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IP Update: The ECJ answers questions on small but perfectly formed trade mark use

The ECJ delivered its responses to questions posed by the German court, in the Adam Opel trade mark case against Autec. Although the ECJ rejected the assertion that the article 6(1) defences could apply to Autec’s actions its guidance indicated that on the facts as established by the national court, Autec’s use of the Opel mark on its model cars were unlikely to infringe.

Background

Adam Opel is the well-known car manufacturer and owner of the registered device mark in Germany for motor vehicles and toys. Autec began marketing a 1:24 scale model of the Opel Astra V8 Coupé, with an exact replica of the original Opel logo. Opel sought to prevent the marketing and sale of the toy cars by order of the court on the basis that the mark was being used on products identical to those for which it is registered, namely toys. Autec did not argue with the fact that the sign was being used on goods that were identical with those for which the mark was registered. Their argument was that it would be obvious to the public that the scale models do not originate from the manufacturer of the vehicle that it is replicating and therefore the essential function of the trade mark was not compromised.

The first question referred to the ECJ was relatively simple in that they sought to clarify whether the use of a trade mark on a small scale replica toy car could be an infringement of article 5(1)(a) of the Trade Mark Directive. The second question referred to the defences in article 6(1) and asked whether the use of the trade mark in question 1 was an indication of the kind or quality of the model car.

Outcome

The court looked back to the Arsenal Football Club case and noted that the behaviour that the Directive seeks to prevent is third party use of a mark where the use affects or is liable to affect the functions of the trade mark, “in particular the essential function of guaranteeing to consumers the origin of the goods. The ECJ noted that it was for the referring courts to determine, by reference to the average consumer in that country of those goods, whether or not the functions of the trade mark are affected.

However it also referred to the national court’s explanation that, in Germany, the relevant average consumer is used to scale models being based on real examples so that he will understand that the Opel logo appearing on Autec’s products indicates that this is a reduced-scale reproduction of an Opel car. Having done so it stressed that if by this “the referring court intended to emphasise that the relevant public does not perceive the sign identical to the Opel logo appearing on the scale models marketed by Autec as an indication of those products come from Adam Opel or an undertaking economically linked to it, it would have to conclude that the use at issue in the main proceedings does not affect the essential function of the Opel logo as a trade mark registered for toys” (our emphasis). Finally it noted that “Adam Opel does not appear to have claimed that that use affects functions of that trade mark other than its essential one.” Accordingly it would be difficult in these circumstances for the national court to find that Autec use could be prevented by Opel’s rights under article 5(1)(a).

The ECJ then went on to consider Article 5(2) although the referring court had not specifically asked for guidance in relation to this article. Opel had argued that it has “an interest in the quality of scale models of vehicles bearing the Opel trade mark being good, and in those models being absolutely up to date”. It asserted that Autec’s use may jeopardise this interest and thereby adversely affect the reputation of the Opel trade mark as registered for motor vehicles. The ECJ noted this argument but merely stated that it was up to the German court to determine whether Autec’s use “constitutes use without due cause which takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the registered trade mark”.

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Finally, the defences of article 6(1) were held not to be available to Autec as 1) affixing the trade mark did not indicate the purpose of the toy cars and 2) affixing the trade mark to a “scale models of that make of vehicle, in order faithfully to reproduce those vehicles, and the marketing of those scale models, do not constitute use of an indication concerning a characteristic of those scale models, within the meaning of Article 6(1)(b) "(our emphasis).

Comment

The most notable feature of the ECJ’s guidance in this case was the explicit acknowledgement that adversely affecting one of the functions of a trade mark other than the essential function may result in infringement – this is a positive step further than the Arsenal case.

More problematic was the ECJ’s guidance on the article 6(1)(b) defence which seems to have been influenced by incidental inclusion style defences to copyright infringement. Here the ECJ acknowledged that the primary purpose of the article 6(1)(b) defence is to enable others to continue to use descriptively words or phrases of a descriptive nature that have been incorporated into a trade mark but its scope was wider than that. The ECJ suggested that Autec’s use did not fall within the defence as the mark had not been used “in order” to describe characteristics of the model rather it was used “in order faithfully to reproduce” an Opel Astra V8 Coupé. This may cause problems in the future. It implies that the intention of the user may be determinative in the assessment of whether the defence applies. This will make it difficult for the national courts to establish whether or not this defence applies. For example it is difficult to see why, in this case, Autec’s use of the Opel logo was not considered use “in order” to indicate to potential buyers that this toy was a faithful miniature replica of the car. Is faithful replication not a characteristic of a model?

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This Hot Topic contains information of general interest about current legal issues, but does not give legal advice.