

**LACK OF DISTINCTIVE CHARACTER, LACK OF DESCRIPTIVE
CHARACTER AND INDICATIONS OF COMMON USAGE UNDER
TRADEMARKS LAW**

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Introduction

In the practice of trademarks law, a common problem is the application of the legal concepts of lack of distinctive character, lack of descriptiveness and common usage of the respective indications, which prohibit registration of a trademark with the Trademarks Registry (article 3 par. 1 [b], [c], [d] of Law 2239/94). Common usage of a trademark leads to deregistration of the respective mark from the Trademarks Registry (article 17 par 1[c] of Law 2239/94). Only few of the trademarks that are filed with the Trademarks Registry are totally genuine/ novel. Most of them bear a number of distinctive features or contain elements commonly used in common parlance. This stems from the fact that a totally fictitious and genuine/ novel feature may comply with the legal conditions required for trademark registration, but is not so useful from a marketing and advertising perspective, nor does it help adequately a producer to make his good accessible to consumers. On the contrary, a trademark cannot serve as a means of communication between its proprietor and consumers, unless it contains a particular (direct or indirect) meaning and can transmit information about the respective goods. A totally fictitious and novel feature or indication cannot serve this objective unless (and until) consumers have already become familiar with such feature; however, the latter cannot be achieved without long (persistent) and expensive advertising campaigns. On the other hand, it is less expensive to promote a trademark which already contains a particular distinctive and informative function and can already transmit feedback about a particular product to consumers. As a result, trademark proprietors

choose between various trademarks and products according to advertising and investing criteria instead of purely legal criteria. Hence, in order for a prospective trademark to be disqualified from trademark registration, one must take account the degree and level, up to which a trademark should be descriptive and of common usage in common parlance. Similarities may be also found in the case where a trademark becomes of common usage, since the latter results in trademark deregistration, too. The ideal case is where a trademark is so recognizable that consumers tend to connect the respective trademark with the name of the product thereby distinguished from other goods. However, at this point there is a risk that the trademark becomes of common usage, since this leads to deregistration from Trademark Registry. Is it possible that commercial success of a trademark would lead to a loss of the absolute (*erga omnes*) right upon the respective trademark?

In the context of free market competition¹, anybody intending to distinguish the goods that he trades with² and to advertise them is entitled to make usage of commonly and publicly used features, such as features descriptive of the class, characteristics, quality, functions or destination of the respective goods, as well as public domain features (*freizeichen*). The provisions of article 3 of Law 2239/94, which introduce a number of cases where registration of a trademark is absolutely prohibited, are destined to strike a balance between the granting of absolute rights on trademarks and the need to protect free market competition³. The legal provisions, which introduce absolute restrictions on trademark registration of some indications, contain vague and rather unclear legal concepts; in order to strike a balance between free market competition and the legal right to register, acquisition and retention of absolute (*erga omnes*) industrial property rights depends on whether such vague legal concepts are interpreted

¹ See C- 228/2003 Gillette at [25]; C-517/1999 Merz & Krell at [21], C-206/2001 Arsenal at [47].

² J.T McCarthy, On trademarks and unfair competition, 2001, par. 11.2.

³ Arl-Heinz Fezer, Markenrecht, ed. By C.H Beck 1999, under article 8, pages 350-351, par. 19.

conservatively (i.e. restrictively) or more liberally. However, legal practitioners do not have absolute discretion when invoking, interpreting and applying the above legal concepts. The right to register, acquire and retain absolute rights on trademarks is a “sine-qua-non” condition for distinguishing between competing goods (thereby distinguished via trademarks) and for achieving effective market competition between competing trademark proprietors. A strict and restrictive application of legal provisions introducing absolute restrictions on trademark registration of some indications, marks or signs would introduce excessive restrictions to prospective trademark proprietors intending to apply for trademark registration and would undermine effective market competition, since it would harden the efforts of these prospective trademark proprietors to distinguish their own goods from other competitive products⁴. On the other hand, adoption of a liberal approach, interpretation and application of rules introducing absolute restrictions on trademark registration would be justified not only on the aforementioned grounds, but also on the law itself and on an EU-law oriented approach of domestic trademarks law and, more precisely, on article 3 par 1 [b] of Directive 89/104/EC. It is true that article 3 par 1[b] the above Directive reads that indications devoid of any distinctive character are not eligible for registration. It derives that the existence of (even low-degree) distinctive character would be adequate for allowing a trademark’s registration. In the same context, article 3 par. 1[c] reads that indications that consist exclusively of signs or indications which may serve in trade to designate the kind, quality, quantity of goods are not eligible for trademark registration. It results that registration of a trademark is not prohibited as long as the respective indication does not exclusively serve in trade to designate the kind, class, quality, quantity etc of a particular class or category of products. Finally, article 3 par 1[d] reads that indications which consist exclusively of signs or indications which have become customary in common parlance are, equally, not

⁴ Fezer, as above, page 350-351 par. 19 and page 407, par. 132.

eligible for trademark registration.. It derives from the above that legal provisions introducing absolute restrictions on trademark registration should be applied in favor of the prospective trademark proprietor in order to facilitate acquisition of absolute rights on trademarks, which is necessary in order to distinguish between goods deriving from different proprietors and to promote effective competition.

In addition, another crucial factor that needs to be taken into account is that many competitors do not register and make use of their own trademarks, but are keen to replicate or use imitations of trademarks with a reputation that are owned by other (competing) trademark proprietors, who have managed to make these trademarks famous and easily recognizable to the public by maintaining high quality standards and by undertaking long-term and expensive advertising campaigns. A strict and restrictive interpretation and application of legal provisions of article 3 of Law 2239/1994 introducing a number of absolute restrictions and prohibitions on trademark registration would allow easier access to well-known distinctive signs or indications of other undertakings that cannot be registered as trademarks and would prejudice effective competition. Hence, trademark registration with the Trademarks Registry grants the licensed proprietor wider legal protection in comparison to and as opposed to well-known distinctive indications or signs of other undertakings that cannot be lawfully registered as trademarks. This enhances effective competition, because trademark proprietors are granted access to a bundle of legal remedies that entitle them to obtain legal and judicial protection and to ensure that their respective goods are distinguished from goods originating from competing producers. A practice of using or imitating with no proper authorization trademarks owned by other trademark proprietors or competitors is illegal and cannot be recognized by legal order under a system of law. For instance, imitation or replication or other illegal use of a trademark, which has been properly registered by other (third)

parties, cannot result in such trademark being re-classified as a public domain indication or sign (article 17 par 1[c]), nor as a sign or indication that has become customary (article 3 par 1[d] of Law 2239/94), especially taking into consideration that the latter legal provision refer to a “lawful market practice”, which excludes unauthorized usage or imitation by a third party of properly registered trademarks. In other words, illegal use of a trademark cannot be legalized in any way and cannot benefit the infringer. A proper trademark registration, in accordance with the requirements spelt out by Law 2239/94 grants absolute rights and exclusive powers to the respective trademark’s proprietor in respect of the trademark both to use it and to exclude others from making usage of or replicating it. Only production of the relevant certificate evidencing proper registration of a particular trademark (i.e. of the administrative act by virtue of which the applicant is legally recognized as trademark proprietor) constitutes adequate proof that the respective indication is not a public domain sign or indication, but is owned by a particular proprietor, who is the only person authorized to use it. On the contrary, the person, who claims that he has a right to use non-registered distinctive signs or indications and applies for judicial protection of his rights, has a burden to prove that he has already established and made use of such indications or signs in trade. Hence, a trademark’s registration amounts to a legally important point that does away with any doubt as to whether a particular indication or sign belongs to the public domain or is the content of an absolute right. On the other hand, a person, who claims that he is entitled to (and applies for) legal protection for his right to use non-registered distinctive signs or indications and is able to substantiate his argument that he has made use of the respective indications or signs, does not acquire any legal right to use it (i.e. any absolute right) regardless of whether he is able to prove that he has long been using the respective sign or indication, if the Court finds and rules that the respective sign or indication is devoid of any distinctive character, has

become customary in common parlance and belongs to public domain⁵. In trademarks law any unauthorized use by a third party of a trademark that has been registered with the Trademark's Registry (which grants an exclusive right of use to the lawful trademark proprietor) is illegal and cannot establish any legal rights in favor of such third party, unless the respective trademark has been deregistered; in the latter case, the third party may establish a right of his own upon the respective sign or mark or indication as from the time of such deregistration. On the other hand, it is easier to establish cases of concurrent use in non-registered indications or signs, where the rule of trademarks law that a trademark enjoys protection until it has been officially deregistered, is not applicable. All the above point out that trademarks enjoy much wider legal protection than non-registered indications or signs and, as a result, they are optimal instruments (means and tools) for enhancing effective competition.

B. Registered trademarks are legally protected until their deregistration by virtue of an irreversible judgment

It derives from the provisions of articles 17 par 8 and 32 of Law 2239/94 that, as soon as a trademark has been registered with the Trademarks Registry, it enjoys legal protection until it has been officially deregistered from the Trademarks Registry by virtue of an irreversible judgment. Greek law provides for a complicated process for registering a right upon a trademark: it requires among else a prior publication of the trademark in the Official Government's Gazette in order to inform third parties about the prospective entry and to give them the opportunity to lodge a "third-party appeal" (article 10 of Law 2239/94) and present their objections to the registration of a particular trademark. However, in exchange for granting such right to third parties to question and object to a trademark's registration,

⁵ Ch. Chrissanthis, as above, Commercial Law Revision 2007, 35; Jeremy Phillips, Trade Mark Law, Oxford University Press 2003, p. 49, par. 3.45.

Greek law grants extensive protection to the trademark proprietor by providing that deregistration of a trademark a) requires a prior irreversible judgment and b) is enforceable only as from the publication of such judgment and not beforehand, i.e. the judgment has no retrospective effect. Hence, Greek law ensures that every application for a trademark registration is scrutinized before its acceptance and that any third party interested therein is entitled and has the opportunity to object to registration of a particular trademark. At the same time, a trademark, which has been successfully registered and has been assessed as complying with all legal requirements, enjoys legal recognition and protection of the highest standards, such as that 1) deregistration takes place only on certain grounds and upon a court judgment ordering such deregistration, with no retrospective effects, 2) before a particular trademark has been officially deregistered from the Trademark Registry by virtue of an irreversible Court judgment, full legal protection in every aspect provided under the law is granted to the trademark's proprietor and the Civil Courts are not allowed to question into whether the respective trademark has been properly registered, i.e. on whether such registration has been carried out in accordance with the requirements of law. This advanced protection scheme and certainty about the content of law serves perfectly the needs and functions of markets, because the trademark proprietor invests large amounts of funds for advertising his products on an annual basis; these are usually higher (or even multiple) than the value of the fixed assets of the respective undertaking. Hence, the legal regime applicable on trademarks should be absolutely certain⁶. Even in foreign jurisdictions (where there are no equivalent provisions to those of articles 17 par. 8 and 32) it is acknowledged that, as soon as a trademark has been registered with the Trademarks Registry, then there is a legal presumption that it is valid and proper and string

⁶ Ch. Chrissanthis, Minutes of the 14th Conference of Commercial Law Lawyers Association in Greece, 2004, 374, 381.

evidence is required in order to substantiate any allegations that it is void⁷.

Based on the above, as soon as a distinctive sign or indication has been registered as a trademark, then any unauthorized use of such trademark is illegal and cannot by itself (i.e. without the existence of passivity of the proprietor in using the respective signs or indications) be recognized and sanctioned by legal order, nor attribute any distinctive character on such indication or make it customary in common parlance or a public domain indication or sign. Wide illegal use of a trademark cannot be legalized and cannot lead to a trademark being re-classified as public domain sign or indication, unless the proprietor has not been using his trademark. The latter standpoint has been adopted by the European Court of First Instance in case T-360/2000 (Dart Industries).

C. Direct and indirect information stemming from trademarks (informative function of trademarks)

The main cases where a trademark's registration is absolutely prohibited is where there is a lack of distinctive character (article 3 par. 1[b]-*"lack of descriptive character"*), as well as *"where a sign or indication has become customary"* (article 3 par. 1[d]). The latter case (customary signs or indications) should be examined together with article 17 par. 1c of Law 2239/94 introducing a case and grounds for deregistration where *"the trademark has become a public domain sign or indication or has become customary in trade with regard to the respective goods or services, on account of which it had been registered, by reason of the proprietor's failure to use it [passivity]"*. As already mentioned, the cases introducing absolute restrictions to the right to register a particular trademark constitute vague legal concepts. However, Greek case law, as well as case of the European Court of

⁷ Jeremy Phillips, as above, par. 3.45.

First Instance and of the ECJ tend to interpret and apply trademarks law in a rather uniform way and by having developed and by applying a number of case-law principles. Application of these case-law principles strikes a balance between free market competition and acquisition of absolute and exclusive (erga omnes) rights on trademarks, which are necessary for distinguishing products deriving from different proprietors and for enhancing free market competition.

Indications that may be registered as trademarks are classified into 5 classes and categories depending on the degree and level of descriptiveness (of their ability to describe the respective goods or services): **I) fictitious indications or signs:** these do not have any particular logical meaning and, hence, cannot be descriptive at all, e.g. KODAK, POLAROID, XEROX, ADIDAS etc. Their distinctive character (i.e. their ability to distinguish between goods and services) is not contested and they may be registered as trademarks; **II) common signs or indications that are used in an unusual way:** these are not fictitious signs or indications and have no conceptual association/ connection with the goods that they are destined to distinguish. In other words, these indications are used in common parlance and bear/possess a particular meaning, but they are used in order to distinguish goods that are absolutely unrelated to that (common) conceptual meaning. Most trademarks belong to this class, e.g. BLACK & WHITE/ WHITE HORSE used for alcoholic beverages and drinks, RED BULL for beverages, PAPAGALOS for coffee, CAMEL for tobacco products etc. These indications also have a distinctive character and may be registered as trademarks for products where there is no relevance between the respective trademark and the goods thereby distinguished⁸; **III) laudatory indications:** these are signs or indications that are not directly or totally descriptive of the goods that they distinguish, but contain an indirect laudatory (“flattering”) message about the goods thereby distinguished. This class includes

⁸ Andre Bretan, Droit des Marques, 2005, par. 3.123, p. 58.

also signs or indications that cannot be classified as “laudatory per se”, but distinguish some products by providing a description of a particular characteristic or a particular quality of such products, but such description is not made directly (i.e. by means of the conceptual meaning of these signs or indications), but only indirectly and subconsciously through symbolisms and parallelisms, e.g. BEAR for warm (heavy) clothing/cloths, ASPROS SIFOUNAS (WHITE HURRICANE) for cleaning products, NEW LOOK for tobacco products and cigarettes, PLAYBOY for adult entertainment magazines, POLYCOPY for photocopying machines. Indications of this class bear a distinctive character and may be registered as trademarks, because they indirectly transmit information about the goods distinguished thereby by means of symbolisms, inferences and/ or other metaphorical meanings and inferences, which are totally novel and must be legally protected by being registered as trademarks. This kind of indirect information about a particular product does not need to be classified as part of the public domain. The EU Court of First Instance has ruled that laudatory signs, such as VITALITE and ULTRAPLUS, are eligible for trademark registration⁹; **IV) descriptive signs:** these describe directly (neither indirectly, nor by means of symbolisms or metaphorical representations etc) the kind, origin, quality, destination of the respective goods. The use of such descriptive signs or indications should be free and accessible to all prospective market competitors, since they provide directly to the public feedback about the characteristics, functions or quality of the goods thereby distinguished. ECJ case law has recently confirmed in DOUBLEMINT¹⁰ case that protection of freedom of competition (i.e. the objective to achieve and ensure free market competition) dictates and justifies the introduction of legal provisions spelling out that descriptive signs are ineligible for trademark registration. However, the above ratio and objective of the respective legal provisions

⁹ T-24/2000 of 31.1.2001 VITALITE case and T-360/2000 of 9.10.2002 ULTRAPLUS case. Similarly in France, see Andre Bretan, op. cit., par. 3.254, p. 75.

¹⁰ C- 191/2001 P, of 23.10.2003.

(ensuring freedom of competition) also defines the extent up to which descriptiveness (the descriptive character) of a sign prohibits its registration as a trademark. Competitors need to use indications or signs that contain and provide directly feedback about the goods or services thereby distinguished. Only the verbal (conceptual) meaning of such indications provides such direct information to consumers. On the contrary, indirect information derived from symbolisms, inferences and metaphorical expressions is based on novelty and human innovation and it is not necessary to ensure that everybody has a free access to it, in order to protect freedom of competition. It is also apparent that every trademark proprietor will be seeking to register as his own trademark a sign or indication that contains by way of reference a laudatory meaning for the product thereby distinguished. In this context, the indication or sign at issue not only performs a naming function, but also contains a positive reference about the quality and other features of the goods concerned and encourages consumers to purchase the latter. This -indirectly promoting and laudatory- function, which is achieved by way of creating a positive inference about the characteristics of a particular product and by indirectly providing consumers with feedback about it, is protected under trademarks law, because a) it is related to the way a prospective trademark proprietor uses his fantasy, innovative thinking and novelty when choosing and registering a particular trademark and b) it serves as a means of communication between the trademark proprietor and consumers. In the case of indirect information (i.e. information provided by means of inferences, symbolisms and metaphorical expressions) the central objective cannot be to protect interests of other competitors, since 1) the latter do not need to use indirect information about a particular product, 2) it would be unfair to sanction and grant legal protection in cases where competing third parties attempt to make usage of trademarks owned by other proprietors and capitalize on the repute and recognition that these trademarks enjoy by reason of indirect feedback that has been

transmitted to the public about the products (thereby distinguished). These attempts of third parties serve neither the purpose to distinguish between products originating from different trademark proprietors, nor fair market competition. Hence, distinction between direct and indirect information is recognized by law (article 3 par 1[c] of Law 2239/94); by virtue of this legal provision, marks, which contain (exclusively) indications used in trade in order to declare the class, quality, features etc of the products thereby distinguished, are not eligible for registration as trademarks. However, an exception applies, according to which descriptive indications that provide direct information may be registered as trademarks and be used exclusively by their proprietor, provided that the conditions of article 3 par. 3 of Law 2239/94 are fulfilled, i.e. as long as the indication at issue has obtained a distinctive character (i.e. performs a distinctive function) due to its particular nature, or –alternatively- has obtained (on top of its descriptive meaning) a secondary non-descriptive meaning, i.e. performs a naming function, has become the name of a particular product and distinguishes the product at issue as originating from a particular undertaking. In this case, such secondary non-descriptive meaning excludes the sign or indication at issue from public use or public domain, since it does not provide directly feedback to consumers any more and, as a result, competitors do not need to use it; **V) generic terms and indications that declare a particular class of products.** These indications, which define the name of a whole class of products, provide directly feedback on the respective goods and are devoid of any distinctive character, but in principle cannot obtain any secondary non-descriptive meaning. Signs falling within this class (e.g. VIDEO GUIDE) are generic terms. The above classification is important also in order to assess whether indications or signs, which have become customary in trade and in common parlance, are eligible for trademark registration or not, since these legal provisions that prohibit registration of these signs or indications as trademarks are –once again- destined to protect freedom of

competition. Hence, the distinction between direct and indirect information remains important at this point, too. Only usage of an indication for the purpose of providing direct information based on its direct or indirect meaning renders the latter customary in common parlance in the meaning of the law and prohibits its registration as a trademark. On the contrary, usage by third parties (competitors or consumers) of an indication that bears an inference or symbolism does not render it customary in common parlance, even where such use is wide, because such symbolic usage (destined to provide indirect information) is not its inherent use, but the use chosen and established in trade by the proprietor himself by means of investing in advertising and of maintaining high quality standards.

D. Special case-law principles

Case law has developed rules and principles, which are applied uniformly in order to assess the lack of distinctive character, the existence of a particular degree/level of descriptiveness of an indication or sign, or in order to identify whether a term has become customary in common parlance and is subject to public usage:

D1. In order to prohibit registration of an indication as a trademark, the respective goods thereby distinguished and the indication at issue must be directly and totally identical.

Whether a particular sign or mark or indication lacks any distinctive character or descriptiveness and whether it falls within public domain usage, is assessed by reference to the circumstances of each particular case and the particularities of the product at issue¹¹. A term (word/ verbal indication) may be either descriptive or a public domain indication and may be completely devoid of any descriptiveness and distinctive character in respect of some goods, but

¹¹ Administrative Court of Athens 13939/1998, Law of Enterprises & Companies 1998, 871; N.K Rokas Industrial Property Law 2004, par. 22 No23; Vozemberg, The concept of trademark and restriction to trademark registration 1969, 47; Tzouganatos, Common usage marks; writing a registered trademark into a new mark, Opinion, Law of Enterprises & Companies 2006, 573, 574 II

may be eligible for trademark registration in respect of other goods. More precisely, registration of a trademark cannot be prohibited, unless the indication at issue (that is about to be registered as a trademark) and the respective goods to be therewith distinguished are directly and totally identical. Relevance and other similarities are not adequate for denying registration of an indication as a trademark; only direct and absolute relevance prohibits such registration¹².

D2. Indications, which provide indirect feedback to consumers by means of symbolisms, metaphorical expressions and inferences, are not disqualified from trademark registration. The above restrictions and prohibitions from trademark registration are not applicable where a term is not by itself descriptive, nor where it does not qualify as a “public domain indication”; on the contrary, these restrictions and prohibitions contain/make an indirect reference to a term that may be descriptive or may qualify as a “public domain indication” or may be devoid of any distinctive character¹³. For instance, case law has ruled that the terms “Extra Special Bitter” and “Extra Strong Bitter”, which had been used in order to distinguish beer products, are descriptive and customary in trade and in common parlance. However, the acronym “E.S.B” is eligible for trademark registration, because the respective beer products and the indication at stake “E.S.B” are not directly and totally identical, nor relevant to each other¹⁴.

By adopting the same reasoning, the European Court of First Instance has ruled¹⁵ that the indication ULTRAPLUS may be registered as a Community trademark, despite that the terms ULTRA and PLUS are

¹² C- 517/1999 Mertz & Krell GmbH of 4.10.2001 par. 27, 29, 31, 33; T-360/2000 ULTRAPLUS case of 9.10.2002 par. 43; T-163/1998 BABY DRY case of 8.7.1999 par. 20, 21; J. Phillips as above p. 76-77, par. 4.59; K.H Fezer, p.350-351, par. 19 and p. 407 par. 132; In Germany similar case law may be found in BGH, GRUR 1998, 465, which accepted that BONUS trademark was eligible for registration, and BGH GRUR which accepted that CHANGE trademark was eligible for registration. Similarly in France, see Andre Bretan, Droit des Marques, 2005, par. 3.123, p. 58.

¹³ J. Phillips, as above, page 78, par. 4.64. In Germany similar case law may be found in BGH, GRUR 1998, 465, which accepted that BONUS trademark was eligible for registration. Fezer also argues in favor of the distinction between direct and indirect information; see as above, par. 350-351, par. 19c.

¹⁴ West (t/a Eastenders) v. Fuller Smith & Turner plc, [2002] Fleet Street Reports 822, which was upheld by the Court of Appeal in its judgment of 31-01.2003; see J. Phillips, as above, page 78 at [81].

¹⁵ T-360/2000 of 9.10.2002

laudatory. The reasoning was that the term ULTRAPLUS does not declare any external or physical characteristics or qualities or features of/about the products thereby distinguished. In addition, the legal provisions that prohibit registration as a trademark of descriptive and customary indications do not however restrict any undertaking from choosing to register as their respective trademark an indication, which is laudatory for the goods thereby distinguished, without providing directly information for any of their qualities or features. The German Courts have ruled that the following indications are eligible for trademark registration: “UNTER UNS” (BGH GRUR 2000, 720, 722), “PARTNER WITH THE BEST” for electric appliances (“BGH GRUR 2000, 323, 325”), “YES” for tobacco products (BGH GRUR 1999, 1089, 1091), “BONUS” for chemical products (BGH GRUR 1998, 465, 468), “BRAVO” for typing machines (BPatG GRUR 2000, 424) and “ABSOLUT” for vodka alcoholic drinks (BGH 1999, 1096, 1097).

D3. There is a legal presumption that trademarks possess distinctiveness (distinctive character). In the case of indications that are not totally descriptive (i.e. do not provide directly feedback about the product therein distinguished), in principle it is presumed that the indication at issue bears a distinctive character; its registration as a trademark would only be prohibited in cases where there is ample evidence beyond any reasonable doubt that the indication at issue is devoid of any distinctive character and that consumers do not perceive such indication as a term declaring that the respective goods thereby distinguished originate from a particular undertaking¹⁶. According to article 6 of the Paris International Convention (Law 213/75), all material facts and especially the time that the respective indication has been used should be taken into account in order to assess whether it may be registered as a trademark or not. Moreover, the lack of distinctive character needs to be fully elaborated and substantiated with facts and not based on

¹⁶ P. Lange op.cit. par. 3 Rn.377; J.T McCarthy, On trademarks and unfair competition, 2001, vol. 3, 11.1, RC Denicola Freedom to copy, 108, Yale Law Journal (1999) 1661, 1673.

hypothetical arguments or conclusions. Lack of originality and of novelty/innovative character of an indication does not always amount to a lack of distinctive character. On the contrary, it has been ruled that even where an indication possesses a weak distinctive character and performs a weak distinctive function, the prohibition is not applicable and the indication at issue is eligible to register as a trademark¹⁷. This is based on the ratio of the law and on the law itself (Law 2239/94 and Directive 89/104/EC), which reads that only indications devoid of any distinctive character are not eligible for trademark registration. Contemporary legal literature argues that within the context of globalization, where the goods are traded and advertised in multiple States under the same trademark, the discretion of the Trademarks Commission (Bureau) to reject applications for trademark registration should be ideally restricted to cases where it is apparent that conditions that disqualify a trademark registration apply¹⁸. Further, it is highlighted that in trademarks law neither innovation nor originality/novelty is required (as is required under intellectual property law or patents law); the crucial factor is whether an indication performs an origin function, i.e. declares that a particular product originates from a particular undertaking¹⁹.

D4. The indication bears a distinctive character as long as it performs the origin function and the quality guarantee function.

According to case law, an indication that allows consumers to identify that the goods thereby distinguished originate from a particular undertaking and to identify the particular qualities of such goods that differentiate them from goods originating from other competing products (i.e. goods originating from competitors). There are no further requirements in order to identify and recognize/acknowledge the existence of distinctive character and to allow a trademark registration. Case law of the European Court of Justice and of the

¹⁷ T-360/2000 ULTRPLUS case of 9.10.2002 at [45]; T-135/1999 CINE ACTION case of 31.1.2001 at [31]; T-34/2000 EUROCOOL case of 27.2.2002 at [39] and [45]; T-128/2001 JEEP2 case of 6.3.2002 at [33].

¹⁸ J. Phillips, as above, p.88, par. 4.94.

¹⁹ T- 34/2000, at [45]

European Court of First Instance adopts the above position and it has been ruled that: *“The signs referred to in Article 7(1)(b) of Regulation No 40/94 are signs which are regarded as incapable of performing the essential function of a trade mark, namely that of identifying the origin of the goods or services, thus enabling the consumer who acquired them to repeat the experience, if it proves to be positive, or to avoid it, if it proves to be negative, on the occasion of a subsequent acquisition”*.²⁰

Hence, in order to confirm that a particular indication bears a distinctive character, it must perform the quality guarantee function and the origin function of the respective goods, but (as it has been ruled in the above cases) it is not required that the indication at issue assists consumers to identify the name of the manufacturer of the respective goods. It is adequate that consumers are able to identify that the respective goods (that bear a particular trademark) originate from a particular undertaking, regardless of whether they (consumers) can identify the name and identity of such undertaking or not. What is important is the consumers identify a particular trademark and infer that the respective product originates from a particular undertaking and that all products bearing the same trademark bear/possess/have identical qualities and features; hence, every time they purchase products bearing the same trademark, they expect that the products they choose shall bear the same qualities and features as those that they had purchased the previous time. As a result, contemporary legal literature accepts that the origin function somehow approaches the quality guarantee function. The fact that the particular goods originate from a particular undertaking is important from the perspective of consumers only in-so-far as the goods meet certain quality standards²¹.

²⁰ T-79/2000, Rewe-Zentral vs LITE, at [26]; T-128/2001 DAIMLER-CHRYSLER case of 6.3.2003 at [31]; similarly the ECJ case law: e.g. C-383/1998 P, PROCTER & GAMBLE (BABY DRY) case of 20.9.2001, at [38]; C-136/2002 P MAG INSTRUMENT INC. of 7.10.2004, at [29]

²¹ Ch. Chrissanthis, Likelihood of confusion under the law of distinctive marks, Commercial Law Review 2003, 339, 342; N.K Rokas, Exploitation and protection of advertising value in Commercial Law Review 1999, 2 and Functional amendments and variations of a right on a registered trademark, Commercial Law Review 1997, 446; Th. Liakopoulos, Industrial Property Law 2000, 316; B.G Antonopoulos, Industrial Property Law 2002, 268, 420;

D5. The public perception (perception of consumers) constitutes the crucial criterion in order to assess the distinctive character of an indication and in order to identify whether a term has become customary in common parlance. Legal literature has long-ago adopted the view that public perception (i.e. the perception of consumers and not of competitors) is the crucial criterion in order to identify whether 1) a registered trademark has become a “public domain” indication or sign (article 17 par. 1[c] of Law 2239/94) and 2) a term has become customary in common parlance (article 3 par. 1[d] of Law 2239/94) and in order to assess the distinctive character of a sign²². Recent ECJ case law explains that it is the view/opinion of consumers that matters, because the distinctive character is assessed in view of the trademark’s origin function (i.e. in view of the function that indicates that the respective goods originate from a particular undertaking) and its quality guarantee function. These elements are assessed in light of any objections that consumers may raise, since the latter are the prospective customers and buyers of such goods. The European Court of Justice has expanded the above viewpoint by stating that *“There are purely legal considerations which justify taking into account the actual perception which the public has of a mark in order to assess its distinctiveness ab initio. First of all, according to the seventh recital in the preamble to Regulation No 40/94, the function of the protection afforded by a Community trade mark is to guarantee the trade mark as an indication of origin; the only way in which it can be established with certainty whether the role of the mark as an indication of origin is guaranteed is to rely on the actual perception of the mark by the relevant public. Next, it follows from the wording itself of Article 7 of Regulation No 40/94 – and particularly from the use of the words ‘in trade’ in Article 7(1)(c) and ‘the public’ in Article 7(1)(g) – that each of the absolute grounds for refusal referred to in Article 7(1) must be*

El. Soufleros in N.Rokas’ *Unfair Competition* 1996 at [114]; Ar. Sinanioti-Maroudi, *Services’ trademarks*, 1995, 92-93, 98.

²² Vozemberg, *The concept of trademark and restriction to trademark registration* 1969, 47; Tzouganatos, *Common usage marks; writing a registered trademark into a new mark*, *Opinion*, *Law of Enterprises & Companies* 2006, 573, 574 II.

considered in the light of the opinion of the relevant public. Lastly, that interpretation has been confirmed on a number of occasions by the Court of Justice (*Baby-dry*, paragraph 42) and by the Court of First Instance (*Case T-135/99 Taurus-Film v OHIM(Cine Action)* [2001] ECR II-379, paragraph 27, and *Case T-331/99 Mitsubishi HiTec Paper Bielefeld v OHIM (Giroform)* [2001] ECR II-433, paragraph 24), and it is also the interpretation which has been adopted by the German courts”²³.

It is apparent that third parties (competitors) are eager to replicate and imitate a famous and well-established trademark; hence, their assessment with respect to the distinctive character and with respect to whether such trademark comprises terms that have become customary in common parlance is neither impartial nor reliable. Similarly, the assessment of intermediaries (e.g. distributors) is not reliable, because they are eager to trade goods bearing trademarks that are neither similar to famous trademarks or imitate/replicate them.

D6. Original combination of common terms (creation of new words and terms). It is accepted that a combination of descriptive common terms may be regarded as totally original and may have a descriptive character and be registered as a trademark, especially where such combination results in the creation of new words and terms²⁴. Such terms are assessed depending on the impression/perception that their conceptual meaning creates in the whole and not according to the impression/ perception that is created and derives from each individual term/ element²⁵. Hence, even descriptive or common terms that are combined with each other may culminate in an original outcome, especially where the latter is uncommon and unusual. As a result, trademarks comprising by a combination of

²³ C-136/2002 P, Mag Instrument of 7.10.2004 par. 43; C-383/1999 P BABY DRY case of 20.9.2001, par. 42.

²⁴ See also in French law: Andre Bertrand, *Droit des marques*, 2006, par. 3.124 p. 58; Fr.Lefebvre, *Marques*, 1994, par. 58-60, 136 and Paris Court of Appeal of 18.10.1989, PIBD 1990, no 474-III-177. Similarly in German Law: K.H Fezer, as above, page 420, par. 172; B.G Antonopoulos, *Industrial Property Law*, 2005, 419.

²⁵ C-383/1998 BABY DRY case of 20.9.2001 at [39-41]; Similarly in Germany: BGH FRUR 1966, 495 and DPA GRUR 1953, 139 for UNIMETER trademarks registered for electric appliances and UNIPLAST trademarks registered for electric appliances for home use.

multiple terms and elements (e.g. combination of terms or combination of a term and figurative element and artistic device) are eligible for trademark registration, even if only one of their comprising elements possesses some kind of originality and bear a distinctive character. By applying the above considerations, case law has indicated that the Courts have accepted that the indication SAT 2 (SAT deriving from the term “satellite”) is eligible for registration as a trademark in order to distinguish satellite transmission & satellite communication services, on the grounds that even though its components (SAT + & + 2) constitute common terms, their combination into a single multiple term is unusual and uncommon and the outcome possesses some kind of originality that attributes to such trademark a distinctive character²⁶. Based on similar grounds, the Courts have ruled that the indication CELLTECH is eligible for registration as a trademark that distinguishes products related to cell research²⁷.

D7. Complex trademarks (i.e. that contain both terms and figurative elements). Complex trademarks are eligible for trademark registration as long as at least one of their components is original and bears a distinctive character. For instance, a common and customary term, which is combined with an original and novel artistic indication or artistic device, may produce a mark eligible for trademark registration. Such artistic elements and indications may be a special design or a particular color or a combination of colors, or even a formation the format style GRAMMATOSEIRA by means of which the common or customary term is presented. Hence, the following trademarks have been assessed as being eligible for trademark registration with the Common Patent Office: CTM 657627 GLOBAL INTERNET (with a combined word indication and a representation of terrestrial globe) **and** CTM 788455 NATIONAL CAR RENTAL (with a

²⁶ C-329/2002 P of 16.9.2004 especially at [28] with further references in C-265/2000 of 12.2.2004 at [40-41] and C-363/1999 of 12.2.2004 at [99-100]

²⁷ T-260/2003 (upheld by C-273/2005 P)

combined word indication and a representation of three parallel lines in a color context).

E. Usage of common indications and common terms as a ground for prohibiting registration and as a reason for deregistration of trademarks

Trademarks law contains two references to common indications: article 3 par 1[d] of Law 2239/94 prohibits registration of trademarks that have become customary in common parlance or in the fair and proper trade practice. Article 17 par. 1[c] of Law 2239/94 provides that a trademark shall be deregistered as soon as it has become customary in practice or has been upgraded and now constitutes a common commercial term (a common trade name) in respect of a particular kind or class of goods by reason of the trademark proprietor's passivity to use it.

1. Passivity or other conduct of the proprietor. Objective conditions need to be fulfilled in order to apply the provision of article 3 par. 1[d] of Law 2239/1994 (which introduces an absolute prohibition for trademark registration in certain cases); in particular, the law requires not only evidence that the respective trademark has become a mark commonly used, but also that such common usage can be attributed to the conduct of the proprietor himself. Hence, common use of a trademark cannot be substantiated where there is evidence that the proprietor has exercised his rights under the law and has lodged the available legal remedies against third parties who infringed his right upon his registered trademark²⁸. This distinction may result in the application of conflicting or even contradictory legal

²⁸ Administrative Trademarks Commission 4213/1972 Commercial Law Review 1973, 442; Athens Court of First Instance 3224/1990, Commercial Law Review 1990, 520; Administrative Court of Athens 13939/1998, Law of Enterprises & Companies 1998, 871; D. Tzouganatos, as above, 575; B. Antonopoulos, Industrial Property Law 2005, par. 499 page 413; M. Moumouris, Deregistration of a trademark 1967, 190. Similarly in Germany: see Fezer, as above, under article 8, page 452, par. 279 and under article 49, page 1352, par. 27, as well as judgments BGH GRUR 1990, 274 KLETTVERSCHLUSS and LG Duss. GRUR 1990, 278 INBUS.

provisions, in the case where a trademark has become of common usage for the first time not at the time of trademark registration of the respective mark, but at the time when the proprietor applies for a new registration of the same trademark with a few amendments/alterations (e.g. by applying for registering the same mark with additional artistic devices and indications/elements) for products relevant or similar to the goods that are initially distinguished by means of the (original and initially registered) trademark at issue. Is it possible to reject the new application for trademark registration on the ground that the basic/central term or indication contained in such trademark has become customary or of common usage? One can easily detect the aforementioned contradiction, if one takes into account that the new application might be disqualified and rejected by reason of the provision of article 3 par. 1[d] of Law 2239/94 (based on which a mark is ineligible for trademark registration if it is of common usage), despite that the new trademark proprietor does not aim at anything more than expanding the scope of application and the scope of protection of a registered trademark, so that the latter (scope of application and scope of protection) is expanded/extended so as to include also other relevant products by using (and by registering along with the original trademark itself) additional artistic devices and elements/features. In this case, according to the law currently applicable, it seems that the new application for trademark registration would be disqualified and rejected by reason of the fact that the indication comprising the trademark at issue is of common usage. However, at the same time the latter cannot be deregistered from the Trademark Registry, unless the fact that the trademark at issue has been subject to common usage may be attributed to passivity of its legal proprietor. This legal paradox and contradiction strongly justifies a uniform interpretation and application of articles 3 par. 1[d] and 17 par. 1[d], according to which the existence of passivity of the trademark proprietor should be

regarded as a requirement in both cases in order to apply the respective provisions.

More precisely, the following have been accepted in respect of the application of article 17 par. 1[c] of Law 2239/1994 and deregistration of a trademark by reason of the fact that the mark(s) or indication(s) therein contained are of common usage:

2. In case of doubt, the registered trademark shall remain registered and the proprietor shall retain his rights upon such.

It is quite rare and uncommon for a registered trademark to become degraded into a mark or indication of common usage. It also constitutes a restriction to freedom of competition, because an absolute right upon a trademark becomes degraded into an indication or mark of common usage and as a result it prejudices one of the fundamental principles of freedom of competition: i.e. the origin function and the ability to distinguish between goods that originate from different undertakings. Practically, when a registered trademark is rendered into an indication of common usage, then third parties (i.e. competitors with no authorization to use such trademark) are allowed to use such trademark and to capitalize on its reputation, despite that such reputation was built up by the original trademark proprietor, who has invested in long-term and expensive advertising campaigns and has undertaken effective marketing efforts and strategy. Consequently, legal literature concludes that degradation of a registered trademark into an indication of common usage must be substantiated by means of strong evidence and beyond any reasonable doubt. In case of doubt, the respective trademark should not be deregistered from the Trademarks Registry and the proprietor should retain his legal rights upon such²⁹. Finally, the degradation of a trademark into an indication of common usage should be substantiated by means of adequate and strong evidence; in this

²⁹ D. Tzouganatos, as above, 575; N.K Rokas, Trademarks Law 1978, 61-62 and Comment under Commercial Law Review 1990, 524.

respect, indirect or hypothetical conclusions and inferences cannot be regarded as “adequate and strong evidence”³⁰. If the same trademark proprietor has already succeeded in registering as a trademark a similar mark or indication, then it is presumed under the law that the trademark at issue should be retained in force (i.e. should not be deregistered from the Trademarks Registry). In any case, the trademark proprietor does not have the burden to prove that his registered trademark has not become of common usage³¹.

3. Indications performing an advertising function are not of common usage- common usage means that consumers are not able to express their thoughts without making use of the trademark- the fact that consumers make use of a trademark for the ease of reference does not render it an indication or mark of common usage.

For the same reasons, trademarks, which perform a strong advertising function and possess a high advertising value (i.e. the ones, towards which consumers are positively predisposed, due to the excellent quality of the products thereby distinguished), are rarely rendered/degraded into indications of common usage. In many instances a trademark enjoys a very strong appeal and recognition to/among consumers, because:

- a) either the other undertakings do not produce equally competing products (i.e. products of equally high quality), or;
- b) products originating from other competitors fail to take any considerable market share by reason of the excellent quality of the products that the respective trademark proprietor trades with, or;
- c) the production of the respective goods thereby distinguished is based on the commercial exploitation of a registered patent, which the respective trademark proprietor is entitled to use

³⁰ McCarthy, as above, par. 12:4, pages 12-12

³¹ McCarthy, as above, par. 12:12, pages 12-28

exclusively and, hence, no competing products may exist due to legal reasons, or;

- d) the trademark proprietor was the first to introduce into the market a new product that did not exist and was not available in the market beforehand.

In all these cases it is difficult to identify whether a trademark has been degraded into an indication of common usage, since consumers continue to identify the respective trademark with the particular product thereby distinguished and its features and qualities. In other words, in all these cases “common usage” of a trademark must be attributed to its wide recognition, market establishment and huge success. The following trademarks are indicative examples of this: WALKMAN (used by Sony to distinguish), NESCAFE (used to distinguish instant coffee), JEEP (used to distinguish SUV vehicles), ASPIRIN (used to distinguish paracetamol pain alleviators), MICKEY MOUSE (used to distinguish comics aimed at children), CELLOFAN (used to distinguish a thin, transparent sheet made of regenerated cellulose used to food packaging), TEFAL and TEFLON (used to distinguish glass non-stick cookware equipment) or PYREX (used to distinguish thermal shock resistant borosilicate glass cooking equipment). Especially in the field of electric appliances, technological developments allowed the production of totally innovative products and devices, which are, however, manufactured and produced by a single producer, such as the IPOD device of APPLE INC and the BLACKBERRY device of BLACKBERRY INC. It is totally clear that all the above indications cannot be classified as indications of common usage, despite their huge success and market establishment. The fact that consumers use such trademark for the ease of reference in common parlance and in order to describe a particular product or class of products is not sufficient for rendering such trademark into an indication of common use, since it is not evident that consumers fail to identify such trademark as the trademark owned by a particular

undertaking that distinguishes the latter's products. On the contrary, a trademark is degraded into an indication of common usage where consumers use this particular trademark (term or indication) in order to describe (or refer to) a particular class of products, because there is no other available term or indication bearing the same conceptual meaning as the term or indication that they use and not by reason of the excellent quality of the goods originating from the respective manufacturer/brand-owner. In all these cases, where a trademark performs a strong advertising function and is of a high advertising value, the legal order and the law itself should disapprove rendering (degradation) of such trademark into an indication of common usage, because this would enable third parties to unfairly take advantage of its high value for advertising purposes (and of its strong advertising function)³².

4. Common usage must be total and absolute by reference to the totality of consumers. A high percentage of consumers may identify a particular trademark with a particular class of products and may have been using this particular trademark (term or indication) in order to describe (or refer to) a particular class of products, because there are not able to identify and use any other available term or indication bearing the same conceptual meaning as the term or indication that they use. However, this is not sufficient to render such trademark into an indication of common usage, if an –equally high and important– percentage of consumers is able to distinguish the general trade name of the respective product from the respective trademark and perceives the trademark as an indication that declares that such product originates from a particular undertaking and bears a number of qualities and features. E.g. MICKEY MOUSE, TEFAL, TEFLON, PYREX³³.

³² McCarthy as above par. 12:8, pages 12-10; Fezer pages 452, par. 280.

³³ D. Tzouganatos, as above, 576; N.K Rokas Trademarks Law 1978, 62, Comment in Commercial Law Review 1990, 524; B.G Antonopoulos Industrial Property Law 2005, 412, McCarthy, as above, par. 12.3 pages 12-10;

5. Crucial and determinant is the perception of consumers. The perception of consumers is far more important than the one of the proprietor's competitors or distributors or other retailers; after all, the MET<APTOSI of a trademark into an indication of common usage would perfectly serve the interests of such competitors.

F. Case law precedents

In light of the above, the European Court of Justice and the European Court of First Instance have ruled that the following indications are eligible for trademark registration:

- "NEW BORN BABY" for children dolls: European Court of First Instance T-140/2000;
- "DAS PRINZIP DER BEQUEMLICHKEIT" for furniture: European Court of First Instance T-138/2000;
- "VITALITE" for children foods and sparkling water: European Court of First Instance T-24/2000;
- "BABY DRY" for baby dippers: European Court of Justice C-383/1999;
- "CELLTECH" for products related to cell medicine; European Court of First Instance T-260/2003, which was upheld by European Court of Justice in C-273/2005;
- "SAT.2" for satellite transmission services: European Court of Justice C-329/2002.

The Greek case law has ruled that the indication CLUB SWISS is eligible for trademark registration (Ruling 2946/92 of Athens Administrative Court, Administrative Justice 1993, 1355).

similarly in Germany Lange, as above, par. 3 Rn. 641, Fezer, as above, p. 452, par. 279 and judgments BGH. GRUR 1964, 458 for trademarks DUESSEL and BGH, GRUR 57, 354 for GRAMMOPHONE.

Moreover, Greek case law has also ruled that the following trademarks have not been rendered into “indications of common usage”:

- “CHLORINE” (Athens Court of First Instance 8784/2003, Law of Enterprises & Companies 2004, 273);
- “ASPIRIN” (Administrative Trademarks Commission ruling 4213/1972, Commercial Law Review 1972, 442);
- “OLYMPIAKOS” (Administrative Court of Athens 13939/1998, Law of Enterprises & Companies 1999, 871 and Commercial Law Review 1999, 574; according to such judgment, a registered trademark is degraded and becomes an indication of common usage not only where third parties use it, but also where the trademark proprietor has abandoned it permanently and has stopped using it long ago);
- “BLANCO” for correction fluid (Athens Court of First Instance 3224/1990, Commercial Law Review 1990, 520; according to such judgment, a registered trademark is degraded and becomes an indication of common usage where the trademark proprietor does not take legal action against third parties who infringe his rights by making unauthorized usage of such trademark).

Conclusion

According to the above, the legal provisions that introduce absolute restrictions and prohibitions on trademark registration (by reason of lack of descriptiveness, lack of distinctive character or common usage of the respective mark or indication) must be interpreted *stricto sensu* and restrictively, i.e. in case of doubt the respective application for trademark registration should be accepted. This becomes apparent when one looks at the legal provisions that introduce absolute restrictions on trademark registration. This approach is also enhanced by the ratio of the respective legal provisions, which is to enhance effective trade competition. In this context, the above legal provisions that introduce absolute restrictions on trademark registration should

be interpreted as prohibiting trademark registration of those indications, which enable manufacturers to provide direct information and feedback to consumers about the qualities and features of their products. On the contrary, there is no need to ensure (by prohibiting their registration as trademarks) free access to and free usage of indications, which provide no more than indirect information and feedback about the goods thereby distinguished, i.e. information deriving from symbolisms, parallelisms, metaphorical expressions or inferences etc. As a result, laudatory indications or terms are eligible for trademark registration. The distinction between indications providing direct information about product qualities and indications providing indirect information serves as a criterion, which enables the legal practitioner to identify whether the above legal provisions (that introduce absolute restrictions on trademark registration) are applicable in each case or not.

An indication cannot be regarded as of common usage, unless the totality of consumers perceives such indication as a common name (a common term) used to describe a particular class of products and (cumulatively) unless consumers are unable to describe that particular class of products without making use of (without referring to) the particular indication or term. Even if a minor (but by no means unimportant) percentage of consumers perceives such indication or term as a trademark (i.e. as the trade name of a particular product found in the market), then the indication or term at issue performs an origin function (i.e. a trademark function). Consequently, the fact that third parties make use of a registered trademark is not sufficient to render such trademark into an indication or common usage. The perception of consumers is far more important than the one of the proprietor's competitors; after all, the degradation of a trademark into an indication of common usage would perfectly serve the interests of such competitors. The perception of consumers is also important where consumers use a particular term or indication in order to

describe (or refer to) a particular class of products, because there is no other available term or indication bearing the same conceptual meaning as the term or indication that they use. The latter situation is different (and should be clearly distinguished) from the case where consumers make use of a term or indication (that has been registered as a trademark) for their own convenience and only for the ease of reference of a term or indication and where they are totally aware that such term or indication constitutes the properly registered trademark of a particular undertaking. Moreover, by means of a combined and uniform interpretation of the legal provisions of articles 3 par. 1[d] and 17 par 1[c] of Law 2239/1994 (the first provision prohibits trademark registration of indications of common usage, whereas the second provides that a registered trademark, which has become subject to common usage, is deregistered from the Trademarks Registry), it derives that the existence of a passivity of the trademark proprietor (which has contributed to the rendering of a registered trademark into an indication or term of common usage) should be regarded as a requirement for application of either of the aforementioned provisions. From a *de lege ferenda* perspective, the legal order and the law itself should disapprove rendering of a trademark, which maintains a high advertising value, into an indication of common usage, because this would enable third parties to unfairly take advantage of such high value for advertising purposes (and of such strong advertising function).