

**NEW TYPES OF RISK OF CONFUSION UNDER TRADEMARKS LAW:
LIKELIHOOD OF ASSOCIATION, FORWARD CONFUSION,
REVERSE CONFUSION AND AFTER-SALE CONFUSION**

By Dr. Christos Sp. Chrissanthis

Introduction

The inadequacy of the trademark origin function as a safe and reliable criterion in providing legal protection on registered trademarks becomes apparent especially where the Courts have ruled that a trademark has been infringed, despite that the origin function had not been prejudiced. The traditional trademarks law theory on likelihood of confusion has been further developed and now also encompasses the concepts of “forward confusion”, “reverse confusion”, “after-sale confusion”, as well as the unclear concept of “likelihood of association”. These latter concepts, which have become the subject of numerous judgments in foreign case law, are based on the point of time, when confusion occurs and on the persons therein involved and affected.

a) Likelihood of association¹

The concept of likelihood of association was introduced by Directive 89/104/EC (article 4.1 and 5.1- see also EC Regulation 40/1994 on Community trademarks). According to said Directive, likelihood of confusion includes also likelihood of association. The above expression adopted and used in the Directive should be attributed to

¹ L. Kotsiris, Legal Opinion, Law of Enterprises & Companies 2003, 600; M. Th. Marinos, Risk of confusion and protection scope of distinctive marks according to the new trademarks law and Law 146/14 on unfair competition, Greek Justice 1995, 1222; M. Th. Marinos, Likelihood of confusion under trademarks law, Private Law Chronicles 2004, 971; E. Delouca, New law 2239/94 on trademarks, Commercial Law Review 1995, 28-29; Ch. Chrissanthis, Likelihood of confusion under law of distinctive marks Commercial Law Revision 2003, 351; Xourafa, Domain names and requirements for their registration as a distinctive mark, 2006, 427; see also Judgments 1009/1991 (Commercial Law Review 1992, 148) and 399/1989 (Greek Justice 1991, 71) of the Greek Supreme Court on the law applicable prior to Law 2239/1994

the different legal perspectives and criteria that were applied by the various EU Member States' law in order to identify a trademark infringement. While in most EU Member States likelihood of confusion was the central criterion in order to identify the existence of a trademark infringement, the Benelux countries² (Belgium, Luxembourg and Netherlands) had adopted the likelihood of association criterion, by virtue of which the central factor was the existence of similarity and resemblance between the indications therein compared³. If the respective indications resembled each other, then a likelihood of association existed. Hence, in the law of Benelux countries the origin function was not so important in assessing whether a trademark had been infringed. Directive 89/104/EC does not include "similarity or resemblance between the respective indications" as a criterion of assessing whether a trademark infringement exists, but it contains a reference to the concept of "likelihood of association"; hence, a question arises as to whether the concept of "likelihood of association" is an independent and distinct concept or it falls within the concept of "likelihood of confusion"⁴.

The ECJ has ruled in the Sabel/Puma⁵ and Addidas/ Marca Mode⁶ case that a likelihood of association exists when a trademark resembles another trademark, but the Judges of the European Court of Justice did not explain the way they perceive the concept of "association". In other words, does this apply in the case where the average consumer is able to identify the difference between the respective trademarks or even that the goods thereby distinguished originate from different undertakings? ECJ does not seem to adopt such view, since it points out that the likelihood of association falls under the likelihood of confusion; the latter also derives from the

² See art. 13A of Uniform Law of Benelux on trademarks of 1962 (applicable prior to the 89/104/EC Directive).

³ See the General Attorney Jacobs' argumentation in Sabel/Puma, C-251/1998.

⁴ P. Prescott, Has the Benelux trademark law been written into the Directive? [1997] EIPR 99.

⁵ ECJ 11.11.1997, C-251/1998, Armenopoulos 1998, 382.

⁶ ECJ 22.6.2000, C-425/2000, ECR 2000, I-4861; ECJ 30.11.1993 Quattro C-317/1991, ECR 1993, I-6277; ECJ 29.9.1998, Cannon C-39/1997.

Directive itself. On the other hand, the expressions used by the ECJ in its rulings, as well as the provision of article 5 par. 2[b] of said Directive itself, which indicate that the concept of “likelihood of confusion” contains the concept of “likelihood of association”, are inadequate to explain a) whether the conceptual meaning of “likelihood of association” extends beyond the limits of likelihood of confusion or not, or b) whether the conceptual meaning of the traditional concept of likelihood of confusion is expanded and enriched by the concept of likelihood of association. The expressions used by the ECJ in its rulings, as well as the provision of article 5 par. 2[b] of said Directive itself, may be used towards both directions. After all, ECJ case law has not provided adequate reasons to explain the usefulness of recognizing “likelihood of association” as a concept independent from the concept of “likelihood of confusion”.

We believe that, even in light of the position of ECJ, the conceptual meaning of the traditional concept of likelihood of confusion is expanded and enriched by the concept of likelihood of association. Moreover, it helps to substantiate the existence of “likelihood of confusion” even where it would be difficult to identify the existence of “likelihood of confusion” without the existence of the element of “association”⁷. In addition, it is acceptable that a trademark infringement may exist in the case of likelihood of association, too, especially due to similarity or resemblance between the respective products. For instance, an association may exist where, e.g. the average consumer may think that, by reason of the similarity or resemblance between the respective trademarks or the respective products thereby distinguished, the undertakings at issue somehow cooperate with each other. However, ECJ case law is rather unclear, since, while it recognizes likelihood of association as a distinct and independent concept, it, nonetheless, classifies it as falling under the concept of likelihood of confusion and points out that likelihood of

⁷ Contra M. Th Marinos, *Private Law Chronicles* 2004, 972 I.

association cannot exist without the existence of likelihood of confusion. It seems that the trend to identify likelihood of confusion and likelihood of association both by means of the Directive's provisions and by the ECJ is not consistent: if likelihood of association falls under the likelihood of confusion concept, then there is no need to recognize it as a distinct and independent legal concept. Equally, there is no need to include a reference in the law (even by means of a reference that "likelihood of confusion" includes also "likelihood of association"). Likelihood of association, which exists especially where the trademarks therein compared resemble each other, may not be so different from the "likelihood of confusion" concept where verbal terms or indications are therein compared; however, where color combinations, 3-dimension indications and other artistic devices, which have been registered as trademarks, are compared to/with each other, the resemblance/similarity between the respective trademarks may be quite strong, but may not prejudice the origin function. Hence, the difference between the concepts of "likelihood of confusion" and "likelihood of association" becomes apparent in the case of non-verbal indications. ECJ in Addidas/Fitnessworld⁸ case ruled that for the purpose of protection of trademarks with a reputation from unfair resemblance and undermining, there is no need to identify a degree of similarity between the mark with a reputation and the indication (sign) at stake such that there exists a likelihood of confusion between them (after all, trademarks with a reputation are protected even beyond likelihood of confusion); it is sufficient for the degree of similarity between the mark with a reputation and the sign to have the effect that the relevant section of the public establishes a link between the sign and the mark. The EU Bureau of Community Trademarks has identified the existence of likelihood of association between "RED BULL" and

⁸ ECJ 23.10.2003, C-408/2001.

“BLACK BULL” trademarks, which were both used in order to distinguish similar products (alcoholic beverages)⁹.

b) Forward confusion

According to traditional legal theory, a trademark is infringed when the likelihood of confusion exists when consumers purchase the goods of their choice or receive services. The likelihood or probability of confusion of the consumer when he purchases the respective goods falsifies free will of consumers and causes an infringement of the right upon such trademark or distinctive mark. The fact that a trademark infringement exists even where the likelihood of confusion occurs not only at the time of sale, but at a different stage (i.e. either before the time of sale [forward confusion] or after the sale [after-sales confusion]) had not been excluded by traditional legal literature & theory. Modern scientific research on consumers’ attitude and recent case law have provided adequate reasoning (adequate grounds) about the fact that a trademark infringement may exist not only at the time of sale, but also either before the time of sale, or after the sale.

The notion of forward confusion derived from the practice of producing goods bearing distinctive marks similar in terms of sight, sound and meaning to other products’ distinctive marks¹⁰, as well as in terms of other verbal indications. In these cases, the consumer is affected by the similarity between the external features of the goods concerned and is deceived that a product originates from a particular (the senior) user, whilst it derives from the junior one. This forward confusion is attributed to the fact that nowadays most consumers consider purchasing products based on the external features and marks of the products for sale in e.g. a supermarket store, instead of asking the salesman or even ordering for a particular product. Hence, in order to

⁹ ECJ 863/2000, [2000] ETMR 1143.

¹⁰ Greek Supreme Court (Areios Pagos) Cases 399/1989 (Commercial Law Review 1990, 711), 1009/1991 (Commercial Law Review 1992, 148) and 310/1990 (Commercial Law Review 1990, 709).

identify a likelihood of confusion it is important to compare the external features of the products (e.g. the coloring of the product's packaging) instead of their differentiating names in terms of sound¹¹. Hence, by contrast to older case law (according to which in the case of combined usage of verbal and sight/artistic indications/devices in the context of a trademark, the former are the most important), in reality artistic indications or devices may be prevailing and more important than verbal indications¹². These coloring external features of a product are the ones that capture the attention of a consumer in a supermarket store. Of course, in most cases following the initial confusion and as long as the consumer is not in a hurry, he will eventually realize that the product does not originate from the senior user, as he was initially made to believe. However, even this initial confusion with respect to the true origin of the product elected qualifies as a "likelihood of confusion" in terms of law and amounts to infringement of a registered trademark¹³. The latter conclusion is substantiated by marketing reports on consumer behavior, which have proved that as soon as the consumer has made a choice to purchase a particular product believing that it originates from a particular enterprise, he will eventually proceed into buying it, even if in the meantime (i.e. prior to the point of sale) he realizes the true origin of the product. In other words, when a consumer stands in a supermarket and the coloring external features of a product, which he regularly purchases, capture his attention and he decides to buy it, then such consumer shall eventually proceed in buying the respective product, even if prior to the point of sale he realizes that it is different than the product he regularly purchases. The latter is more probable when such consumer fails to identify easily the product he regularly

¹¹ Ch. Glavas Note on 10216/2001 Judgment of Athens Court of First Instance, Law of Enterprises & Companies 2002, 173; see also N. K Rokas Trademarks Law 1978, 98 and Industrial Property Law 2004, 127 with respect to the older view that similarity or difference in terms of sound is more important than the color external features of a product (on the basis that the purchaser usually used from the salesman for a particular product).

¹² See case law referred in N. Rokas, Industrial Property Law 2004, 125, according to which a risk of confusion exists by reason of an approach or resemblance to artistic devices, despite the usage of different verbal indications.

¹³ J. Th. McCarthy, On trademarks and Unfair Competition, 2001, par. 23.:5; R.L Kirkpatrick, Likelihood of confusion in Trademark Law, 2001, par. 1.7; J. Phillips, Trade Mark Law, Oxford Univ. Press 2003, par. 10.142, 10.126, 10.129.

purchases. Few consumers are so “loyal” and “dedicated” to some particular product labels that they would not purchase a competing and similar product, even if they are not able to find the product of their choice (that they regularly choose to buy); this is more common in cases of low-priced and large consumption goods. This likelihood of confusion is particularly common with respect to the coloring external features of a product. Other reasons that explain the reason why a trademark infringement exists in the case of forward risk of confusion include: a) that by means of the junior trademark the producer of the senior trademark takes advantage at no expense the repute and recognition of the senior trademark (that had been registered beforehand), or; b) that the average consumer may be indirectly persuaded that the junior trademark possesses similar qualities and features with the senior one; such message cannot be transmitted to consumers without approaching (by means of imitating) the artistic devices of a famous and well-established product¹⁴.

In addition, the concept of the initial (forward) risk of confusion has already been used in order to overcome the “sophisticated purchaser defense” or in the case of “highly expensive products”¹⁵. It is true that in the case of products aimed at experienced professionals (customers who buy e.g. industrial products, professional photographic cameras and similar goods), as well as in the case of “highly expensive products”, one may reasonably expect that such consumer is particularly careful, is able to identify easily the origin of the goods he buys and he cannot be easily deceived by reason of the resemblance of the respective goods. Despite that the respective consumer (who was

¹⁴ The latter argumentation was adopted by a US Court in *McNeil-PPC v. Guardian Drug Co* (984 F. Supp. 1066, 45 U.S.P.Q. 2d 1437 E.D. Mich. 1997)¹⁴, where an infringement of a trade mark was identified by reason of a pharmaceutical product bearing similar distinctive marks in terms of color in comparison with the color and other distinctive marks of a different well-known pharmaceutical product. The Court reiterated the fact that, although the consumer might identify the true origin of the product prior to the point of sale, the initial confusion, by reason of which the consumer is tempted to purchase the product, substantiates adequately an actionable infringement of a trade mark. The French Courts have also accepted the concept of forward confusion: see *Sarl Le Book Edition v. StE EPC Edition Press* Communication [1999] ETMR 554 (Tribunal des Grande Instance de Paris).

¹⁵ P. Bruzga, *Sophisticated purchaser defence avoided where pre-sale confusion is harmful*, 78 *Trademark Rep.* 659 (1988).

initially confused) may later (but prior to the sale) identify the true origin of the goods, the fact that the competing (resembling) product captured his attention evidences that the junior (resembling/similar) mark indirectly performs an advertising function, since the manufacturer of the product distinguished by means of the junior mark takes advantage of the repute and recognition of the senior trademark.

Based on such considerations, in “Grotrian, Helfferich, Schulz, Th. Steinweg v. Steinway & Sons”¹⁶ case a US Court adopted the view that the trademark proprietor was entitled to a remedy for confusion arising prior to the point of sale. It was found that the use of GROTRIAN-STEINWEG (pronounced “Steinway”) in connection to pianos amounted to an infringement of the “STEINWAY & SONS” mark, even though it was unlikely consumers would purchase a GROTRIAN-STEINWEG piano under the mistaken belief it was a STEINWAY & SONS piano. The confusion resulted from the likelihood that consumers would believe (at least initially) that GROTRIAN-STEINWEG was affiliated with STEINWAY & SONS and purchase a GROTRIAN-STEINWEG piano on that basis. Further, an actionable infringement of a trademark has been identified by application of the notion of forward confusion in the case where a third party used a registered trademark as his own Web (Internet) address; in the latter case the Court found that, if the “epix.com” Web address were used, then the consumers, who had bought in the past goods bearing the EPIX trademark, would visit this Web address and consider purchasing the goods promoted through the latter Web link^{17 18}.

c) Reverse confusion

¹⁶ Grotrian etc. v. Steinway & Sons, 365 F. Supp. 707, 717, 180 U.S.P.Q 506 (S.D.N.Y 1973).

¹⁷ Interstellar Starship Services Ltd. V. EPIX Inc., 184 F. 3d 1107 9th Circuit, USA.

¹⁸ See Xourafa, Domain names and requirements for their registration as a distinctive mark, 2006, 263, 322.

Reverse confusion¹⁹ is the opposite of forward confusion. In reverse confusion we have a senior user whose trademark, although senior, has not become a famous one and has not developed a strong reputation. We also have a junior user who uses a confusingly similar trademark or other mark; but this junior user enters the market with so strong advertisement and promotion, that achieves to make his junior (confusingly similar) mark well known and established within a short period of time. This is to the detriment of the senior user, for consumers, influenced by the mass advertisement of the junior, tend to believe that it is the senior user who is an infringer and that the senior user's goods are infringing and counterfeit goods. In the case of reverse confusion the junior user (who infringes the right of the senior user) may establish his (junior) trademark in the market by means of mass advertising, to the detriment of the senior user, who has a lower financial status; however, we cannot say that the junior user takes advantage of the senior trademark's reputation or causes a likelihood of confusion with respect to the origin of the goods from a respective undertaking. In these cases usually the user of the senior trademark is a large and famous undertaking, which possesses the financial resources necessary for promoting and establishing the junior mark in the market by means of expensive advertising, whereas the user of the junior trademark has not been established in the market yet. As a result, consumers tend to believe that it is the senior user who is an infringer and that his goods are infringing and counterfeit goods. Reverse confusion does not mean confusion as to the origin of the respective goods from a particular undertaking. On the contrary, consumers tend to believe that the junior user is the trademark proprietor under the law and that the senior user is an infringer. It is apparent that in these cases no confusion arises as to the origin of the goods from a particular undertaking; on the contrary, consumers are able to identify the different origin of the respective goods.

¹⁹ J.P MacCarthy, *On trademarks & unfair competition*, West Group Publishing, par. 23.10 – R. Kirkpatrick, *Likelihood of confusion in trademark law*, Practising Law Institute, par. 1.4.C, 7.9.E, 8.1, J. Phillips, *Trade Mark Law*, Oxford University Press 2003, par. 10:130.

A landmark case in foreign case law on reverse confusion is “Big Foot” case²⁰. A small company (Big O Tire) had been using the Big Foot trademark as from the spring of 1974. During the summer of the same year, Goodyear decided to use the term "Big foot" in a nationwide advertising campaign of approximately 6 million US \$ to promote the sale of its new type of tire. By reason of the mass advertising of the Goodyear tires, the consumers who asked from the small enterprise for the Goodyear Big Foot tires were taken by surprise when they realized that the enterprise was not trading the Goodyear tires. Moreover, they were given the impression that the small enterprise was intentionally producing tires intentionally resembling the Goodyear Big Foot tires' marks. The US Courts awarded to the small enterprise 4.7 million US \$ as compensation. Further, a similar case was that of the Tiffany's trademark, wherein the US Courts identified a “reverse confusion” case when the well-known Tiffany's New York jewelry store expanded its business activities and attempted to use its trademark on beauty goods, where, however, a trademark of a smaller enterprise entitled Tiffan-e had been registered beforehand.

In addition, it is worth noting that the 1995 US Restatement (Third) of Unfair Competition Act refers to “reverse confusion” as an infringement of a right to a trademark.

A requirement for reverse confusion to apply is that the users should be of a different financial status and advertising outlook. On the contrary, if the prior user is an equally strong enterprise and enjoys a strong advertising presence, then it is difficult for a reverse confusion to apply. Taking into consideration that the notion of reverse confusion is not associated with the origin function of the trademark,

²⁰ Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber Co. 561 F. 2d 1365, 195 US P.Q 417 10th Circuit 1977 – 434 US 1052, 54 L. Ed. 2nd 805, 98 S. Ct 905 -1978

but with the nature of the goods as genuine or not, it results that the test of “origin function” is inadequate for determining the scope of protection.

d) After sales confusion²¹.

According to traditional legal theory, the likelihood of confusion is relevant to a consumer who buys falsified or imitating (counterfeit) goods; this is –after all- the type of risk of confusion most commonly encountered. However, a trademark or distinctive mark may be also infringed, where the purchaser of a product is aware that such is falsified or imitating (counterfeit), but other people, who shall see the particular item, are likely to be confused and deceived as to its quality and are likely to be discouraged from purchasing it themselves. As a result, according to modern legal theory in order to assess the existence of a likelihood of confusion, one should take account the positive or negative impression that the respective item makes to prospective buyers/customers, who are likely to encounter the particular product/item bearing the conflicting indications (which the particular buyer purchased knowing that they are falsified or imitating/counterfeit goods), The latter constitutes “after sale confusion”. Hence, it is important to identify not only whether the purchaser himself was confused at the time of purchase, but also whether confusion may also affect other consumers, who encounter such item at a later stage in time.

In the USA case law an “after sales confusion” was identified in a case where Rolex watches were sold for 25\$ in an open fair market²². Luxury Rolex watches sold for 25\$ at an open fair market are clearly

²¹ J. Th. McCarthy, Important trends in trademark and unfair competition law during the decade of the 70's, 71 Trademark Rep. 93, 107 (1981), R.L Kirkpatrick, 1.7, 2.6, 6.5, D. Tichane, The maturing doctrine of post sale confusion (1995) 85 Trademark Rep. 399, J. Phillips 10.122, A.M McCarthy, The post sale confusion doctrine: Why the general public should be included in the likelihood of confusion inquiry? 67 Fordham L.R. 1999, 3337.

²² Rolex Watch USA Inc. v. Canner, 645 F. Supp, 484, 1 U.S.P.Q 2d 1117 (S.D. Fla. 1986)

not genuine Rolex watches originating from the well known Swiss manufacturer. The purchaser of an 25\$ Rolex watch can hardly believe that he is buying a genuine Rolex, which is sold exclusively in selected luxurious stores and at extremely high prices and, hence, one cannot argue that the trademark's origin function was prejudiced. Since every prospective buyer could understand that he was not buying a genuine Rolex watch, it would be hard to identify a "forward confusion" according to the standard criteria & tests, for there was no confusion as to the true origin of the goods. Based on the judgment's argumentation, the trademark infringement was founded by reason of the confusion created to third parties, who would take the Rolex as a genuine one. This confusion is again actionable, since the producer of such not genuine goods capitalizes on the false impression/ esteem caused to third parties²³, who would see the purchaser wearing the watch and would believe that it is a genuine one. Similar case law may be found in cases like OSCAR²⁴, which involved an infringement of the OSCAR Award Winning trademarks, the trademark of WRANGLER'S²⁵ trademark, which was found to be infringed by a mark named "Wranger's", REEBOK²⁶ sports shoes, whereby an infringement was identified when a third party put in the market shoes bearing similar distinctive designations.

Moreover, it is highlighted that the case law in many States, such as England²⁷, Ireland²⁸ and Spain²⁹, accepts that "after sales confusion" constitutes an actionable infringement of the trademark. Such is also the view of the European Court of Justice, as recently expressed in the Arsenal Case³⁰ (C-206/2001), which involved the sale of scarves

²³ See also similar case law in *ATMOS: Mastercrafters Clock & Radio Co v. Vacheron & Constantin-Le Coultre Watches, Inc.* 221 F. 2d 464, 105 U.S.P.Q. 160 (2d Cir. 1955).

²⁴ *Academy of Motion Pictures Arts & Sciences v. Creative House Promotions, Inc.* 944 F. 2d 1446, 19, U.S.P.Q. 2d 1491 (9th Circuit 1991).

²⁵ *Levi Strauss & Co. v. Blue Bell, Inc.* 632 F. 2d 817, 208, U.S.P.Q. 713, 718 (9th Cir. 1980)

²⁶ *Payless Shoesource, Inc. v. Reebok Int'l Ltd.*, 998 F. 2d 985, 27 U.S.P.Q. 2d 1516 (Fed. Cir. 1993)

²⁷ *Reckitt & Colman v. Borden* [1990] Reports of Patent Cases 340 (HL).

²⁸ *United Biscuits Ltd v. Irish Biscuits Ltd* [1971] Irish Reports

²⁹ Judgment of 24.04.2002 (III) with respect to the ACUPREL - AQUAPRED trademarks.

³⁰ ECJ 12.11.2002, C-206/2001 para. 57

referring to Arsenal FC by an independent salesman (freelancer) from several stalls located outside the grounds of Arsenal Football Club. In the latter case, it was found that, even though these consumers would not conclude that these were supplied by Arsenal FC as trademark proprietor, the use, however, of a sign identical to the trademark was liable to jeopardize the origin function of the mark, by reason of the impression that there is a material link in the course of trade between the goods concerned and the trade mark proprietor.

Conclusion

The above considerations evidence that the origin function is not an adequate criterion in determining the protection scope granted by law to trademarks, since it points out that the only way to take advantage of a trademark's repute and appeal is by creating confusion as to the origin of the product thereby distinguished. However, new forms of trademark infringement have evolved in modern trade, which points out that it is the consumers' attitude and perception that should be used as a reliable tool/criterion in order to strike a balance between freedom of competition and protection of absolute rights on trademarks and distinctive marks. The consumers' attitude and perception is already used under law of advertising in order to determine whether an advertisement is unfair or misleading. According to such criterion, any practice destined to influence the attitude of consumers by taking advantage of the reputation or market recognition of trademarks owned by other parties, as well as any conduct, which falsifies or disturbs the communication effected through a trademark between a brand-owner and consumers, should be regarded as a trademark infringement and should trigger application of the legal framework aimed at protecting trademarks.