

EUROPEAN DILUTION: MAPPING THE ORIGIN AND ROLES OF THE REPUTATION REQUIREMENT

*Luminita Olteanu**

Abstract: To qualify for enhanced trade mark protection against blurring, tarnishment and free-riding under the harmonised European Union (EU) trade mark law, senior trade mark owners must show that their trade marks have ‘reputation’. Although a central condition for dilution claims, the concept of ‘trade mark reputation’ does not have a definition in the EU trade mark legislation. The Court of Justice of the European Union has clarified the meaning of ‘trade mark reputation’ but has done so in a rather descriptive manner. Seeking to fathom the reasons why the EU legislator chose ‘reputation’ as a prerequisite for enhanced trade mark protection, this article offers a historical examination of the case law of several EU Member States before the harmonisation of the EU trade mark law, focusing on the way in which the courts rationalised marks’ reputations in trade mark infringement cases. The conclusion argues that the selection of the reputation requirement by the EU legislator and the overall design of the EU dilution law was informed by the considerations of the Member States’ courts, which granted extra protection to trade marks enjoying a certain degree of recognition rather than the dilution regime of a specific jurisdiction.

A. INTRODUCTION

1. Statement of Purpose

Reputation matters. In the field of international relations, scholars have theorized the impact of states’ reputation on the adoption of decisions to go to war.¹ The Forbes business magazine features dozens of articles either presenting tips on how to create and safeguard one’s reputation or emphasizing its importance in business relations.² Preserving a commercially desirable brand image is paramount for luxury brands whose reputations are at risk when associated with the ‘wrong’ kind of audience. A recent example is the well-known British clothing company Fred Perry who announced that it would stop selling its black/yellow/yellow polo shirts in North

* PhD Candidate, UCL Laws, London, UK.

¹ Mark Crescenzi, *Of Friends and Foes: Reputation and Learning in International Politics* (OUP 2018) 1.

² Brian Weed, ‘The Importance of Online Reputation in Entry-Level Hiring’ *Forbes* (29 May 2019) <<https://www.forbes.com/sites/forbeschicagocouncil/2019/05/29/the-importance-of-online-reputation-in-entry-level-hiring/#5b9a21854385>> accessed 2 June 2019.

America because the garment in question was popular among the members of the far-right and neo-fascist organization, the Proud Boys.³

Recognising the value of brand reputation, trade mark law lends a helping hand to companies who wish to preserve a commercially attractive brand image; it does so by way of granting extra protection to trade marks meeting a certain reputation threshold. Such extra protection is called in trade mark law parlance ‘protection against dilution’. To this end, owners of reputed trade marks can prohibit use in the course of trade of similar or identical signs even when such signs are used on dissimilar goods.⁴ Furthermore, consumer confusion is not a requirement.⁵ Instead, trade mark owners must prove that any use (without due cause) of their trade mark takes unfair advantage of, or is detrimental to, the distinctive character or the reputation of the reputed mark.

The examples above illustrate the widespread interest in analysing, measuring and protecting one’s reputation, either at the personal, corporate, or even at the state level, as well as reputation’s prominence across different domains. However, the normative underpinnings that motivated the choice of reputation as a threshold for enhanced trade mark protection are still a topic under debate.⁶ In comparing the US and EU dilution laws, Fhima argues that there are four possible justifications why fame is required in the US law and reputation in the EU law. First, it is suggested that only trade marks with reputation could be harmed by way of unauthorised dilutive acts.⁷ The second explanation contends that in lack of a degree of recognition of the senior trade mark, there can be no association between the original trade mark and the alleged infringing one, and thus no harm can be caused to the senior mark.⁸ Third, a mark’s reputation is the result of the financial efforts expended by the trade mark owner in promoting the mark and

³ Amy Woodyatt, ‘Fred Perry stops selling polo shirt associated with the ‘Proud Boys’ (*CNN Business*, September 28, 2020) <<https://edition.cnn.com/2020/09/28/business/fred-perry-proud-boys-intl-scli-gbr/index.html>> accessed 12 October 2020.

⁴ Ilanah Simon Fhima, *Trade mark dilution in Europe and the United States* (OUP 2011) 2.

⁵ Article 5(3)a and Article 10(2)c of Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks [2015] OJ L 336/1 (Recast Directive); Article 8(5) and Article 9(2)c of Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark [2017] OJ L 154/1 (‘EUTMR’).

⁶ Ilanah Fhima, ‘The Fame Standard for Trademark Dilution in the United States and European Union Compared’ (2008) *Transnational Law & Contemporary Problems* 632; Fhima, *Trade Mark Dilution* (n 4) 21; Robert Burrell and Michael Handler, ‘Reputation in European trade mark law: a re-examination’ (2016) 17 *ERA Forum* 85; Michael Handler, ‘What can harm the reputation of a trademark? A critical re-evaluation of dilution by tarnishment’ (2016) 106 *The Trademark Reporter* 639.

⁷ Fhima, ‘The Fame Standard for Trademark Dilution’ (n 6), 634.

⁸ *ibid.*

therefore dilution protection offers a reward to the trade mark owner.⁹ Finally, it is suggested that reputation was selected because a ‘limit on the scope of the dilution protection’ was needed.¹⁰

In an attempt to fathom the rationales behind the selection of reputation as a prerequisite for enhanced protection, this article offers a historical account of the emergence of the concept of trade mark reputation in the case law of the EU Member States prior to harmonisation and the legislative process which harmonised the law on dilution in the EU. The examination proposed in this article should prove useful when interpreting EU dilution law in a purposive way, this method being ‘widely regarded as the hallmark of the ECJ’s reasoning style’.¹¹ In this respect, by looking at the historical context in which the ‘socially constructed’¹² concept of ‘trade mark reputation’ emerged, this article seeks to shed some light on the policy considerations behind the choice of this criterion.¹³ The conclusion argues that the selection of the reputation requirement by the EU legislator and the overall design of the EU dilution law was informed by the considerations of the Member States’ courts when granting extra protection to trade marks enjoying a certain degree of recognition rather than the dilution regime of a specific jurisdiction as sometimes suggested in the literature.¹⁴

The analysis hereof is divided in four parts. Part B examines the protection of trade marks enjoying a certain degree of public recognition under the Paris Convention,¹⁵ which provides the international framework for the protection of well-known trade marks which make up for a similar category of marks to trade marks having a reputation. Part C scrutinises the case law of the EU Member States prior to the harmonisation of the EU trade mark legislation. For the examination in Part C, I have selected the following jurisdictions: the UK, France, Germany, Belgium, Luxembourg, and the Netherlands. The reason for doing so is that when the negotiations for the adoption of the European trade mark legislation took place in the mid-1970s,

⁹ *ibid.*

¹⁰ *ibid.*

¹¹ Jane Cornwell, ‘Playing by its own rules? A quantitative empirical analysis of justificatory legal reasoning in the registered trade mark case law of the European Court of Justice’ (2021) 46(5) *European Law Review* 647, 658.

¹² Handler, ‘What Can Harm The Reputation of a Trademark?’ (n 6) 665.

¹³ The consideration of policy arguments in construing EU law is considered a sub-type of the purposive interpretation method employed by the CJEU. See Gunnar Beck, *The Legal Reasoning of the Court of Justice* (Hart 2012) 212.

¹⁴ Hazel Carty, ‘Do Marks with a Reputation Merit Special Protection’ (1997) 19 *EIPR* 684, 685; Charles Gielen and Benoit Strowel, ‘The Benelux Trademark Act: A Guide to Trademark Law in Europe’ (1996) 86 *TMR* 543; William Robinson, Giles Pratt and Ruth Kelly, ‘Trademark Law Harmonization in the European Union: Twenty Years Back and Forth’ (2013) *Fordham Intell. Prop. Media & Ent. L. J.* 23(2) 732, 742.

¹⁵ The Paris Convention for the Protection of Industrial Property of March 20 1883 (Paris Convention).

these were the only Members States of the European Economic Community (EEC),¹⁶ the precursor of the EU, which offered protection to trade marks enjoying a certain degree of recognition.¹⁷ Additionally, since Belgium, the Netherlands and Luxembourg unified their trade mark legislations in 1971 following the establishment of the Benelux Union,¹⁸ the analysis regarding these three jurisdictions shall focus mainly on the Uniform Benelux Law on Marks.¹⁹ The findings in Parts B and C will be contrasted in Part D with the way in which the reputation requirement emerged in the European trade mark legislation. The purpose of Part C is to shed some light on the rationales underpinning the selection of this particular threshold by the drafters of the European dilution provisions. Here I shall examine the legislative process for the adoption of the European trade mark legislation, unearthing the politically imbued negotiations for the adoption of the First Trade Mark Directive and their impact on the design of the European dilution protection. The conclusion in Part E provides a reflection on the way pre-harmonisation trade mark law nostalgia made its way into the case law of the Court of Justice of the European Union (CJEU) and on how such nostalgia could promote a stereotypical view of how trade marks with reputation operate in the current market place.

2. A Note on Terminology and Legislation

In this article, I deliberately refrain from using the phrases ‘well-known trade mark’, ‘famous marks’ or ‘trade mark having a reputation’ interchangeably. The meaning of these phrases, which are found in different legal instruments (ie the Paris Convention, the US trade mark law and the European legislation), do not overlap and hence should not be treated as such. I will use instead

¹⁶ Directorate-General for Communication, ‘The history of the European Union’ <https://europa.eu/european-union/about-eu/history_en> accessed 23 March 2019.

¹⁷ The other states that were members of the EEC in 1980 were Italy, Denmark and Ireland. See Directorate-General for Communication (n 16). The Italian trade mark legislation did not grant extended protection to famous trade marks. See Mario Arrigucci, ‘Italy: supranational and national law’ in Frederick Mostert ed., *Famous and Well-known Marks* (Butterworths, 1997) 324. Similarly, in Denmark, the protection of trade marks with reputation was introduced in 1991 as an element of novelty in the Danish national legislation after the First Trade Mark Directive was adopted. See ‘Denmark: trademarks’ 13 E.I.P.R. (1991), 5, D88; The situation in Ireland was identical to the one in Italy and Denmark. To this effect, the 1963 Trade Marks Act expressly provided in Section 12(2) that the rights over a registered trade mark do not extend to goods for which registration was not sought. See Section 12(2) of the Trade Marks Act 1963.

¹⁸ Such unification came after these three jurisdictions formed in 1944 the Benelux Union, a political and administrative customs union aiming to promote the free circulation of people, goods and services within the territory of these countries. See Jean L. Pire, ‘Benelux – Much More than an Acronym’ (INTA Bulletin, 15 April 2003) <<https://www.inta.org/INTABulletin/Pages/Benelux%E2%80%93MuchMorethanAcronym.aspx#>> accessed 4 April 2019.

¹⁹ Uniform Benelux Law on Marks (of March 19, 1962, as amended on November 10, 1983) <<https://www.wipo.int/edocs/lexdocs/laws/en/boip/boip009en.pdf>> accessed 1 November 2018.

the phrase ‘special trade marks’²⁰ as the collective term designating all trade marks enjoying a certain degree of public recognition. As it will be shown in Part C below, the rationales underpinning the legal protection afforded to each of these classes of trade marks in the Paris Convention and the European legislation are different. Additionally, ‘well-known’ trade marks in sense of the Paris Convention require a higher degree of public recognition than trade marks with ‘reputation’ under the European dilution provisions.²¹ Furthermore, the qualification is necessary because there is no established jurisprudential or doctrinal term defining ‘special’ trade marks’ commonalities and essential differences.²²

Finally, any reference in this article to the use of a sign or a trade mark in relation to goods shall also cover the use of that sign in relation to services and vice versa. Following the example of the accepted trade mark parlance²³ I shall use the expression ‘junior use’ and ‘junior user’ in order to refer to the subsequent unauthorized use of a trade mark enjoying a certain degree of knowledge and to the entity/person engaging in such prohibited activity.

B: A CERTAIN DEGREE OF RECOGNITION JUSTIFYING THE WAIVER OF THE REGISTRATION REQUIREMENT. THE PARIS CONVENTION

The Paris Convention, signed in 1880,²⁴ was one of the first international agreements to safeguard legal protection of intellectual works, including patents, industrial designs, trade names, beyond the borders of the countries in which those works were created.²⁵ Following the Hague revision conference in 1925,²⁶ well-known trade marks found recognition as a distinct category of

²⁰ This way of addressing trade marks that enjoyed a specific type of recognition was used by the delegations of the Member States during the meetings and negotiations that took place at the level of the Working Party on Intellectual Property. See Working Party on Intellectual Property, ‘Summary of the meeting of the Working Party on Intellectual Property (Trade Marks) held in Brussels on 13 and 14 September 1982’ (Brussels, 1 December 1982) <https://resources.law.cam.ac.uk/cipil/travaux/Trade%20Marks%20Directive/3_13-14%20sept%201982-summary%20of%20conclusions.pdf> accessed 15 November 2018.

²¹ Case C-375/97 *General Motors Corporation v Yplon SA* [1999] I-05421, Opinion of AG Jacobs para 33.

²² Martin Senftleben, ‘The Trademark Tower of Babel – Dilution Concepts in International, US and EC Trademark Law’ (2009) 45 *International Review of Intellectual Property and Competition Law* 40, 76.

²³ Fhima, *Trade Mark Dilution in Europe* (n 4) xi.

²⁴ The signatory states were Belgium, Brazil, France, Guatemala, Italy, Netherlands, Portugal, Salvador, Serbia, Spain and Switzerland.

²⁵ G. H. C. Bodenhausen, *Guide to the Application of the Paris Convention for the Protection of Industrial Property* (BIRPI 1968) 89; Gustavo Bravo, ‘From Paris Convention to TRIPs: A Brief History’ (2010) 12 *Journal of Contemporary Legal Issues* 445.

²⁶ *ibid* 89.

marks,²⁷ which benefited from a different legal regime than that established for conventional registered trade marks. In this sense, Article 6^{bis} required contracting states to provide some degree of protection to marks which, while well-known, were not registered in a particular state. In practice this was achieved by allowing well-known trade mark owners to challenge registration of similar or identical signs (whether in opposition or cancellation proceedings) even if their trade mark was not registered in the jurisdiction where the challenge was sought. Following the 1958 Paris Convention revision conference, owners of well-known trade marks were given an extra right under Article 6^{bis}, that is to prohibit the use (not just the registration) of similar or identical signs in other countries than where originally registered.²⁸ However, for our purposes, it should be noted that the enhanced legal protection under Article 6^{bis} only extends to prevent use and registration of a junior marks in respect of identical or similar goods which were likely to cause confusion with the well-known mark (ie the concern is with what might be considered as ‘traditional’ infringement, and not the dilution protection which has been considered in respect of trade marks with reputation).²⁹

With respect to the definition of well-known trade marks, the Paris Convention was silent. However, it was ‘usually considered that a trademark is well-known if those active in the branch of commerce in which the trademark is used are aware of the existence of the trademark and of the fact that it belongs to a given enterprise’.³⁰ Thus, the fact that the trade mark was required to be well-known meant that it had to reach a certain knowledge threshold. However, as it will be shown in the next paragraphs, its role was not to filter the number of trade marks that would qualify for protection under Article 6^{bis}. Conversely, the degree of recognition enjoyed by well-known trade marks was considered by the drafters of the Paris Convention as an element which could have been unfairly exploited by third parties.

To this end, Article 6^{bis} in its initial form adopted in 1925, sought to eliminate unjust consequences stemming from the fact that rights arising from the registration of a trade mark

²⁷ WIPO Publication no. 875, ‘The Paris Convention for the Protection of Industrial Property from 1883 to 1983’, (Geneva, International Bureau of Intellectual Property 1983) 46.

²⁸ Bodenhausen (n 25) 89. The advantage provided by Article 6^{bis} was available only where the junior use referred to similar or identical goods and if confusion among the public occurred. In essence, the only concession made to owners of well-known trade marks under Article 6^{bis} was the relaxation of the registration requirement. This was something new and convenient because in this way they could benefit from certain trade mark rights which they could not normally exercise in lack of registration.

²⁹ Article 6^{bis} of the Paris Convention.

³⁰ WIPO (n 27) 46.

European Dilution: Mapping the Origin and Roles of the Reputation Requirement

generally prevailed over legal claims arising from the longstanding use of a mark.³¹ This was seen as unjust because by preferring the registrant's right, the party who invested in making the mark known was deprived of the benefits of her efforts in establishing the mark on the market over the years.³² Bodenhausen, the former director of the United International Bureaux for the Protection of Intellectual Property,³³ the body in charge with the administration of the Paris Convention,³⁴ confirmed the 'unfair competition' rationales underpinning Article 6^{bis}.³⁵ In this sense, Bodenhausen noted that for well-known trade marks 'registration or use of a confusingly similar mark'³⁶ would most likely correspond to an act of unfair competition. Furthermore, the discussions surrounding the amendment of Article 6^{bis} summarized by Ladas (the US delegate to the Lisbon revision conference in 1958)³⁷ do not suggest that the contracting states' delegates were concerned with the need to filter-out in any way the number of trade marks that would benefit from the relaxation of the registration condition. Thus, reserving Article 6^{bis} to well-known trade marks was not a way of limiting the number of trade marks that could benefit from the relaxation of the registration requirement.

The Lisbon revision conference recognised that well-known trade marks were vulnerable in face of misappropriation acts as a consequence of new technologies such as radio and TV that enhanced the effects of advertising in popularizing trade marks.³⁸ Thus, the emphasis placed by Article 6^{bis} on the knowledge requirement was due to the fact that well-known trade marks functioned differently than trade marks that did not reach the status of being well-known and were therefore of token of goodwill. First, as opposed to ordinary trade marks, the fact that the trade mark was well-known replaced one of the effects of registration, respectively making the public 'aware of the existence of the trademark and of the fact that it belongs to a given enterprise'.³⁹ Second, the degree of recognition of well-known trade marks by the public was

³¹ Stephen P. Ladas, 'International Protection of Well-Known Trade-Marks' (1951) 41 Trademark Rep. 661, 662.

³² *ibid* 662.

³³ World Intellectual Property Organisation, 'A tribute to two former Directors General marks the opening day of the WIPO General Assemblies' *WIPO Magazine* (Geneva, 1999) <https://www.wipo.int/export/sites/www/wipo_magazine/en/pdf/1999/wipo_pub_121_1999_09.pdf> accessed 2 June 2019.

³⁴ Bodenhausen (n 25) 90.

³⁵ *ibid*.

³⁶ *ibid*.

³⁷ Obituary, 'Dr. Stephen Ladas, patent lawyer, 77' *The New York Times* (15 March 1976) <<https://www.nytimes.com/1976/03/15/archives/dr-stephen-ladas-patent-lawyer-77.html>> accessed 2 June 2019.

³⁸ Ladas (n 31), 662; Bodenhausen (n 25) 91.

³⁹ WIPO (n 27) 46.

considered likely to become the subject of unfair exploitation, a feature that ordinary trade marks did not possess and thus could not be misappropriated.

The coherence achieved by Article 6^{bis} in providing protection for well-known trade marks is a consequence of the clear delineation of the roles played by the degree of recognition of the trade mark and the correlation of these roles with the rights given to trade mark owners. In this sense, the solution adopted (ie waving the registration requirement) to mitigate the potential negative consequences of such unjust acts was in line with how well-known trade marks developed and operated in the market.⁴⁰ Furthermore, the analysis shows that the knowledge requirement contained in Article 6^{bis} is not detached from the potential impairments that well-known trade marks could suffer. Thus, the exceptional protection offered to well-known trade marks (ie exceptional in the sense that registration was not necessary for a trade mark owner to make a claim in relation to her trade mark) was consistent with the new features that these trade marks developed as a consequence of expansive advertising and technological advancements. While these developments were taking place at an international level, courts in various European countries were also seeking to tackle potential issues generated by special trade marks' recently discovered features such as their 'power of attraction'. In the next sections I shall discuss how exactly these features were conceptualized by the early European case law.

C: SEEING TRADE MARK RECOGNITION WITH FRESH EYES: GERMANY, FRANCE, THE UK, AND THE BENELUX COUNTRIES

1. Reputation as a Threshold for Enhanced Trade Mark Protection: the German experience

Before the adoption of the First Trade Mark Directive, German trade mark law protected trade marks only when the junior use was on identical or similar goods and if it caused confusion.⁴¹ Yet, owners of special trade marks could rely on either the Civil Code or the law against unfair competition to oppose or prohibit junior uses concerning dissimilar goods.⁴²

⁴⁰ Lionel Bently and others, *Intellectual Property Law* (OUP 2018) 850.

⁴¹ Michael Lehmann, 'Unfair Use of and Damage to the Reputation of Well-Known Marks, Names and Indications of Source in Germany. Some Aspects of Law and Economics' (1986) *International Review of Intellectual Property and Competition Law* 746, 748.

⁴² Ilanah Fhima, 'Exploring the Roots of European Dilution' (2012) *IPQ* 25, 29-30; Lehmann (n 41) 751; Willi Erdmann, 'Germany: Supranational and National Law' in Frederick Mostert (ed.), *Famous and Well-known Marks* (Butterworths 1997) 284.

European Dilution: Mapping the Origin and Roles of the Reputation Requirement

One of the most important German decisions in this field, popularized and endorsed by Frank Schechter in pioneering the US dilution doctrine,⁴³ was issued in the landmark case *Odol*.⁴⁴ In this case, the earlier well-known trade mark ‘Odol’ was registered for mouth wash products. The junior user, and the respondent in this case, had registered the trade mark ‘Odol’ for steel products.⁴⁵ The German court emphasized that the positive associations with the senior user’s trade mark had been achieved following the endeavours of the senior user.⁴⁶ Additionally, the court stressed that the use of a word mark identical to an earlier well-known mark on non-competing goods would weaken the selling power of the latter⁴⁷ and this type of conduct should be prohibited. The legal basis for the decision in *Odol* was found in Article 826 of the German Civil Code which read as follows: ‘Who, in a manner contrary to good morals (in German, *gegen die guten Sitten*), intentionally inflicts damage on another is liable to compensate the other for the damage’.⁴⁸ Consequently, while the protection in the German Civil Code was focused on the damage that the trade mark owner would incur, the reasoning in *Odol* is based on the ‘weakening of the selling power of the mark’. The legal provision cited above did not require the trade mark owner to show a specific degree of knowledge on the part of the public,⁴⁹ however German courts created a rule in this respect. Thus, for a successful claim, the courts required ‘exceptional market reputation’⁵⁰ and levels of recognition which in some cases needed to exceed 80% of the entire German consuming public.⁵¹ Generally, the recognition threshold for the purposes of a successful claim based on the provisions of Article 826 meant that at least 70% of the ‘entire German consuming public’⁵² needed to be aware of the trade mark.

On the other hand, German courts relaxed the degree of recognition threshold required for claims based on the provisions of the law against unfair competition (which was also relied

⁴³ Fhima, *Trade Mark Dilution in Europe* (n 4) 4; Carty (n 14) 685.

⁴⁴ 1924, 25 *Juristische Wochenschrift* 502.

⁴⁵ Barton Beebe, ‘The Suppressed Misappropriation Origins of Trademark Antidilution Law: the Landgericht Elberfeld’s *Odol* Opinion and Frank Schechter’s “The Rational Basis of Trademark Protection”’ in Rochelle Cooper Dreyfuss and Jane C Ginsburg, *Intellectual Property at the Edge. The Contested Contours of IP* (CUP 2014).

⁴⁶ Frank Schechter, ‘The Rational Basis of Trade Mark Protection’ 41 *Harvard Law Review* 713, 832.

⁴⁷ *ibid* 831.

⁴⁸ Beebe (n 45) 64.

⁴⁹ *ibid* 65.

⁵⁰ Erdmann (n 42) 291.

⁵¹ *ibid*.

⁵² Gerhard Schrieker, ‘Protection of Famous Trademarks Against Dilution in Germany’ (1980) *International Review of Intellectual Property and Competition Law* 166, 169.

upon by the court in the *Odol* case).⁵³ Thus, a claim grounded on the provision of the German unfair competition act, would be successful even if the level of recognition was as low as 30%.⁵⁴ The provisions of the law against unfair competition which could be used as a legal basis by owners of special trade marks. Beebe provides the English translation of the German legal provision which read as follows: ‘Who, in the course of trade, takes actions that impede against good morals can be sued for injunctive relief and compensation’.⁵⁵ The German legal text did not require use on similar goods as a precondition for the applicability of the unfair competition law provisions. However, one of the implied conditions for the successful application of the law of unfair competition was ‘the common field of activity’⁵⁶ of the undertakings in dispute. As Beebe rightly points out, the difference between the two legal bases cited above is that the provisions of the German Civil Code focused on demonstrating an intention to cause damage irrespective of the field, in which the parties operated.⁵⁷ In contrast, the German unfair competition law prohibited unlawful conducts in the course of trade which most of the times would result in an unfair advantage obtained by the infringer from the prohibited act.⁵⁸ Thus, where there was no requirement that the junior user would benefit from using the earlier mark, the courts demanded a higher degree of recognition, making access to this kind of protection stricter. Instead, where such an unfair advantage was more likely to occur (ie in the course of trade), the degree of recognition requested as a precondition for protection was lower.

It follows from the above that a specific degree of recognition of the trade mark was imposed by German courts as a threshold for enhanced legal protection. The German approach in seeing the degree of recognition as a mere filter for extra rights is partially justified. This is because the legal provisions relied upon by German courts and claimants in cases involving special trade marks were very broad (ie no restrictions in relation to the actionable damages and no limitation in relation to what type of trade marks could access these provisions). This limitation perhaps served to overcome certain concerns related to the potential ‘chilling effects

⁵³ Fhima, ‘Exploring the Roots of European Dilution’ (n 42) 29; Beebe (n 45) 65.

⁵⁴ Hans Peter and Roberto Kunz-Hallstein, ‘Germany’ in Frederick Mostert (ed.), *Famous and Well-Known Marks: An International Analysis* (Online version, last revised May 2015) 13.

⁵⁵ Beebe (n 45) 65.

⁵⁶ Karl-Heinz Fezer, ‘Trademark Protection under Unfair Competition Law’ (1988) *International Review of Intellectual Property and Competition Law* 192, 199.

⁵⁷ Beebe (n 45) 65.

⁵⁸ *ibid.*

European Dilution: Mapping the Origin and Roles of the Reputation Requirement

on competition'⁵⁹ generated by broad trade mark rights. As it will be shown in the next section, the degree of recognition requirement used as a threshold for enhanced protection captured the specificity of special trade marks, namely that they were more prone to unjust exploitation than 'ordinary'⁶⁰ trade marks. And most importantly, this conception of the degree of recognition of the trade mark was compatible with the negative consequences that both the provisions in the German Civil Code and the law against unfair competition sought to eliminate.

2. Trade Mark Reputation as the Element That Made Trade Marks Function Differently

a) Germany

In the previous subsection I explained that a (high) certain degree of recognition of the trade mark was essential in order for trade mark owners in Germany to be able to prohibit junior uses on dissimilar goods. Gradually, however, German courts lowered the degree of recognition requested for legal protection in case of uses on dissimilar goods. The reason for this approach (ie lowering the knowledge threshold) may be attributed to the fact that the German courts recognized that the value of special trade marks, and what made them function differently, was not solely their popularity but also their emblematic character.⁶¹ This change of perception did not arise in Germany alone. As further detailed in this subsection, the courts in France and the UK also acknowledged that special trade marks functioned differently than ordinary trade marks given the messages that they were conveying to the public. Specifically, special trade marks were not copied only with the intention to generate confusion as to the source of the goods and to divert consumers. It was as likely that special trade marks were copied and used in the course of trade by junior users as a tool to catch the attention of the consumers with the consequence that junior users would benefit from an 'image transfer', or positive associations, with the senior mark. Such use turned out to be detrimental to the senior trade mark and to its owner even in the absence of any origin-based confusion among the public.

This explanation seems to be consistent with the reasoning of the German Federal Supreme Court in *Dimple*.⁶² In this case, the owner of the 'Dimple' trade mark registered and

⁵⁹ Fhima, 'The Fame Standard for Trademark Dilution' (n 6) 633.

⁶⁰ I use the phrase 'ordinary' in order to designate those trade marks that did not reach a certain degree of public recognition which would make them 'attractive' to infringers.

⁶¹ Annette Kur, 'Well-known Marks, Highly Renowned Marks and Marks Having a (High) Reputation – What's it All About?' (1992) 23 IIC 220, 221.

⁶² Federal Supreme Court (Bundesgerichtshof) 29.11.1984 Case No. I ZR 158/82 'Dimple', (1986) IIC, 271.

used for ‘wines, beers, ales, stouts and liquor’,⁶³ sought to prohibit the defendant from using an identical word mark for ‘detergents and bleaches, scouring, polishing, grease-removal, and grinding agents, perfumes, essential oils, body and beauty care products, hair tonics, or dentifrices under the mark’.⁶⁴ On appeal, the Federal Supreme Court confirmed the position of the lower courts, refusing to accept the plaintiff’s claim on the basis of Article 826 of the German Civil Code considering that as the earlier ‘Dimple’ trade mark was known only by 50% of the public, this was insufficient.⁶⁵ However, in accepting the plaintiff’s claim on the basis of the unfair competition law, the Federal Supreme Court gave a more encompassing interpretation to the ‘common field of activity’ rule that required direct competition between the goods of the parties in dispute.⁶⁶ In this regard, the Federal Supreme Court explained that the public who is familiar with the Dimple trade mark for whiskey from a higher price category overlaps to a certain extent the public who buys or is likely to buy higher quality cosmetics, such as those of the respondent.⁶⁷ Thus, the degree of recognition requirement was not seen by the Federal Supreme Court as a filter against increased trade mark protection. On the contrary, the degree of recognition of the mark was used to explain how the link between the two marks and associated goods in dispute is likely to occur. The court further emphasized that the reputation of the trade mark had an ‘independent commercial utilization’.⁶⁸ Thus, taking into consideration that the plaintiff’s earlier mark was associated with ‘excellent quality and a good reputation’,⁶⁹ the court ruled that the junior user would become a competitor of the plaintiff in his attempt ‘to exploit this reputation’⁷⁰ to its own advantage.

Thus, in Germany, the Dimple case captured the transformation of the degree recognition requirement from a threshold for increased protection into the element that made special trade marks to function differently and likely to be harmed or unfairly exploited. At the same time, there were no obvious discrepancies between the subject of protection (ie the power of attraction of the mark) and the potential damage likely to be generated by the junior use. Such coherence was achieved perhaps since the damage under German law was not limited to blurring,

⁶³ *ibid* 271.

⁶⁴ *ibid*.

⁶⁵ *ibid* 272.

⁶⁶ Lehmann (n 41) 753.

⁶⁷ *Dimple* (n 62) 274.

⁶⁸ *ibid*.

⁶⁹ *ibid*.

⁷⁰ *ibid*.

European Dilution: Mapping the Origin and Roles of the Reputation Requirement

tarnishment or free-riding, harms which impose certain characteristics that the reputation of trade marks must meet in order to have the abstract capability of being harmed in these ways. However, in the German approach the degree of recognition requirement was regarded by the courts purely quantitative and was considered a rigid criterion,⁷¹ measured by percentages. Kur argued that this way of measuring a trade mark's degree of renown could result in an unfair treatment of those trade marks which do not reach a specific minimum percentage.⁷²

b) France

The French case law recognised the value of trade marks enjoying a certain degree of recognition and offered protection to special trade marks even in non-confusion-based cases. Akin to Germany, the legal basis for a claim against junior uses on dissimilar goods was Article 1382 of the French Civil Code, containing the general rule on tort liability. This article provided that 'any act of man, which causes damages to another, shall oblige the person by whose fault it occurred to repair it'.⁷³ Subsequently, the French disloyal competition law was developed 'by applying its general clause of tort to business conduct'⁷⁴ with a view to prohibit 'parasitic acts'. Under the doctrine of parasitic acts,⁷⁵ special trade marks were protected against junior uses aiming at 'taking advantage of a legitimately acquired renown'.⁷⁶ In *Pontiac*,⁷⁷ the owner of the 'Pontiac' trade mark registered for cars successfully sued the defendant who used an identical mark for fridges.⁷⁸ The court accepted that the junior use would impair the 'distinctiveness and power of attraction of the mark'.⁷⁹ The *Pontiac* decision has been seen as marking the recognition by the French Supreme Court of 'the existence of a damage to reputation which will not necessarily induce a direct loss of customers'.⁸⁰ Other examples of successful claims based on the doctrine

⁷¹ Kur (n 61) 225-26.

⁷² *ibid* 226.

⁷³ Ministère de la Justice, 'Code Civil Français', <<http://www.justice.gouv.fr/justice-civile-11861/larticle-1382-du-code-civil-principe-general-de-responsabilite-23909.html>> accessed 19 November 2018.

⁷⁴ Rudy R.Y. Clauss, 'The French Law of "Disloyal Competition"' (1995) *European Intellectual Property Review* 550.

⁷⁵ Association Suisse D'étude De La Concurrence, *Etudes de Droit Suisse et de Droit Compare de la Concurrence* (Librairie Droz, Geneve 1986) 162; Fhima, 'Exploring the Roots of European Dilution' (n 42) 33.

⁷⁶ Association Suisse D'étude De La Concurrence (n 75) 162.

⁷⁷ Clauss (n 74) 553-54.

⁷⁸ *ibid* 553.

⁷⁹ *ibid*.

⁸⁰ *ibid*.

of parasitic acts involved special trade marks such as Bulgari,⁸¹ Ungaro,⁸² and Azzaro.⁸³ Therefore, while the degree of knowledge of the trade mark was not a requirement for protection under French law, most plaintiffs that were successful in these types of claims were special trade mark owners, affixing their trade marks on goods perceived as luxurious. This suggests that the degree of recognition and popularity enjoyed by these trade marks made them vulnerable against other types of harms than when being ‘copied’ with the intention to deceive consumers, a vulnerability which was recognised by the courts too.

It may be concluded that before the implementation of the First Trade Mark Directive, French courts acknowledged that special trade marks could be hindered in other ways than when misused for the purposes of confusing and diverting consumers. Thus, the degree of knowledge enjoyed by a special trade mark was not necessarily seen as a way of curtailing the scope of protection. This conclusion is further reinforced by the comments of rapporteur M. François Colcombet⁸⁴ who drafted three reports on the adoption of French Law No. 91-7 of 4 January 1991 on Trade Marks or Service Marks (‘Loi 91’).⁸⁵ Loi 91 implemented in Article 16 the European dilution provisions contained in the First Trade Mark Directive.⁸⁶ In this sense, the justification offered by rapporteur Colcombet for introducing dilution provisions in the French trade mark law focused on the role played by the media in promoting well-known trade marks.⁸⁷ Specifically, the consequences of advertising on the functioning of trade marks were seen as capable of making such trade marks to ‘exercise a power of attraction in themselves, independent of the products’.⁸⁸ In this vein, rapporteur Colcombet concluded that as a consequence of the ‘considerable economic importance’⁸⁹ of these trade marks a ‘broader degree of protection’⁹⁰ was necessary. From this perspective, the French justification underpinning the decision to

⁸¹ Paul Mathely and Charles Haas, ‘France’ in Frederick Mostert (ed.), *Famous and Well-known Marks* (Last Revisions 2015) 7.

⁸² Clauss (n 74) 553.

⁸³ *ibid* 554.

⁸⁴ Andre R. Bertrand, ‘French Trade Mark Law: From the Well-Known Brand to the Famous Brand’ (1993) *EIPR* 145.

⁸⁵ Le Sénat de la République française, ‘Loi relative aux marques de fabrique, de commerce ou de service’ <<http://www.senat.fr/dossier-legislatif/a88890614.html#block-timeline>> accessed 5 April 2019.

⁸⁶ Loi n°91-7 du 4 janvier 1991 relative aux marques de fabrique, de commerce ou de service <<https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000533878>> accessed 15 April 2019.

⁸⁷ Bertrand (n 84) 145.

⁸⁸ *ibid*.

⁸⁹ *ibid*.

⁹⁰ *ibid*.

European Dilution: Mapping the Origin and Roles of the Reputation Requirement

implement the optional European dilution provisions recognised the unruly effects of advertising on the way trade marks behaved in the market.

c) The UK

UK courts and legislatures also recognized the ability of special trade marks to function differently, either because they generated a number of associations in the public's mind, or because they were likely to be appropriated by third parties. Section 27 of the Trade Marks Act 1938 permitted 'defensive' trade mark registrations for owners of certain special trade marks.⁹¹ Under Section 27, owners of well-known trade marks could extend their registration to classes of goods for which they did not intend to use the well-known trade mark, as long as the public would regard them as the source of these goods if their trade mark would have been affixed on them.

These provisions were introduced in the Trade Marks Act 1938 in order 'to strengthen the position of the owner of a very well-known mark'⁹² following the proposals of the Goschen Committee.⁹³ The Goschen Committee was appointed in 1934 'to consider and report whether any, and if so, what, changes in the existing law and practice relating to Trade Marks are desirable'.⁹⁴ The proposal, which would later become Section 27, was explained as being necessary because in such instances 'the trade mark had become identified with the proprietor'⁹⁵ and thus there was a risk that the public would make an association with the proprietor even in cases where the trade mark was used for non-competing goods.⁹⁶ Nevertheless, the scope of Section 27 was curtailed by way of allowing only a certain type of trade marks to pursue the route to defensive registration. Defensive registration was confined to trade marks consisting of

⁹¹ Section 27(1) of the Trade Marks Act 1938 read as follows: 'Where a trade mark consisting of an invented word or invented words has become so well-known as respects any goods in respect of which it is registered and in relation to which it has been used that the use thereof in relation to other goods would be likely to be taken as indicating a connection in the course of trade between those goods and a person entitled to use the trade mark in relation to the first-mentioned goods, then, notwithstanding that the proprietor registered in respect of the first-mentioned goods does not use or propose to use the trade mark in relation to those other goods and notwithstanding anything in the last foregoing section, the trade mark may, on the application in the prescribed manner of the proprietor registered in respect of the first-mentioned goods, be registered in his name in respect of those other goods as a defensive trade mark and, while so registered, shall not be liable to be taken off the register in respect of those goods under the last foregoing section'.

⁹² Committee to Examine British Trade Mark Law and Practice, *The Mathys Report* (Cmnd 5601, 1974) para 98.

⁹³ *The Mathys Report* (n 92) para 98.

⁹⁴ Board of Trade - Trade Marks Committee, *The Goschen Report* (Cmnd 4568, 1934).

⁹⁵ *The Goschen Report* (n 94) para 76.

⁹⁶ *ibid.*

‘an invented word or invented words’⁹⁷ since it was regarded as a privilege of ‘exceptional nature’.⁹⁸ In *Ferodo*,⁹⁹ Section 27(1) was interpreted narrowly by Mr. Justice Evershed. In this case, the company owning the mark ‘Ferodo’ for brake and clutch blocks and other items for motor car usage,¹⁰⁰ applied for the defensive registration of the same trade mark for pharmaceutical products in class 5 and tobacco, smokers’ articles and matches in class 34.¹⁰¹ The Assistant-Comptroller rejected the application on the basis that the applicant had not adduced evidence supporting the fact ‘Ferodo’ was known by the public concerned with the goods in classes 5 and 34.¹⁰² The owner of ‘Ferodo’ argued that the particularly high degree of recognition enjoyed by the mark would mean that any use of it on goods belonging to classes 5 and 34 would be considered by the public as something for which the applicants were responsible.¹⁰³ The evidence adduced by the owner of ‘Ferodo’, including proof of the amounts spent on advertising and on publicity in magazines and articles, convinced Mr. Justice Evershed of a compelling *moral* argument in favour of granting ‘monopolistic rights’ over the ‘Ferodo’ mark.¹⁰⁴ However, the judge decided against the applicants nevertheless. In doing so, Mr. Justice Evershed interpreted the provisions of Section 27(1) in the sense that effective evidence showing that the use of the invented word for goods in classes 5 and 34 would lead the public to conclude that there is a business link between the undertakings in question was required.¹⁰⁵ The judge explained that in the case at hand, the goods for which the ‘Ferodo’ is known (ie breaks and clutches) are of a special character and have a limited market. Thus, this made it harder to assume, in the absence of evidence, that the public may perceive aspirin bearing the ‘Ferodo’ mark as coming from the same source as the ‘Ferodo’ clutches for example.¹⁰⁶ What the reasoning of Mr. Justice Evershed seems to emphasize is that the degree of recognition of the Ferodo trade mark had to be extensive enough so that the public would establish a link between the two signs when confronted with the junior user trade mark.

⁹⁷ Section 27 of the Trade Marks Act 1938.

⁹⁸ *The Mathys Report* (n 92) para 77.

⁹⁹ *In the Matter of an Application by Ferodo Ltd* [1945] 62 R.P.C. 111.

¹⁰⁰ *ibid* 112.

¹⁰¹ *ibid*.

¹⁰² *ibid* 116.

¹⁰³ *ibid* 120.

¹⁰⁴ *ibid* 120-21.

¹⁰⁵ *ibid* 121.

¹⁰⁶ *ibid*.

European Dilution: Mapping the Origin and Roles of the Reputation Requirement

The second type of remedy available to special trade mark proprietors seeking to prohibit junior uses in relation to dissimilar goods was the law of passing off.¹⁰⁷ *Maxim's*¹⁰⁸ makes for an interesting passing off case because of the weight given to the mark's reputation. Here, Graham J accepted that reputation in a name, in the sense of a degree of knowledge on the part of the UK public without being supported by a customer base in the UK, was sufficient for the purposes of showing goodwill.¹⁰⁹ In this case, the plaintiff was a company incorporated in the UK who owned a renowned restaurant in Paris called 'Maxim's'.¹¹⁰ The defendant had opened a restaurant in Norwich mimicking the plaintiff's restaurant to a certain extent.¹¹¹ However, in deciding the case for the plaintiff, the fulfilment of the misrepresentation condition was essential, the judge accepting the plaintiff's contention that the defendant was seeking to pass off its business as the one of the plaintiff.¹¹² This suggests that while UK courts were open to recognizing the value of a certain degree of knowledge enjoyed by special trade marks, a successful passing off claim needed to be based on consumer confusion related rationales.

Hence, until the abrogation of the defensive registration system, the UK trade mark law model was one of the most advanced in Europe since it had developed express provisions to deal with cases involving trade marks that enjoyed a certain degree of recognition as opposed to the continental systems where remedies were found in tort and unfair competition laws. At the same time, the pre-harmonisation case law in the UK suggests that the degree of recognition of the trade mark was regarded as a characteristic that made them function differently than lesser known trade marks. Professor Cornish, in an article prepared in 1979 for the WIPO regarding the economic functions of trade marks,¹¹³ highlighted that trade marks became essential instruments of commerce in those economies that developed mature distribution and production channels.¹¹⁴ In this sense, Cornish explained that trade marks 'have come to acquire other values'¹¹⁵ and that such value may be legally protected against dilution caused by uses on dissimilar goods, among

¹⁰⁷ Fhima, 'Exploring the Roots of European Dilution' (n 42) 27.

¹⁰⁸ *Maxim's Ltd v Dye* [1977] 1 WLR 1155.

¹⁰⁹ *ibid* 1159.

¹¹⁰ *ibid* 1156.

¹¹¹ *ibid* 1155.

¹¹² *ibid*.

¹¹³ William R. Cornish and Jennifer Phillips, 'The Economic Function of Trade Marks: An Analysis With Special Reference to Developing Countries' (1982) *International Review of Intellectual Property and Competition Law* 42.

¹¹⁴ *ibid*.

¹¹⁵ *ibid* 44.

other things.¹¹⁶ Gradually, the scepticism in relation to granting rights to special mark owners in case of uses on dissimilar goods when the public was not confused as to the origin of the goods has dissipated. As a consequence, in 1990 the UK Government decided to implement the optional dilution provisions contained in the First Trade Mark Directive.¹¹⁷ In justifying this decision, the Department of Trade and Industry acknowledged that the reputation of a trade mark had an independent value worthy of being protected and concluded that ‘if the owner of such a mark has no redress then other traders are able to benefit unjustly from his reputation’.¹¹⁸

d) The Benelux countries and the Dutch model

The role of reputation as an element that made trade marks function differently was recognized by the Benelux case law too. Before delving into the analysis of the judicial interpretation of the provisions of the Benelux Uniform Law on Trade Marks, it is important to first take a brief look at how the Netherlands protected special trade marks before the adoption of the Uniform Benelux Law on Marks. Such examination is relevant in understanding why during the negotiations for the adoption of the European trade mark legislation, the Dutch delegation had a particularly strong position in relation on how dilution provisions were designed as further detailed in Part D below.

In the Netherlands, before the adoption of the Uniform Benelux Law on Marks, Article 1401 of the Dutch Civil Code offered protection to trade mark proprietors against infringing acts which were seen as diluting the trade mark in question.¹¹⁹ Furstner and Geuze, quoting Bodenhausen, note that following the intensification of advertising techniques in the 1950s,¹²⁰ trade marks were ‘kept continually before the minds of the public’.¹²¹ Purportedly, this is how special trade marks achieved a goodwill function. Such goodwill function meant that the special trade marks offered to their owner an advantage distinct to the one derived from the quality of the goods (ie the advantage that the trade mark would be kept in the mind of the public continuously).¹²² Accepting Bodenhausen’s arguments about the likelihood that well-known

¹¹⁶ *ibid.*

¹¹⁷ Department of Trade and Industry, *Reform of Trade Marks Law* (Cm 1203, 1990) para 3.19.

¹¹⁸ Department of Trade and Industry (n 117) para 3.17.

¹¹⁹ R. Furstner and M.C. Geuze, ‘Scope of Protection of the Trade Mark in the Benelux Countries and the EEC-Harmonization’ (1989) 15 ECTA Newsletter 10, 17; Handler, ‘What can harm the reputation of a trademark?’ (n 6) 657.

¹²⁰ Furstner and Geuze (n 119) 17.

¹²¹ *ibid.*

¹²² *ibid.*

European Dilution: Mapping the Origin and Roles of the Reputation Requirement

trade marks could be unfairly exploited, three types of acts were prohibited by the relevant provisions contained in the Dutch Civil Code: (i) acts that weaken the uniqueness of the trade mark; (ii) acts that affect its reputation; and (iii) acts that exploit the trade mark's goodwill.¹²³

Even so, in a claim based on Article 1401 of the Dutch Civil Code, the trade mark owner was required to adduce evidence proving the fulfilment of the following conditions: violation of a prescribed code of conduct aiming to protect the trade mark owner, damage suffered as a result of the breach, causality and the fault of the imitator.¹²⁴ Meeting a certain knowledge threshold by the trade mark in question is only conspicuous by its absence. The lack of such requirement was not seen as a cause for concern in the Netherlands. What was seen as rather problematic at that time was the fact that, under the Dutch civil procedural rules regarding the onus of proof, all conditions needed to be supported by evidence.¹²⁵ Nevertheless, the fact that the trade mark needed to reach a certain degree of recognition for the purposes of Article 1401 of the Civil Code was somehow implied. This conclusion results from the stated aim of the protection afforded under Article 1401 of the Civil Code: to make sure that trade marks were 'kept continually before the minds of the public'.¹²⁶ Furthermore, Furstner and Geuze comment that in a trade mark dilution claim based on the provisions of the Civil Code, demonstrating a 'violation of a prescribed code of conduct' implied showing that a specific act 'threatens to affect the uniqueness and advertising capacity of the trade mark'.¹²⁷

Consequently, the reasons justifying the adoption of Article 6^{bis} of the Paris Convention (ie the newly developed goodwill function of well-known trade marks) were picked up by the Netherlands before the entry into force of the Uniform Benelux Law on Marks. However, distinct from Article 6^{bis}, the Dutch law at that time did not indicate that only a select category of trade marks (ie special trade marks) would be protected under Article 1401 of the Civil Code. Nevertheless, the degree of recognition of the trade mark was an element intrinsically connected to the way the trade mark could be unlawfully exploited. After the adoption of the Benelux Uniform Law on Trade Marks, in the famous case of *Claeryn v Klarein*,¹²⁸ the Benelux Court of

¹²³ *ibid* 17-18.

¹²⁴ *ibid* 19.

¹²⁵ *ibid* 20.

¹²⁶ *ibid* 17.

¹²⁷ *ibid*.

¹²⁸ Benelux Court of Justice, 1 March 1975, (1976) *International Review of Intellectual Property and Competition Law* 420.

Justice confirmed that reputation served to ‘create an instant mental association in the public mind with the goods for which it was registered and used’.¹²⁹ Here, I will pause the analysis of the Benelux jurisprudence briefly, because we have reached a point where we are able to draw some interim conclusions. We shall then pick up where we left off, as the next subsection is devoted entirely to the legal framework and the Benelux jurisprudence on the protection of special trade marks.

3. The Degree of Knowledge of the Trade Mark as Part of the Damage Assessment

We have seen so far that the degree of recognition enjoyed by the special trade mark prior to harmonisation was seen either as a precondition for enhanced protection or as an element that made trade mark function differently (ie likely to generate associations in the minds of the public or likely to be unfairly exploited or harmed even when the public was misled as to the source of origin of the goods). The Benelux model however, while recognising to a certain extent the different roles played by the degree of recognition in the modern lives of trade marks,¹³⁰ did not put that much emphasis on reputation per se. Rather, for the courts in Benelux, the fact that the trade mark was known by the public represented an element that simply made the existence of damage more credible.

The system provided by the Uniform Benelux Law on Marks was regarded by some as one of the most progressive at that time as it adapted to the changes in business and marketing.¹³¹ For others, it was widely unacceptable.¹³² Article 13A2 of the Uniform Benelux Law on Marks expanded the rights of trade mark owners even in case of uses on dissimilar goods and even when consumers were not confused as to the origin of the products.¹³³ This was considered to provide a greater degree of certainty for trade mark owners and simplified evidentiary requirements.¹³⁴ Consequently, Article 13A2 was characterized as implementing broad scope infringement acts

¹²⁹ *Claeryn* (n 128) 424.

¹³⁰ As noted in Part C briefly discussing the *Claeryn v Klarein* decision.

¹³¹ Anselm Kamperman Sanders, ‘Odol: The Introduction of A Watery Concept With Steeled Resilience’ in Christopher Heath and Anselm Kamperman Sanders (eds.), *Landmark Intellectual Property Cases and Their Legacy* (Kluwer International 2012) 53; Gielen and Strowel (n 14) 544.

¹³² Rudolf Kraßer, ‘The Extent of Trademark Protection in the Benelux Trademark Act’ (1976) *International Review of Intellectual Property and Competition Law* 358, 361.

¹³³ *ibid*; Article 13A2 of the Uniform Benelux Law on Marks read as follows: ‘Without prejudice to the possible application of ordinary civil law in matters of civil liability, the proprietor of a mark may, by virtue of his exclusive right, oppose any other use, in economic intercourse, of the mark or of a like symbol made without a valid reason under circumstances likely to be prejudicial to the proprietor of the mark’.

¹³⁴ Furstner and Geuze (n 119) 19-20; Rudolf Kraßer, ‘Basic features of the Benelux trademark law’ (1973) *International Review of Intellectual Property and Competition Law*, 17, 33.

that would eliminate ‘the danger of dilution of well-known marks’.¹³⁵ Nevertheless, similar to the previous Dutch approach described in Part C.2d above, the applicability of Article 13A2 was not confined to special trade marks¹³⁶ as later confirmed in *Claeryn v Klarein*.¹³⁷

In *Claeryn v Klarein*, the Dutch Supreme Court asked the Benelux Court of Justice, among other things, to construe the scope of Article 13A2. Through the first question, the Dutch Supreme Court sought guidance whether, in order to trigger the application of Article 13A2, the trade mark owner needed to provide evidence on one of the following:

- 1 an impairment of ‘the distinctiveness of the mark which is sought to be protected’;¹³⁸
- 2 a risk of confusion among the public as to the source of the goods;¹³⁹ or
- 3 an improper exploitation of ‘the notoriety of the mark, which is sought to be protected’.¹⁴⁰

Here, the Benelux Court of Justice explained that the conditions that needed to be satisfied under Article 13A2 referred to the fact that the junior user: (i) does not have a justified reason for using the similar or identical sign, (ii) uses the sign in a commercial way and (iii) as a consequence of the first two conditions, the owner of the trade mark is damaged.¹⁴¹ Thus, the Benelux Court of Justice concluded that for Article 13A2 to apply, there was no requirement to show confusion, detriment to the distinctive character of the trade mark or unfair exploitation of the trade mark’s popularity. These consequences were presumed.¹⁴²

The second question referred to other potential harms which could fall under the scope of Article 13A2. In this respect, the Dutch Supreme Court asked if the impairment of the power of attraction of the mark, due to the fact the junior use interferes ‘with the mark’s capacity to

¹³⁵ Kraßer, ‘Basic Features of the Benelux Trademark Law’ (n 134) 38-39.

¹³⁶ Gielen and Strowel (n 14) 572; For a contrary view that argues that the wording of Article 13A and the explanatory notes of the Uniform Benelux Law on Marks were unclear as to whether this kind of protection was applicable to all types of trade marks or only to one having a reputation see Handler, ‘What can harm the reputation of a trademark?’ (n 6) 658. I take the view that if the draftsmen of the Uniform Benelux Law on Marks intended to confine protection to well-known trade marks, they would have expressly done so just like Article 6^{bis} of the Paris Convention expressly limited its application to well-known trade marks.

¹³⁷ *Claeryn* (n 128).

¹³⁸ *ibid* 422.

¹³⁹ *ibid*.

¹⁴⁰ *ibid*.

¹⁴¹ *ibid*.

¹⁴² D.W. Feer Verkade, ‘Unfair Use of and Damage to the Reputation of Well-Known Trademarks, Trade Names and Indications of Source - A Contribution from the Benelux’ (1986) *International Review of Intellectual Property and Competition Law* 768, 769.

stimulate the desire to buy',¹⁴³ was something actionable under this provision. The Benelux Court of Justice explained that such harm is included in the scope of Article 13A2 because such impairment may cause damages to the owner of the mark. The answer to this second question given by the Benelux Court broadened the sphere of actionable and presumed harms in case of uses on dissimilar goods which until then was limited to the three consequences listed above (ie confusion, dispersion of the mark's distinctiveness or its unfair exploitation). Additionally, the Benelux Court based its decision on the provisions of the explanatory report drafted prior to the adoption of the Benelux Uniform Trade Marks Law, which granted broad powers to judges in assessing 'the facts which constitute true and unjustified interference with the rights in the mark'.¹⁴⁴ Another arresting aspect that must be emphasized is that both the wording of Article 13A2 and its interpretation in *Claeryn v Klarein*, confirmed that the protection in Article 13A2 sought to prevent *potential* damage to the *owner* of the trade mark, rather than potential harms to the trade mark itself. Yet, as it will be later shown in Part D, the European dilution provisions shifted their focus on the damages to the trade mark rather than the damages to the proprietor.

The third aspect which the Benelux court was asked to clarify was whether the fame of the senior trade mark was a precondition for trade mark protection.¹⁴⁵ The court replied in the negative, explaining that since Article 13A2 did not distinguish, it should be applied to all trade marks.¹⁴⁶ However, the court pointed out that a certain degree of recognition would have an impact on the assessment of the damages suffered by the trade mark owner in question.¹⁴⁷ It follows that both in terms of statutes and judicial interpretation, the degree of knowledge or recognition of the trade mark was not a precondition for protection.

This finding is important in analysing the relationship between protection against dilution and the role played by a certain degree of recognition because it shows that unlike the Paris Convention or the case law in the UK, France and Germany prior to harmonisation, Benelux law did not treat special trade marks as a distinct category of trade marks. Instead, the broad dilution provisions contained in this law focused on protecting the trade mark owner rather than protecting the trade mark itself. However, in the case law it was acknowledged - and even presumed - that in certain circumstances, the trade mark's power of attraction or capacity to

¹⁴³ *Claeryn* (n 128) 422.

¹⁴⁴ *ibid* 423.

¹⁴⁵ *Claeryn* (n 128) 422.

¹⁴⁶ *ibid* 424.

¹⁴⁷ *ibid* 425.

stimulate purchases could be impaired by junior uses on dissimilar goods. In other words, the trade mark *itself* was harmed. In this context, the fact that the trade mark enjoyed a certain degree of recognition was an element that helped the trade mark owner to prove more easily that actionable damage had occurred.

4. Conclusions About the Role of the Reputation Requirement Before Harmonisation

From what we have seen so far, pre-harmonisation, all jurisdictions analysed above recognised that trade marks enjoying a certain degree of public knowledge functioned differently in the market. This acknowledgement caused certain changes. These varied from the enactment of special provisions in the trade mark law aimed at granting extra protection to special marks in the UK to the reconfiguration, in France and Germany, of how the general law on tort or the law on unfair competition was to be applied in cases where the dispute concerned a special trade mark.

At the same time, it is important to note that the concern for finding a unitary solution for the protection of special trade marks was not a matter confined to the case law and legislatures of the Member States of the EEC. Kur notes, with good reason, that at the time when the negotiations for the First Trade Mark Directive were taking place, the volume of trade marks that had a significant value had increased as a result of changes in the way business was done and products were sold.¹⁴⁸ Thus, similar to Furstner and Geuze's comments in the Netherlands¹⁴⁹ and rapporteur Colcombet's in France,¹⁵⁰ the new role of special marks has determined the need for a more flexible and consolidated instrument of protection within the framework of trade mark law. As it will be shown in the section below, the negotiations conducted at the level of the EEC with respect to the harmonisation of trade mark law, and the enhanced protection granted to special trade marks generated intense debates.

D: THE EMERGENCE OF TRADE MARK REPUTATION IN THE EUROPEAN LEGISLATION

1. The Reputation Requirement in the First Community Trade Mark Regulation

¹⁴⁸ Kur (n 61).

¹⁴⁹ Furstner and Geuze (n 119) 17.

¹⁵⁰ Bertrand (n 84) 145.

The first step towards harmonizing Member States' laws on trade marks was made in 1961 when, following the initiative of the European Commission (Commission),¹⁵¹ the Trade Mark Working Group was set up.¹⁵² The endeavours of the Trade Mark Working Group reified in 1964 in an unpublished Preliminary Draft of a Convention for a European Trade Mark (1964 Draft Convention).¹⁵³ The 1964 Draft Convention provided in Article 14 (1)(b) very broad rights for trade mark owners in case of uses on dissimilar goods.¹⁵⁴ The only vague limitation contained therein was that such use must be 'made 'without justification' under circumstances which may damage the owner of the EEC trade mark'.¹⁵⁵ Following the re-examination of the 1964 Draft Convention, the Commission noted that this provision was 'beyond the proper needs of trade mark protection'.¹⁵⁶ The adequate alternative proposed by the Commission was to reserve such rights to well-known trade marks and only when the junior use was 'likely to have a detrimental effect on the distinctive force and the advertising value of the trade mark in question'.¹⁵⁷ Thus, in the early conception of the Commission, the popularity of special trade marks was seen as encompassing certain new features developed by the trade marks (ie distinctive force and the advertising value). This means that the Commission was willing to accept dilution protection limited to one type of actionable damage: detriment to the distinctive force and the advertising value of the trade mark in question.

In 1972 the Commission appointed a new working party comprising of experts from the UK, Germany, and France in order to revise and update the 1964 Draft Convention.¹⁵⁸ The results of these revisions constituted the basis of the Memorandum on the creation of an EEC trade mark ('Memorandum') released in 1976 by the Commission. The focus of the Memorandum was the creation of a Community trade mark since at that time the consensus was that only a Community

¹⁵¹ In 1976 when the Memorandum on the creation of an EEC trade mark was published, the European Commission was entitled the Commission of the European Communities.

¹⁵² Commission of the European Communities, 'Memorandum on the Creation of An EEC Trade Mark' COM (1976) 2462 para 3.

¹⁵³ *ibid.*

¹⁵⁴ *ibid* para 108.

¹⁵⁵ *ibid*; The similarity of this provision with that of Article 13A2 is not surprising considering that the chairman of the Trade Mark Working Group working on the 1964 Draft Convention was Dr De Haan, former president of the Netherlands Patent Office. In this respect, see the Memorandum on the creation of an EEC trade mark (n 152) para 3.

¹⁵⁶ Commission of the European Communities, 'Memorandum on the Creation of An EEC Trade Mark' (n 152) para 108.

¹⁵⁷ *ibid.*

¹⁵⁸ Martijn van Empel, 'The EEC Trade Mark Memorandum' (1978) 15 CMLR 55.

European Dilution: Mapping the Origin and Roles of the Reputation Requirement

uniform trade mark system could eliminate ‘conflicts preventing the free movement of goods’.¹⁵⁹ The approximation of Member States’ trade mark legislations was considered to play only a complementary role in facilitating this process.¹⁶⁰ However, irrespective of the type of trade marks with which the Memorandum was concerned (ie either national or Community ones), their advertising function was acknowledged as an ‘indispensable means of promoting trade’.¹⁶¹ Furthermore, the Commission noted that a trade mark owner could suffer damage as a consequence of ‘injury to the reputation of his trade mark’¹⁶² in those cases when the role of trade marks as source indicators is not maintained.¹⁶³

Draft Article 8(1)(b) of the proposal for a Community Trade Mark Regulation published in 1980 confined this type of enhanced protection against uses on dissimilar goods to trade marks of wide repute.¹⁶⁴ In this sense, it provided that the trade mark owner shall be able to prohibit any party using in the course of trade ‘any sign which is identical with or similar to the Community trade mark in relation to goods or services which are not similar to those for which the Community trade-mark is registered, where the Community trade-mark is of wide repute and use of that sign is detrimental to that repute’.¹⁶⁵ Thus, the initial wording of Article 8(1)(b) provided consistency between the types of Community trade marks that would qualify for this type of protection (ie trade marks of wide repute) and the injury against which the provisions were designed to protect (ie injury to that repute). Furthermore, in the explanatory notes accompanying the proposal, the Commission explained that the reason for having the ‘wide repute’ prerequisite was that Article 8(1)(b) was designed to protect the reputation of the trade mark itself rather than that of the trade mark proprietor.¹⁶⁶ Consequently, the Commission’s view was that the reputation of the trade mark was the actual subject matter of protection under Article 8(1)(b) of the proposal for the First Community Trade Mark Regulation. Such approach that coherently fathomed the role of the reputation requirement is dissimilar to the way the CJEU case law after the *General Motor* decision construed the role of trade mark reputation as a filter for

¹⁵⁹ Commission of the European Communities, ‘Memorandum on the Creation of An EEC Trade Mark’ (n 152) para 36.

¹⁶⁰ *ibid.*

¹⁶¹ *ibid* para 21.

¹⁶² *ibid* para 68.

¹⁶³ *ibid.*

¹⁶⁴ Commission of the European Communities, ‘Proposal for a Council Regulation on the Community trade-mark’ COM (1980) 635 final 22.

¹⁶⁵ *ibid* 58.

¹⁶⁶ *ibid.*

enhanced protection. Indeed, Article 8(1)(b) initially contained a limit for enhanced protection. However, the limitation under Article 8(1)(b) was done by adding the word ‘wide’ and thus protection was confined to ‘trade marks of wide repute’. The final provisions of the First Community Trade Mark eliminated the quantitative criterion and thus the limitation. Consequently, the interpretation given by the subsequent case law of the CJEU to the reputation requirement as a threshold filtering the number of trade marks that qualify for such protection does not find its roots in the intention of the European legislator.

2. The Reputation Requirement in the First Trade Mark Directive

In contrast to the proposal for uniform protection described above, the proposal for harmonisation under the First Trade Mark Directive¹⁶⁷ did not contain provisions granting extra protection to special trade marks. Conversely, its recitals made it very clear that ‘there is no justification for increasing the protection of marks which enjoy a particular reputation’.¹⁶⁸ Unlike the position expressed by the Commission, other consultative bodies involved in the European legislative process argued in favour of including expanded protection for special trade marks in the First Trade Mark Directive. Thus, the European Economic and Social Committee (EESC) suggested that the First Trade Mark Directive should mirror the provisions of Article 8(1)(b) of the draft First Community Trade Mark Regulation with respect to well-known marks used on dissimilar goods. The Committee on Economic and Monetary Affairs of the European Parliament (ECON) also advised that well-known national trade marks should be protected, albeit in exceptional cases, when their prestige is damaged.¹⁶⁹

Not surprisingly, the Dutch delegation was keen on including provisions that protected trade marks beyond uses on similar goods in the First Trade Mark Directive. The absence of dilution-like protection from the First Trade Mark Directive would have meant a regression for the Benelux law, which would allegedly have had to be changed so as to offer a lower level of protection.¹⁷⁰ Additionally, Furstner and Geuze note that a lower level of protection in the First Trade Mark Directive would have meant that even the manner in which the Dutch Civil Code had been construed by the Dutch courts needed to change since dilution-like protection was

¹⁶⁷ Commission of the European Communities, ‘Proposal for A First Council Directive to Approximate the Laws of the Member States Relating to Trade Marks’ COM/1980/635-1 final, Bulletin of the Official Communities, Supplement 5/80, 19 November 1980.

¹⁶⁸ Commission of the European Communities, ‘Proposal for A First Council Directive’ (n 167) 8.

¹⁶⁹ European Parliament Legal Affairs Committee, *Report on the proposals from the Commission of the European Communities to the Council*, PE (1-611/83) (1983) 60.

¹⁷⁰ Furstner and Geuze (n 119) 18.

European Dilution: Mapping the Origin and Roles of the Reputation Requirement

available under the Dutch Civil Code.¹⁷¹ The source of this general panic felt by the Dutch delegation was found in a scholarly article written by the German author, Peter J. Kaufmann. In a 1987 article, Kaufmann argued, *inter alia*, that the only function of trade marks that was compatible with a competitive environment in the single market was the origin indication function.¹⁷² Kaufmann went on pointing out that the goodwill function of trade marks, whose existence he did not deny, was able to create consumers' loyalty by 'attaching' consumers to a particular undertaking.¹⁷³ In this context, in his view, trade marks become an 'anti-competitive weapon' and thus the goodwill function of trade marks fostered by dilution provisions contained in the laws of certain Member States would be contrary to the principles of the EEC.¹⁷⁴ Moreover, Kaufmann argued that any provisions in the national laws of the Member States, including the law on trade marks or unfair competition, which aimed at restricting the free movement of goods in the EEC was permissible under Article 36 of the Treaty establishing the EEC,¹⁷⁵ only when it was necessary to avoid confusion as to origin.¹⁷⁶ Lastly, Kaufmann argued that Article 13 of the Benelux Uniform Trade Mark Law had to be amended if the draft First Trade Mark Directive (which in 1985 did not contain any provisions regarding the protection against dilution) remained unchanged.¹⁷⁷

Following intense negotiations,¹⁷⁸ Member States' delegations agreed on introducing dilution provisions in the First Trade Mark Directive. However, the concession made by the Commission was to keep the implementation of the dilution provisions optional for Member States. Additionally, such protection was confined, as in the case of the proposal for a Community

¹⁷¹ *ibid.*

¹⁷² Peter J. Kaufmann, 'The Community Trademark; Its Role in Making the Internal Market Effective' (1987) *Journal of Common Market Studies* 223, 227.

¹⁷³ *ibid* 227.

¹⁷⁴ *ibid.*

¹⁷⁵ Article 36 of the Treaty establishing the European Economic Community (Rome, 25 March 1957) read as follows: 'The provisions of Articles 30 to 34 inclusive shall not be an obstacle to prohibitions or restrictions in respect of importation, exportation or transit which are justified on grounds of public morality, public order, public safety, the protection of human or animal life or health, the preservation of plant life, the protection of national treasures of artistic, historical or archaeological value or the protection of industrial and commercial property. Such prohibitions or restrictions shall not, however, constitute either a means of arbitrary discrimination or a disguised restriction on trade between Member States'.

¹⁷⁶ Kaufmann (n 172) 230.

¹⁷⁷ *ibid* 233.

¹⁷⁸ The delegations of the Netherlands, Belgium and Luxembourg made a reservation to the final version of the directive. Additionally, it is reported that these delegations threatened to veto the adoption of the First Community Trade Mark Regulation if the dilution provisions would not be included in the First Trade Mark Directive.

regulation, to trade marks with reputation¹⁷⁹ as opposed to the Benelux approach which was too wide and offered dilution protection even to trade marks that did not meet a certain degree of recognition among the public. Restricting dilution protection to trade marks with a reputation was the compromise made to prevent the Benelux countries from vetoing adoption of the First Community Trade Mark Regulation.¹⁸⁰ The final wording of the First Trade Mark Directive published in 1988 had optional dilution provisions.

The minutes of the Working Party on Intellectual Property, documenting the position of the Member States' delegations on the contents of the First Trade Mark Directive, as well as the views expressed subsequently by the experts involved in this process, suggest that the manner in which dilution was devised in the European legislation was a highly contentious subject. The different approaches of the national laws of the Member States both in terms of scope of the protection and the utility of granting of monopolistic rights to special trade mark holders represented the main cause of controversy. Another issue that led to further complications was the fear of the Dutch delegation that the Benelux trade mark law would need to be amended irrespective of whether the dilution provisions were introduced in the First Trade Mark Directive, or not.¹⁸¹ Specifically, the Kaufmann-type arguments that Article 13A2 of the Benelux trade mark law could be considered as unjustifiably imposing obstacles to the free flow of goods in the EEC, contrary to the Treaty establishing the EEC, seem to have determined the Benelux countries to fiercely advocate for the inclusion of dilution provisions in the First Trade Mark Directive (even if at an optional level). Making dilution provisions optional was probably considered as an endorsement by the European Parliament of this kind of trade mark protection, thus mitigating the risk that dilution protection would be construed as contrary to the aims and provisions of the Treaty.

In this context, it was necessary to find a compromise. In an attempt to reach a political common ground in relation to the extent of protection, the normative debates concerning dilution and the role of the reputation requirement in the structure of the dilution provisions were more or less disregarded. This is why tracing the *exact* rationale of the European legislator in selecting reputation as a precondition for dilution in the First Trade Mark Directive has proved rather difficult. However, from the debates on the wording of what was to become Article 5(2) of the

¹⁷⁹ Working Party on Intellectual Property (n 20).

¹⁸⁰ Fhima, *Trade Mark Dilution in Europe* (n 4) 24.

¹⁸¹ Furstner and Geuze (n 119) 18.

European Dilution: Mapping the Origin and Roles of the Reputation Requirement

Directive (ie which initially referred to trade marks of ‘wide repute’ versus trade marks with reputation), it appears that the degree of recognition was seen at that time by those who opposed this kind of protection as a restriction, limiting the types of trade marks that would benefit from dilution protection.

This view can be contrasted with the negotiations regarding the First Community Trade Mark Regulation which clearly show that the reason why the degree of recognition was considered important in devising dilution was because this characteristic made special marks need another kind of trade mark protection. Although, as I said, at first glance the degree of recognition may seem to fulfil the role of a threshold, limiting extra protection, my research has led me to conclude that the reputation requirement did not have this purpose. This is because, on the one hand, the limitation of the excessive trade mark rights was achieved by introducing additional conditions of access to this type of provisions, such as restricting the categories of actionable damages to only three categories and the requirement that the mark be used without due cause.¹⁸² At the same time, the limitation was initially sought by introducing a criterion regarding the degree of reputation (ie ‘wide’ repute), not through the introduction of reputation per se as a criterion. Thirdly, it is illogical to conclude that the reputation requirement could play a different role in the case of the Regulation compared to the case of the Directive since both laws concerned the same type of protection, structured identically.

3. Reputation as the Subject Matter of Protection in the European dilution

The prerequisite of ‘wide repute’ contained in both the proposal for the First Trade Mark Directive and that of the First Community Trade Mark Regulation was replaced in the final versions of these legislative acts with the notion of ‘trade mark having a reputation’. I was unable to find any official minutes or reports of the committees involved in the drafting of the European legislation which documented such change. This shift perhaps indicates the European legislator’s desire to lessen the conditions in which protection against dilution was to be achieved. Professor Alexander von Mühlendahl, who was involved in the drafting of the First Trade Mark Directive, explained that the selection of a new concept that is ‘trade marks having a reputation’ was not arbitrary.¹⁸³ On the contrary, such choice was deliberate and believed justified by the need to

¹⁸² The same explanation is given by Professor Von Mühlendahl. See Alexander Von Mühlendahl, ‘In the proceedings of the ECTA Conference of 27 May 1988 in Rome – 5’ (The Community Trade Mark - a Conference and Consultation between Legislators and Practitioners Rome) 83.

¹⁸³ *ibid.*

differentiate it from various similar terms such as ‘famous’ or ‘well-known’ which were endowed with historical baggage in the case law of the Member States.¹⁸⁴ It follows that the intention at that time was to depart, as much as possible, from the manner in which Member States assessed and granted protection to ‘famous’ and ‘well-known’ marks in an attempt to create a new system of protection in the European trade mark legislation.

While the majority of commentaries argue that the Benelux law was the inspiration for European dilution,¹⁸⁵ the analysis shows that there are arguments to support a more nuanced view. I contend that the European dilution as we know it today borrowed elements from all jurisdictions examined in detail in Part C above. To this end, the explanatory notes of the proposal for the First Community Trade Mark Regulation are clear in stating that the subject matter of protection, in case of uses on dissimilar goods when confusion was not involved, is the reputation of the mark. Conversely, under Article 13A2 the reputation of the trade mark was not the subject matter of protection.¹⁸⁶ Rather, the purview of Article 13A2 was the protection of the trade mark owner against damages.

Another essential difference between the Benelux system and the European system is the way in which the injury is defined. Thus, as opposed to the general notion of ‘damage’ in Article 13A2 that could encompass a broad range of unjust acts, the European dilution protection is confined to three types of harms, as pointed out by Professor Alexander von Mühlendahl.¹⁸⁷ Yet it is clear that it was the Dutch delegation, backed up by the Luxembourg and Belgian delegations, who vehemently insisted on the inclusion of dilution provisions in the First Trade Mark Directive for the reasons already mentioned above. From this perspective, it is uncontroversial that the pre-existence of the Benelux law and case law in the field of dilution weighed heavily in the efforts of convincing the Commission and the other delegations to include dilution provisions in the First Trade Mark Directive. Although the debate on the source of inspiration of the European dilution does not refer directly to the role of the reputation requirement, I considered it necessary to address this point here. This is because if we accept that the European dilution was inspired by the model provided by the Benelux law and case law, in which reputation was not the central element of protection, reserving protection under the

¹⁸⁴ *ibid* 84.

¹⁸⁵ Carty (n 14) 685; Gielen and Strowel (n 14); Robinson and others (n 14) 742.

¹⁸⁶ *Claeryn v Klarein* discussed at text accompanying footnote 128 above.

¹⁸⁷ Von Mühlendahl (n 182) 83.

European Dilution: Mapping the Origin and Roles of the Reputation Requirement

European dilution to trade marks reaching a certain reputation can be interpreted as a way of curtailing the over-reaching effects of this type of trade mark protection. The main reason for this interpretation is that the Benelux dilution model was seen as very broad and using a rather simplistic benchmark, such as the degree of recognition of the trade mark, was perhaps a convenient way of curtailing the breadth of protection. On the other hand, acknowledging that the design of the European dilution is the result of a combined approach in terms of breadth and rationales for protection brings a degree of coherence in how European dilution was structured. The advantage of this way of seeing the historical roots of the dilution provisions resides in the fact that the reputation of the trade mark was acknowledged by all Member States as the element that made special trade marks function differently in the market.

Hence, considering the way the European dilution was ‘designed’, it may be concluded that the European legislator considered trade marks with reputation as a different category of trade marks than those protected under confusion-based rationales. The role played by the reputation requirement in the structure of the European dilution provisions was that of the actual subject matter of protection, the characteristic that could be hindered by junior uses on dissimilar products. This seems to be the better view taking into account the explanatory notes accompanying the proposal for a First Community Trade Mark Regulation and the other arguments further explained in Part D1 above.

E. CONCLUDING REMARKS

In one form or another, all the justifications identified by Fhima and briefly mentioned in the beginning of this article are found both in the foundational case law before harmonisation and in the arguments of the stakeholders involved in the negotiations for the adoption of EU trade mark legislation. However, it is important to point out some differences between how dilution-like protection was conceived before harmonisation and the structure of the current structure of the European dilution.

As discussed in detail in Part C1, the mark’s reputation was regarded as a threshold against enhanced protection in Germany. To this end, German courts required high percentages of recognition of the trade mark before allowing it to qualify for protection in non-confusion cases. However, at that time, the German law which allowed for a course of action in non-confusion-based cases was a general law of torts. Thus, in that context, imposing a recognition

threshold was justified since no other restrictions existed in the law. Instead, the EU dilution provisions are not as broad as the German law since the former were limited to three categories of actionable damages, namely blurring, tarnishment and free-riding.¹⁸⁸ Additionally, Mühlendahl notes that the EU dilution provisions were further limited by the fact that a successful dilution claim is subject to showing that the junior user is using the sign without due cause.¹⁸⁹ The differences highlighted above call into question the idea that reputation's role as a threshold for enhanced trade mark protection was preserved in the design of the EU dilution as we know it today.

On the other hand, the role of reputation as an element that makes trade mark function differently (ie as an element of mental connection or as the element of the mark than can be hindered protection) seems to have been considered by the Commission. Therefore, solutions for a different, and to a certain extent broader type of legal protection were sought. The earlier experiences of the Member States before harmonisation, although very different and in any case far from being perfect, served as inspiration in the negotiations for a harmonised European law on dilution. The explanatory notes accompanying the proposal for the Community Trade Mark Regulation make it clear that the reputation of trade marks of wide repute was the subject matter of protection of the dilution provisions relating to Community marks.

It follows that the normative basis for this type of protection and the way the dilution provisions were designed considered the way in which the advertising techniques portrayed trade marks to consumers. Hence, one lesson that can be learned from the experience of the Member States before harmonisation and that of the Paris Convention revisions is that changes in how advertising impacted the operation of trade marks were consistently picked up by courts and policy makers.

¹⁸⁸ Von Mühlendahl (n 182) 83.

¹⁸⁹ *ibid.*