-use defense or limitation of the rights for example.

That is what has been done in the “GAZOZ” case. As explained before, this word has been successfully registered as a CTM even if it is descriptive in Turkish language. Nevertheless, the German Supreme Court dismissed an action for infringement based on this trademark, considering that it was descriptive\(^73\) and therefore ineligible to protection.

Regardless the solution chosen, trademarks' descriptiveness assessment raises numerous issues and implies numberless consequences, which have to be dealt with.

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\(^{71}\) Ibid, paragraph 39.

\(^{72}\) Study on the Overall Functioning of the European Trade Mark System, conducted by the Max Planck Institute for Intellectual Property and Competition Law, p146 and 147.

\(^{73}\) German Supreme Court, Case **I ZR 23/02**.
We will now focus on these consequences, whether obvious or more concealed and their possible remedies.
PART III

From descriptive trademarks' assessment to the achievement of the Internal Market: the very diverse consequences of a never-ending issue

After studying the consideration of languages in the AIPO and the EU system, we have decided to focus on the consequences arising from this situation and its links with competition and the Internal Market.

Indeed, trademark law is complex. Dealing with trademark’s distinctivity – and therefore, descriptiveness – is even more complex. However, when it comes to the CTM, issues are numberless.

Trademarks are not only legal tools but also political and economic ones. As such, they raise legal, political and economic issues. Although they can be seen as distinct, they are linked in many ways.

Legal consequences of trademarks’ descriptiveness assessment go from consequences regarding the functions of the CTM to its unitary character.

Political consequences interest not only the status of minority languages and foreign languages but also the public interests underlying the provisions of the CTMR.

Nevertheless, it is the economic consequences and issues that are the more diverse and therefore, maybe the most interesting. From the most obvious reasons as the compliance of the CTM with the Internal Market to the maybe more concealed issues as the difficulty for economic players to find a trademark and the sensitive point between philosophies of IP law and competition law, it is all linked.

The aim of this part and therefore of this study is to understand all the consequences that can be raised from one single question: what are the languages taken into consideration for the assessment of a sign’s descriptiveness?

In a first chapter, we will focus on the most “obvious” issues of this matter before analyzing more wide – but still related – questions in a second chapter.
We think this reasoning appropriate for several reasons. First of all, these issues interest the principle of legal certainty. Indeed, it seems to us absolutely necessary and vital for all people to know where law stands. This appears to be particularly the case for economic players, who need, in order to play their part, to be certain of what they can – and cannot – do.

Another reason is the deep links between the law field and the political and economic fields. One cannot indeed think of these as separate entities whereas they are but porous domains. One of the goals of the EU, targeted by the Treaty of Rome in 1957, is the accomplishment of the Single and Internal Market.

In this context, it is important that, whatever one think of the Single Market and its philosophy, law complies with these objectives set by the EU. And the CTM is one way to fulfill this goal of a united European market, as evidenced by the name given to the EU office for trademarks: the Office for Harmonization in the Internal Market.

CHAPTER 1: THE “OBVIOUS” ISSUES OF TRADEMARKS’ DESCRIPTIVENESS ASSESSMENT

In order to present these issues, legal consequences will be examined first before focusing on political and economic consequences.

Section 1: Legal consequences

§1 Legal consequences in regards with the trademark's functions

The trademark's functions. The first function of trademarks was set out by the ECJ in the “CENTRAFARM” case in 1974. It was in this case that the doctrine of the exhaustion of rights was established clearly for the first time. Even if in 1974, no one was talking about “trademark's functions”, the ECJ recognized the right for an IP right owner of the initial placing on the market, which is in fact the exclusivity function.

74 C-15/74, Centrafarm BV and Others v. Sterling Drug, October 31, 1974.
However, what we now call the “essential” function of trademarks was recognized two years later by the Court of Justice in the “TERRAPIN v. TERRANOVA” case, in 1976: “the basic function of the trade-mark to guarantee to consumers that the product has the same origin”, and has also been codified in the CTMR.

Since then, the ECJ has recognized other functions of the trademark, following the “ARSENAL” case in which the Court gave itself the possibility of doing so. However, it was in the “L’OREAL v. BELLURE” case that the ECJ recognized these other functions, which are investments, publicity, communication and quality guarantee.

Since then, the Court had the opportunity to explain more precisely what are the investment and publicity functions, but not the other two.

The essential function of the trademark and distinctiveness are linked, considering that a sign must be distinctive in order for consumers to distinguish the origin of the goods or the services.

Indeed, a descriptive sign cannot by essence allow consumers to distinguish the origin behind the trademark.

This leads us to focus on two related issues: the problem of “weak” trademarks and the analysis of the risk of confusion.

The issue of weak trademarks. The idea of “weak” trademarks was developed by some authors to designate signs that do not have a strong power of distinctiveness. This can happen when a sign lacks a strong inherent distinctiveness, when a complex trademark includes a descriptive term or when the sign, without being descriptive, is suggestive.

75 C-119/75, Terrapin v. Terranova, 22nd June, 1976, paragraph 6.
76 CTMR, Preamble (8)
77 C-206/01, Arsenal Football Club plc v. Matthew Reed, November 12th, 2002.
C-238/98, Google France SARL v. Centre National de Recherches en Relations Humaines (CNRRH) and Others, March 23rd, 2010.
C-323/09, Interflora Inc. And Interflora British Unit v. Marks and Spencer plc and Flowers Direct Online Ltd, September 22nd, 2011.
80 See for example the definition of weak trademarks by Jean-Jo Evrard and Philip Peters: « celles qui jouissent d’un pouvoir distinctif moins élevé. En général, il s’agit de marques qui évoquent, directement ou indirectement, les qualités du produit ou du service et qui, par ce fait, ne se distinguent pas nettement des marques concurrentes qui évoquent les mêmes qualités. ».
Some authors consider that the degree of distinctiveness of a trademark should be taken into consideration when analyzing the risk of confusion with another trademark.

For example, José Monteiro thinks that this should be preponderant when reasoning on the essential function of the trademark. Indeed, when a judge analyzes the likelihood of confusion between two signs, he must take into account all the relevant factors of the case. According to José Monteiro, descriptiveness, suggestiveness or on the contrary a strong distinctiveness should weigh more in the risk of confusion analysis.

The risk of confusion analysis in regards with a sign's descriptiveness. If two signs have a similar element which is descriptive, is this element likely to cause a risk of confusion for consumers? Reading José Monteiro, we think not. If the Court considers that a similarity between two suggestive – or even more, descriptive – elements can lead to a risk of confusion, the risk would be that “weak” trademarks are overprotected.

We think that such a sign, being on the edge of registrability and protection should only be protected when there is an identical or almost identical reproduction. Otherwise, this would result in the protection of suggestive or descriptive terms, something that article 7, 1 (c) of the CTMR does aim to prevent.

In the “STENINGE SLOTT” case, the EGC had to deal with a related issue. There was a conflict between the sign “Steninge Slott” seeking registration as a CTM and an earlier word mark “Steninge Keramik”.

In Swedish, “Steninge” refers to a geographical location, “Slott” means a palace and “Keramik” means ceramic. According to the OHIM, the first words of both marks were not distinctive considering that they referred to a geographical location. The EGC agreed with the Board of Appeal that there were more differences than similarities between both signs, because only second words of both marks were taken into account, and therefore, that there was not a likelihood of confusion between them considered as a whole. However, the Court points out – paragraph 46 – that a trademark containing a geographical location does not

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81 “La surprotection des marques faibles dans la jurisprudence communautaire”, José Monteiro, Propriété Industrielle n°6, Juin 2009, Etude 12 and “Un an de jurisprudence sur les motifs absolus de refus de marques communautaires”, José Monteiro, Propriété Industrielle n°3, Mars 2013, chron. 3
82 C-251/95, SABEL BV v. PUMA AG, Rudolf Dassler Sport, November 11th, 1997
C-342/97, Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel BV, June 22nd, 1999
possess a high distinctiveness.

This solution seems to us the most effective one. It does prevent economic players to create a monopoly over descriptive or necessary terms, particularly terms designating a geographic origin. This decision of the EGC is consistent with the position of the ECJ since the “WINDSURFING CHIEMSEE” case of 1999, in which the Court decided that it was in the public interest to keep geographical names available\(^4\).

Considering that a suggestive or partly descriptive trademark only possesses a low distinctive character and thinking – as we do – that this should be taken into consideration when analyzing the risk of confusion with another sign, it leads us to wonder about the actual interest of such a trademark.

Thus, looking at the GAZOZ case which we mentioned earlier, the interest in having a registered trademark that cannot be protected by an infringement action is very limited.

If a suggestive or descriptive trademark is only protected for identical or almost identical reproduction, there seems to be a low interest in having it registered in the first place.

### §2 Consequences regarding the unitary character of the CTM: the issue of “a part” of the Community

The unitary character of the Community trade mark is a ground basis, as pointed out in the Preamble of the CTMR\(^5\):

“For the purpose of pursuing the Community's said objectives it would appear necessary to provide for Community arrangements for trade marks whereby undertakings can by means of one procedural system obtain Community trade marks to which uniform protection is given and which produce their effects throughout the entire area of the Community. The principle of the unitary character of the Community trade mark thus stated should apply unless otherwise provided for in this

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« As regards, more particularly, signs or indications which may serve to designate the geographical origin of the categories of goods in relation to which registration of the mark is applied for, especially geographical names, it is in the public interest that they remain available, not least because they may be an indication of the quality and other characteristics of the categories of goods concerned, and may also, in various ways, influence consumer tastes by, for instance, associating the goods with a place that may give rise to a favourable response ».

\(^{5}\) CTMR, Preamble (3)
This principle is highlighted by Article 1 (2):

“A Community trade mark shall have a unitary character. It shall have equal effect throughout the Community: it shall not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of the whole Community.”

Indeed, the sign seeking to be registered has to be registrable in the whole European Union, meaning it has to be distinctive in the 28 Member States of the EU. Therefore, in theory, there should be no place at all in the Community where the sign is descriptive.

Article 7 (2) of the CTMR also highlights this character by stating that an absolute ground of refusal, such as descriptiveness, can apply even if it only exists in a part of the Community.

We can therefore wonder what is the meaning of “a part” of the Community and what this includes.

The Court of Justice found in the “AUGUST STORCK” case that this part in which an absolute ground of refusal can exist can be understood as a single Member State:

“It follows that a mark can be registered under Article 7(3) of Regulation No 40/94 only if evidence is provided that it has acquired, through the use which has been made of it, distinctive character in the part of the Community in which it did not, ab initio, have such character for the purposes of Article 7(1)b. The part of the Community referred to in Article 7(2) may be comprised of a single Member State.”

However, the General Court has decided otherwise more recently in the “ESPETEC” case.

As seen previously, the EGC explains that the August Storck case does not prevent the judge from deciding that “the part” of the Community in which the absolute ground of refusal exists can be smaller than a Member State – in this case, the Catalan territory.

This solution seems to comply with the unitary character of the CTM and seems legally logical. However, this may not correspond exactly to economic concerns.

Indeed, the issue regarding the unitary character of the Community trademark is its interaction with the Internal Market. The fact that a sign has to be distinctive in the entire European Union and therefore not descriptive anywhere – especially if territories smaller than a

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86 C-25/05, Storck v OHIM, 22nd June 2006, paragraph 83.
87 T-72/11, Sogepi Consulting y Publicidad v. OHIM (ESPETEC), 13th September 2012, paragraph 35.
Member State and minority languages are taken into consideration – makes it difficult for companies and other economic players to successfully find and register a sign as a CTM. Finding a good trademark is a matter of communication and marketing and requires investments. It is an essential point on an economic market, and even more on the Internal Market which is larger than any national one. If the unitary character is fully applied, it means that somehow it has to create a conflict with the Internal Market.

As a consequence, it seems appropriate to find a balance between these two objectives, a subject that we will develop later on in Chapter 2.
Section 2: Political and economic consequences

Law and especially trademark law being deeply linked to politics and economy, it seems logical to us to focus in this second section on the political and economic consequences arising from the descriptive trademarks situation.

§1 Political consequences

**States' policies and minority languages' recognition.** The issue of minority and/or regional languages is highly political. Indeed, in a Community of 28 Member States, we are confronted to almost 28 different policies regarding these languages. For example, when Spain is rather acceptant about its minority languages, some States are not so open towards their regional languages. As such, France, which is a nation-state of Jacobin tradition, does not recognize its regional languages. It is not the only Member State to have an ambiguous relationship with its minority languages.

11 EU Member States have not ratified the European Charter for Regional and Minority Languages of 1992, and among them is France. The recognition in France of regional languages is very scarce and slow, and Breton and Basque for example, can essentially count on their initiatives and not on the State.

Therefore, there are several issues rising from this matter. First of all, there is actually a need from regional languages to a better recognition of their language and culture. This is even more important considering the function of a language for social cohesion and identity.

Besides, we cannot ignore the multilingualism Union we live in and the need for European citizens to be able to communicate. This is easier when people speak well-known languages rather than regional languages which do not allow communication outside a narrow area.

This being said, we can wonder whether it is or not the role of the EU to stand for regional languages?

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88 The other EU Member States which have not ratified the Charter are: Belgium, Bulgaria, Estonia, Greece, Ireland, Italy, Latvia, Lithuania, Malta and Portugal.

Since France has not ratified the Charter, its regional languages are not among the protected languages.

89 See note 9, « The End of Minority Languages ? Europe's Regional Languages in Perspective »
languages. We do think it is one of its roles to prevent the “end” of regional languages and to help their promotion and recognition. However, it is not always the case today. But, we are not sure on the other hand that trademark law is one of the ways to help these languages. It would be but one step toward a more general policy regarding regional languages but it is highly political and therefore, maybe too difficult.

Anyway, this is an issue that the EU and the CTM cannot ignore. Indeed, the actual position of the OHIM and the Luxembourg Courts to only take into consideration the 24 official EU languages is an issue in itself. One can wonder if Latvian and Estonian for example are not minority languages. Why could not they be so considered side by side with Catalan for example?

Moreover, when you know that a foreign language such as Chinese or Arabic is more spoken in the EU than an official language like Latvian, it is obvious that the consideration of the second and not of the firsts is a political choice and not an economic one.

Descriptive trademarks and public interest. It is constant case law that Article 7 (1) c) of the CTMR pursues a goal of public interest, in order to allow everyone to use terms that are descriptive.

In the “WINDSURFING CHIEMSEE” case, which we have mentioned before, the Court states that it is in the public interest that geographical names remain available, notably because it can influence the consumer in choosing a product over another.

In the “POSTKANTOOR” case, the ECJ specifies that each absolute ground of refusal of Article 3 (1) of the TMD has to be examined separately and interpreted “in the light of the public interest underlying each of them”. By analogy, this can be applied to Article 7 (1) of the CTMR.

Whereas absolute ground of refusal of Article 7 (1) b) can raise a public interest for both the competitors and the consumers, we can wonder if it is the case with Article 7 (1) c).

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90 Ibid.
91 4 million people speak Arabic just in France.
92 T-16/02, Audi v. OHIM (TDI), 3rd December 2003, paragraph 26.
94 C-363/99, Koninklijke KPN Nederland (POSTKANTOOR), 12th February 2004, paragraphs 67 and 68.
Indeed, as we have just seen, the Court has considered in the “WINDSURFING CHIEMSEE” case that descriptiveness interested consumers. However, it seems that the main goal of refusing to register descriptive trademarks is to prevent a company from keeping for itself terms that are needed by its competitors, whether or not they actually use these terms. This is at least the European philosophy regarding descriptive trademarks, but also trademarks in themselves. Indeed, European law considers trademarks as a tool for economic players rather than for consumers. The Canadian and American trademark philosophies are quite different, mainly because their law is more based on the notion of use than ours. These two ways of thinking result in a different understanding of the public interest underlying trademark law but also of trademarks in themselves. We shall focus on this idea a little further in this study.

§2 Economic consequences

The issues regarding trademarks which are descriptive in non-official languages are complex and stem from various factors.

Territorial issues and economic consequences. First of all, regarding the extent of the territory in which a trademark is descriptive, it seems important to draw a strict limit. For economical players, it does not seem appropriate if a small territory can suffice for refusing the registration of a trademark. Even if we cannot ignore that there are a lot of submarkets – and not only national ones, it is essential to focus on the Internal Market. The fact that a small part of one Member State could impact the entire European market does not seem economically fair even if it complies with the unitary character.

The Cypriot market of a little more than 1 million people, the German market of 80 million people and the European market of more than 500 million people cannot indeed compete on an even basis. It then seems necessary to find a balance between the compliance with the legal system and the adaptation to economic realities.
The issue is rather different for national trademarks. Indeed, submarkets of the Internal Market are more important when considered on a national scale. The ratio of speakers of a minority language – and therefore of the potential relevant public of a sign descriptive in a minority language – is higher in a Member State than it is in the whole EU.

For example, even if 200 000 Breton speakers weigh very little compared to the 500 million Europeans, they do seem (a little) more important in France, with its 65 million people.

As such, our study, though applying for a part of it to national trademarks, does not reflect entirely their issues.

Others issues. There are two other related issues that can have an economic impact: the amount of speakers of the language considered and the scope of the relevant public. These two are linked because the relevant public consists of people understanding the language in which a sign is – or not – descriptive.

The issue of considering minority languages or non-indigenous languages is to draw a limit. Do we take into account every language spoken in the European Union or do we decide to restrain the examination to a certain number of languages?

Given that almost every language existing in the world is spoken by at least a small amount of people somewhere in the EU, it seems almost impossible to consider all the languages spoken in the Community. As such, a logical and practical solution would be to decide that a minimum number of speakers is required in order for the language to be considered.

For example, we do not think that it seems appropriate to consider equally two minority languages like Catalan and Breton, when about 11 million people speak Catalan, which is moreover recognized by Spain, and “only” about 200 000 people speak Breton.

Such a limit seems to be necessary to keep the appreciation of distinctiveness under control, notably in regards with the Economy and the Internal Market. Moreover, it would be very difficult for the OHIM to take into consideration all the languages spoken in the European Union.

However, this limit could lead to official languages not being considered. Indeed, some minority languages or non-indigenous languages do have more speakers than some official language of the European Union\textsuperscript{95}.

\textsuperscript{95} For example, 1.3 million people speak Latvian and 0.8 million speak Estonian whereas about 11 million speak Catalan and millions of people speak Arabic within the EU.
All of these issues raise highly interesting economic questions. The European Union is currently an economic Union. One of its main goals is the achievement of the Internal Market. This implies that the law should, when it is possible, comply with these objectives. Accordingly, trademark law, which is an economic law, should help the Internal Market to be achieved. It is indeed pointed out in the Preamble of the CTMR\textsuperscript{96}. To be fully efficient, an economic market needs to provide easiness and flexibility of economic trade.

Yet, looking at case law, it seems sometimes difficult for economic players to find registrable trademarks that will also be useful tools of communication and marketing. The reserve of available signs does not appear to be infinite, a fact which might push forward the idea of a less strict position regarding the conditions of registration of trademarks. As such, a weak trademark which seems somehow useless legally if it cannot be enforced can seem more useful considered in an economic way, so long as its owner does not need to protect it in front of Courts.

In this context, it seems to us absolutely necessary to find a balance between the unitary character of the CTM and the Internal Market, which means that a balance needs to be found between trademarks as a legal tool and trademarks as an economic tool.

\textsuperscript{96} Council Regulation (EC) No 207/2009, 26 February 2009, Preamble (2)
CHAPTER 2: THE DEEP AND TROUBLING ISSUES UNDERLYING THE DESCRIPTIVE TRADEMARK SITUATION

The aim of this chapter is to understand all the possible economic issues arising from the question of descriptive trademarks, and especially focus on trademarks as economic assets with all that implies but also study the relationship between IP law and competition law and the eventual effects on the Internal Market.

As such, trademarks must be examined in their relations with consumers first, and then with the IP rights owner's competitors.

We will thus focus in a first section on trademarks as economic assets before analyzing the need to find a balance between IP law and competition law.

Section 1: Trademarks, an economic asset

This will lead us to analyze the links between trademarks and marketing in a first part and then between trademarks and the notion of use in a second part.

§1 Trademarks and marketing, or how to find an attractive brand

**Trademarks and consumer behavior.** A trademark is an economic asset which is inherently linked to consumers and their habits of consumption.

The whole point of a trademark is customer loyalty. This goes necessarily through the study of marketing and how to create an attractive brand. This is linked to the essential function of the trademark. Indeed, this function being the guarantee of the origin of the goods and services, it is in the interest of economic players that it is respected. It allows consumers to remember the mark and to revert to it when they next buy a similar product.

This is linked to the behavior of consumers, which can be defined as “the psychological processes that consumers go through in recognizing needs, finding ways to solve these needs, making purchase decisions, interpret information, make plans, and implement these plans”.

97 « Introduction to Marketing », Lars Perner, Assistant Professor of Clinical Marketing, Department of Marketing, Marshall School of Business, University of Southern California, Los Angeles.
The idea of consumers that are brand loyal is that they will decide to fulfill their needs by purchasing a brand that they already know and like. It is so in the interest of economic players to create such brands. However, it is not easy to create such a brand and to do so, it is essential to understand the processes that consumers go through when deciding to fulfill their needs.

There are two different types of information search for consumers: internal and external. The internal search is the process by which the consumer goes through his memory to retrieve a trademark that he already knows and to which he is willing to revert. On the other hand, the external search leads the consumer to inform himself by media, friends' advice or reviews about the product he wants to purchase and the possible brands.

According to Lars Perner, this search depends on several factors, including the characteristics of the product. We therefore understand that one of the possible ways for a brand to be attractive for consumers is to be somehow “obvious” regarding the characteristics – or alleged characteristics – of its products. As such, an evocative or even descriptive trademark would be able to fulfill its function of recognition and attractiveness for consumers.

This can also go through the advertising of the brand. Huge investments are usually required when a firm engages in brand building, which includes advertising, distribution but also sometimes infrastructures support. Brand building is notably needed when a firm is trying to expand, by creating new products for example. In this case, a possible way to do so and inform and attract the public of consumers is to change the consumer beliefs by adding, in the brand name, a characteristic of the product, whether directly or more subtly.

However, if this may be relevant regarding advertising, it may not be the case considered from the legal point of view.

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98 Ibid.
99 Ibid.
100 Ibid.
This leads us to focus on promotional slogans as trademarks. If some National Offices have a “loose” policy regarding the registration of such signs\(^1\), it is not always the case of the OHIM which is stricter. It is possible to register slogans as CTM but it is not that easy. The issue is that slogans are hardly registrable in themselves.

Thus, the Luxembourg Courts usually dismiss the registration of such signs. In order for a slogan to be registered as a CTM, it needs not only to be perceived by consumers as a “promotional formula” but has to be perceived as indicating the origin of the goods and/or services. As such, there is a long list of refusal of registrations of slogans as trademarks\(^2\).

This is on the other hand tempered by the list of slogans successfully registered as trademarks by the OHIM\(^3\).

A decision of 2010 of the ECJ has perhaps modified the situation. In this “VORSPRUNG DURCH TECHNIK” case, the ECJ states that:

> “It should be noted that the laudatory connotation of a word mark does not mean that it cannot be appropriate for the purposes of guaranteeing to consumers the origin of the goods and services which it covers. Thus, such a mark can be perceived by the relevant public both as a promotional formula and as an indication of the commercial origin of goods and services. It follows that, in so far as the public perceives the mark as an indication of that origin, the fact that the mark is at the same time understood – perhaps even primarily understood – as a promotional formula has no bearing on its distinctive character.”\(^4\)

This case could be the first step toward a greater recognition of slogans as registrable trademarks and then be a step toward a wider acceptance of suggestive trademarks.

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\(^1\)For example, the French Office (Institut National de la Propriété Industrielle – INPI) is rather acceptant of slogans.

French trademark « HARIBO C’EST BEAU LA VIE POUR LES GRANDS ET LES PETITS », No 98761792

French trademark « QUAND Y’EN A MARRE, Y’A MALABAR », No 3770762

French trademark « DU LEERDAMMER OU JE FAIS UN MALHEUR », No 3243497


T-130/01, Sykes Enterprises, Incorp. v. OHIM, (REAL PEOPLE, REAL SOLUTIONS), December 5\(^{th}\) 2002.

T-216/02, Fieldturf Inc. v. OHIM (LOOKS LIKE GRASS...FEELS LIKE GRASS...PLAYS LIKE GRASS...), March 31\(^{st}\) 2004.

\(^3\)See for examples:

CTM « TO CATCH A DREAM », No 1279439

CTM « TAKE IT EASY », No 7544513

CTM « PURSUE THE SKIN YOU DREAM OF », No 73211573

\(^4\)C-398/08 P, Audi AG v. OHIM (VORSPRUNG DURCH TECHNIK), January 21\(^{st}\), 2010, paragraph 45.
Brand territory and love brand. When we speak about trademarks, it is important to keep in mind that for economic players, trademarks are not just legal tools but also economic and advertising ones. Therefore, they do not consider trademarks as only an IP right but as more.

The brand territory regroups much more than just the distinctive signs that are trademarks; it is the territory on which the trademark can express itself\textsuperscript{105}. This territory conveys a message to consumers, of what the company represents – or tries to represent. For example, if Apple tries to convey the idea of modernity and simplicity, Yves Rocher wants to convey the idea of vegetal cosmetic\textsuperscript{106}.

This idea is found again in the concept of “love brand”, also called “community purchase”. To resist the current economic crisis, companies have developed this idea that the product and the trademark need to sell something more than just the product. The purchase has to mean something to the customer. By buying an item, the consumer needs to identify himself to an idea, to a thinking community. This leads to consider trademarks in a marketing way. Thus, the sign bears more than just the quality, the price, or the origin of the product\textsuperscript{107}. There are examples everywhere: Total sells itself as a particular life place, Max Avelaar as a company with values, Yves Rocher as a company defending the vegetal and the environment...\textsuperscript{108}

This perception of the brand by the consumer can be created by several ways. One possibility is, as we mentioned before, to include, in the signs, suggestive words relating to the idea that we want to convey. But another possibility is to do so by figurative elements.

This leads us to consider the issue of figurative trademarks. They are not a part of this study considering the fact that they cannot properly be considered descriptive in a language. However, descriptive figurative trademarks exist and they are one possible way of creating a brand territory or a love brand. Figurative elements are remembered by consumers, even imperfectly and stay in mind. They do have a function of advertising and they do create a brand perception for consumers.

\textsuperscript{105}Droit de la franchise, intervention by M. Guy Gras.
\textsuperscript{106}Ibid.
\textsuperscript{107}Ibid.
\textsuperscript{108}Ibid.
Advertising and communication functions of the trademark. This issue leads us to focus on the trademarks functions of investment, advertising and communication. Whatever the sign we are talking about, the idea of investment is omnipresent. Creating a sign, having it registered and then protected and developed has costs that not every company can afford. However, the issue of descriptive trademarks also deals with the functions of advertising and communication. As we have seen previously, these functions were recognized in the “L'OREAL v. BELLURE” case by the ECJ:

“(…) to ensure that the trade mark can fulfill its functions and that, therefore, the exercise of that right must be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark. (…) These functions include not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services, but also its other functions, in particular that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising.”

These functions, though not defined by the ECJ, seem to represent the idea that a registered sign has to convey messages to consumers. It is obvious that a sign with acquired distinctiveness will be able to fulfill these functions. However, what about a sign with inherent distinctiveness? We do not think it is certain. Indeed, if a sign is immediately, from its first use, able to indicate the origin of the goods and services, it does not convey immediately a communication or an advertisement from its owner. However, an evocative – or descriptive sign – may be able to do so more easily. But does that mean that such signs are more entitled to registration? We do not know but it is a lead worth pacing.

§2 Trademarks and use, or how to find an available brand

Trademarks registers' congestion. One of the current issues of trademark law is the registers' congestion. Today, too many trademarks are registered whereas they are not used and therefore not useful.

One of the reasons of this congestion is the multiplication of trademarks that are not made to last. As such, companies have developed a whole series of trademarks, according to the use they intend to make of it. The parent brand is the main brand of the company, the one that will

be found on every product. The range brand will gather some products whereas the product brand will only be found on the product.
The problem is that these trademarks will not be protected and used equally everywhere. If the parent brand will always be used and protected in every country the company is implanted in, it will not be the same for the range and the product brand. The latter will only be protected in the precise place where it is used110.

The issue is that very often, the product brand – and even the range brand – will not be used for the complete ten years of protection. However, if no competitor initiates a cancellation action, this mark will remain registered.

Another issue is what are called “barrier trademarks”111. These marks are applied only to protect the main and most interesting trademark. A company tries to register several similar trademarks to protect its right. The problem is, usually, these marks are not used and though, stay registered, congesting the trademarks registers. Yet, it turns out that this practice is more and more used by economic players.

A related practice exists in the pharmaceutical field when getting a medical drug on the market. When a pharmaceutical laboratory is developing a drug, the company works in the meanwhile on the name of the product and its possible protection, notably by trademark law. However, developing a medical drug is a very long process that can take years, and so is the process of finding a satisfying name for the product. Thus, pharmaceutical companies often apply for several trademarks, to be certain to keep these rights available until the final choice of name.

But these trademarks stay registered even when they are not used, thus congesting the registers.

**Of the difficulties of finding an available trademark.** Due to the trademarks registers congestion, it has become very difficult – almost impossible if we would dare – to find a satisfying available trademark in some domains, such as the pharmaceutical field or the cosmetic field.

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110Marque mère, marque de gamme et marque produit. See Droit de la franchise, intervention by M. Guy Gras.
111Marques de barrage. Ibid.
Indeed, 60% of the trademarks registered in class 5 of the NCL\textsuperscript{112} are not currently used\textsuperscript{113}. This class gathers:

“Pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; dietetic food and substances adapted for medical or veterinary use, food for babies; dietary supplements for humans and animals; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides.”

This congestion – especially in this field – resulting from too high a number of trademarks registered when they are not used, makes it very difficult for economic players to find an available trademark today.

What is left of available signs, especially in the pharmaceutical field, is signs that would be refused as trademarks before Trademark Offices. And among them are suggestive and descriptive trademarks. We can see here why a growing number of descriptive or evocative signs seek registrations as trademarks.

Not only are evocative and descriptive signs seen as a possible way of (\textit{subtly}) advertising, they are also a fallback solution to the issue of registers congestion.

\textbf{American and Canadian law vs. European law.} The philosophies of these laws differ fundamentally. European law is based on a system of reservation of rights whereas the laws across the Atlantic are based on the notion of use.

In Europe, the right of the owner comes into existence at the moment of the registration. In the American system, trademarks do not have to be registered – they do in the Federal system only. But even in the case of a registration, the sign has to be already used by its owner to be registered by the USPTO.

The cancellation action for non-use is a fair example of this dichotomy. In Europe, for 5 years, the owner of a trademark is safe. It is only after 5 years that a competitor can initiate an action for non-use, action which has to take place in front of Courts. In the US, this action can take place after 3 years and the appellant can ask the Court to decide that the owner has the intent of abandoning its mark, in which case it is the owner that will have to prove that it is not his intent\textsuperscript{114}.

\textsuperscript{112}The Nice Classification, established by the Nice Agreement of 1957, is an international classification of goods and services applied for the registration of marks.

\textsuperscript{113}Travaux dirigés de droit américain des marques, intervention by Maître Richard Gilbey.

\textsuperscript{114}Ibid.
Moreover, in Europe, if no one initiates a cancellation action for non-use against a trademark, the latter can stay registered until the end of the 10 years protection, and even longer if its owner decides to renew it even if he does not use it. This is not possible in the American system. After 6 years of registration, the owner of a trademark has to prove a real and honest federal use and its list of goods and/or services can be limited if the mark is not used for all the listed items.\textsuperscript{115} The Canadian system is even stricter. For example, after 3 years of registration, a third party can ask the trademark Office to make the owner prove the use of his trademark. A Court action is not necessary, it can simply go through the Office.\textsuperscript{116}

All the above asserts the huge gap between European law and American and Canadian law. Even if this gap is narrowing, facts remain. The American trademarks register is less congestionned than the European registers. Therefore, there are more trademarks in the combined French and German registers than in the entire US.\textsuperscript{117} However, trademarks are not limited to their interactions with consumers, but they are also linked with competition and competitors, an issue that we will address in this second section.

\textsuperscript{115}Ibid.
\textsuperscript{116}Ibid.
\textsuperscript{117}Ibid.
Section 2: IP law and competition law, finding a balance

This section will be devoted to the study of the relations between IP rights and competition law and the need to find a balance between these – maybe – antagonistic areas. Thus, we will focus in a first paragraph on defining these apparently contradictory laws before analyzing in a second paragraph their difficult interaction and the need to balance them.

§1 IP rights and competition law, or their different objectives

**IP rights and monopolies.** IP rights are genuine property rights. If the discussion was opened for a long time, it is now closed. The European Convention of Human Rights states in its protocol, article 1:

>“Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law. The preceding provisions shall not, however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions or penalties.”

In the “ANHEUSER-BUSCH” case, the ECHR stated that this article applied to intellectual property as itself. It therefore applies to trademarks which are thus genuine property assets. Since IP rights are truly property assets, they do allow their owner to constitute a monopoly. An IP right owner has thus the power to forbid the use of its patent or trademark for example and this right is enforceable to all third parties. These rights can be very powerful and create monopolies, which are however limited by two fundamental IP principles: the principle of territoriality and the principle of specialty. Therefore, the right will only be enforceable within the particular territory it is registered for and within the bounds of specialty, meaning a trademark will only be granted protection for the goods and/or services designated in the registration.

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118 Protocol to the Convention for the Protection of Human Rights and Fundamental Freedoms, Article 1, Protection of Property.
120 The principle of specialty is limited by reputed and well-known trademarks, an issue that we will not focus on in this study.
However, this possibility of monopoly can be explained by the idea of “reward” of the IP right owner. It is especially obvious with patents where, in exchange for innovating, the inventor is granted a protection for its invention if he discloses it. Nevertheless, this idea of “reward” is much more questionable when it comes to trademarks.

Indeed, it is difficult to imagine trademark right as a “reward” for innovation. The idea underlying such a right is more linked to the investments of the right owner, and to a certain “compensation” for these – sometimes huge – investments.

Trademark law – or at least European trademark law – looks therefore much more towards protection of investments and thus of economic players than towards protection of consumers.

Besides the protection conferred to an IP right owner with the infringement action, the right owner is conferred the right of initial placing on the market. This is the first “function” of the trademark as seen earlier: “rewarding” the right owner by allowing him to be the first and thus only one at first to place its marked product on the market.

However, because of the rules of free movement of goods and services, this right is immediately limited by the doctrine of exhaustion of rights. According to this rule, after the initial placing on the market, the right owner does not have any power on the next placing on the market. As we will see, IP rights are limited by free circulation of goods and services and that, in the name of competition.

Competition law and free circulation. Competition law can be defined as the rules guaranteeing the protection of the market by controlling the structures and behaviors of economic players that could distort competition. Competition law has a goal of protection of the market and of guarantee of a healthy and functional competition. According to some economists, antitrust laws have also a goal to achieve economic efficiency and thus to maximize social wellness. This can be accomplished by increasing production, allocative and innovation efficiency.

Production efficiency is the capacity to produce at low costs and by using the minimum resources. Allocative efficiency is achieved when goods and services correspond in quality and quantity to the needs of consumers whereas innovation efficiency is the faculty to keep up

121 Droit des pratiques anti-concurrentielles, intervention by Ms Marie Koehler de Montblanc
122 Ibid.
123 Marché intérieur, droit de la concurrence et droits de la propriété intellectuelle, intervention by Ioannis Lianos
to changes in consumers' needs by the creation of new products\textsuperscript{124}.

Thus, the perfect competition system would be a system in which no economic player can alone influence the market.

Consumers remain in the background in competition law and are only a logical consequence of the rules instituted. This law is structured on two main lines: the competition between economic players and the competition on the market.

When talking about IP rights, it is essentially competition on the market that interests us.

The EU is built upon the principle of an economic Union. The European treaties have set up the principles of free movement of goods, services, persons and capital. The idea underlying is the achievement of the Internal Market and of undistorted competition.

This has also become the objective of the CTM, as we have already explained before, and as such, has been written in the CTMR.

This right is by nature against all kind of monopolies and allows such practices only under strict control.

Indeed, monopolies are against the principle of perfect competition because they create a situation in which one single economic player has enough weight to influence the market and prices and because they lead to ineffective resource management\textsuperscript{125}.

The importance of undistorted competition for the EU is evidenced by the Treaty of Rome and by the various legislations edicted in this domain. As such, we find EU law regarding restrictive practices and dominant positions but also regarding anti-competitive practices. The Treaty on the Functioning of the European Union itself governs these situations.

In any case, competition is a necessary component of Economy, of the functioning of the Market and thus, of the EU. In the words of Didier Ferrier, "\textit{la concurrence, c'est comme l'eau dans le pastis, il en faut.\textsuperscript{126}}"

The philosophy of European competition law, unlike the American philosophy, is that

\textsuperscript{124} Ibid.
\textsuperscript{125} Ibid.
\textsuperscript{126} Droit des échanges, intervention by M. Didier Ferrier.
competition is necessary but can be limited when needed. And IP rights constitute such a limitation.

We can therefore question the difficult relations between these two laws, IP and competition, given their antagonistic nature and contradictory objectives and means. Monopolies versus undistorted competition, where can we find the balance?

§ 2 IP rights and competition law, or their difficult interaction

In this paragraph, we will focus on the difficult interaction between IP rights and competition law. In this respect, we will first analyze the “clash” between these laws before focusing on the need to balance them and the possible solutions to do so.

The “clash” between IP rights and unfair competition law. As explained above, IP rights and competition law are naturally antagonistic due to their apparently contradictory nature and objectives.

The problem of these two laws is their constant interaction. While IP rights constitute an exemption to competition law by the possibility of monopolies, competition itself is limited by the existence of IP rights. For example, when IP creates a right where competition thinks there should not be any, the latter immediately limits this right with the principle of exhaustion of rights.

Since IP rights seems not to be compatible with free movement of goods and services, a clash was therefore doomed to occur between reservation and freedom, between IP and competition.

One example of this gap is the inherent dichotomy of trademarks, between existence and exercise of the right. These two notions are not easily defined. According to Me Gilbey, trademark's existence can be found in its functions; it is the potentiality of use in view of fulfilling these functions, whereas exercise of the right is for the right owner to invoke its right to forbid a third party of using it\textsuperscript{127}. As such, even if the existence of a trademark may not be questioned, the exercise of this right can be jeopardized. For example, when the

\textsuperscript{127} Intérêt général et droit des marques, intervention by Maître Richard Gilbey.
existence of the mark is ascertained by the initial placing on the market, its exercise is called into question by the exhaustion of rights.

This dichotomy can be found in an issue which we mentioned earlier in this study: weak trademarks. The “GAZOZ” case which we talked about is a fair example of this situation. Whereas the right exists by means of registration, it cannot be exercised or protected through an infringement action for example. Such a right is very limited and therefore quite useless.

However, it is worth reminding that IP rights are not always clashing with competition law. Sometimes, IP has positive effects on efficiency. As such, it can help developing new products, improve existing ones or help finding cheaper manufacturing methods. Nevertheless, this idea is more questionable when it comes to trademarks.

IP rights finally constitute a personal interest, the one of its owner. Whereas the latter is rewarded and therefore protected for its investments, it somehow creates a breach in general interest. Personal interests are of course legitimate and understandable but they need to be limited and controlled, especially in view of general interest. If competition represents this general interest – and it does, at least partially – then a balance needs to be found with IP.

**The need to find a balance.** That this balance needs to be found is an evidence. This is essential to the fair use of IP and of trademark rights.

Competition being naturally limited by IP rights, we think that these rights have to be controlled in the scope of competition law.

One situation where competition is limited by IP rights and thus, tries to limitate these rights, is distribution networks. The franchise network is naturally a restriction of competition. However, these restrictions are imposed in the name of IP rights. For example, all Yves Rocher stores are green because Yves Rocher trademarks are green. This example evidences the porous border between IP rights and competition.

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128 Marché intérieur, droit de la concurrence et droits de la propriété intellectuelle, intervention by Ioannis Lianos
129 Droit de la franchise, intervention by M. Guy Gras.
This is also evidenced by the theory of essential facilities. The essential question at stake here was to determine in what measure an IP right could constitute an abuse of dominant position. After deciding that a refusal to license was not in itself an abuse of dominance, it was in the “MAGILL” case that the ECJ really approached the issue of IP rights versus competition. The Court stated that three particular circumstances could create the abuse: 1) the refusal prevents from developing new products; 2) there are not any objective reasons for this refusal; and 3) this refusal creates a monopoly for the right owner\textsuperscript{130}. These criteria have been since developed, changed and specified in two cases: the “LADBROKE and BRONNER” case and the “IMS HEALTH” case\textsuperscript{131}. After the “IMS HEALTH”, four conditions were established by the ECJ: 1) the product has to be necessary to operate on a particular market; 2) the refusal must prevent the development of new products for which there is a demand; 3) there are not any objective reasons for this refusal; and 4) the refusal is likely to eliminate competition on the particular market in question. However, the most recent case concerning this matter is the “MICROSOFT” case\textsuperscript{132}. The EGC slightly modified the criteria by considering that there was a forbidden refusal whereas the behavior of Microsoft did not prevent from developing new products but only from developing new features on existing products. Although imperfect, this theory of essential facilities evidences the possibility of finding a balance.

This balance is necessary to figure out though. IP rights and moreover trademark rights are linked to personal interests of their owners. The latter are indeed interested in finding a sign, which is available and commercially satisfying, in registering it as a trademark and in protecting their right against third parties. Remembering what we said about suggestive and descriptive trademarks, the interaction with competition seems obvious. Competition in that situation could represent general interest and fight for descriptive terms to remain available on the market.

We can therefore wonder if the actual situation we exposed in Part 2 of this study is really satisfying for economic players and for competition. Whereas the EU solution seems neutral


\textsuperscript{131} T-504/93, Tiercé Ladbroke SA v. Commission of the European Communities, June 12th, 1997.

\textsuperscript{132} C-418/01, IMS Health GmbH & Co. OHG v. NDC Health GmbH & CO. KG, April 29th, 2004.

\textsuperscript{132} T-201/04, Microsoft Corp. v. Commission of the European Communities, September 17th, 2007.
and balanced, it does not take into account every possible factor and among them, the huge gap between some official EU languages and some foreign languages, such as Chinese or Turkish, which are way more spoken in the EU than some “small” EU official languages.
PART IV

Conclusion

We saw in that study that the descriptive trademark situation is a complex issue dealing with numberless related issues.

Looking at the CTM system but also at other foreign systems, we understand that the determination of the languages considered in the assessment of descriptive trademarks is a highly complicated issue. Whatever the solution chosen, it raises a lot of consequences: legal, political and economic.

The issue of descriptive trademarks is also linked to weak trademarks. One cannot indeed speak of descriptive trademarks without mentioning suggestive trademarks. And it leads us to question the actual interest of such signs and the reason behind so many suggestive applications.

This study has also caused us to take a closer look at other law systems, such as the Canadian and American systems. These law systems are much more based on the notion of use than the European one.

We think that even though the European system has important benefits, it could also benefit from introducing some more use. For example, the American mechanism of verifying the actual use of a trademark after 6 years of registration seems like an interesting idea to help decongestionning trademarks registers.

Without going so far as to base the entire system on use, we consider that adding some more of this notion in the system could benefit to both consumers and economic players. It would not of course resolve the issue of suggestive – and descriptive – trademarks, but it would not hurt in any case and it could help finding a balance between IP rights and competition law.

This complex issue does not have one solution but several. The goal of this study was not really to find these solutions but at least to identify the issues underlying this situation.

We do not absolutely think that minority languages should be taken into consideration for the assessment of descriptive trademarks nor do we absolutely think that they should not. However, we at the very least advocate for an assessment made under the view of Economy
and that takes into consideration the needs of economic players. We do not think that any solution could be entirely satisfying but perhaps, the actual European solution is the most neutral and satisfying solution a system can find. It is however our opinion that the system needs to keep reflecting on these issues and to remain flexible enough to adjust when needed.
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