Likehood of confusion in composite trademarks: a tale of alcoholic deer

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not correctly taken a global assessment of the signs when determining similarity.

Distinctive elements of the marks
The Board considered that Kahru's mark was made up of the word 'sport' and a 'device of two dynamic curved brushstrokes bending toward each other in the middle without touching.' This was deemed to be the distinctive element of the mark. The presence of a common element 'sport' did not render the marks conceptually or phonetically similar, because of the weak distinctive character of the mark. Following the decision in Case T-485/10 MIP Metro v OHIM, 17 October 2012, the Board considered that, where elements have a weak distinctive character, they are not regarded generally by the public as being dominant in the overall impression of the mark.

KSE contended that, while 'sport' is a basic English word, understood by the average consumer in the relevant territories, it is not entirely descriptive in all territories and for all the classes of goods. It will always be pronounced and perceived differently by each consumer and, therefore, such differences will contribute to the degree of similarity of the marks. The word 'sport' should not, therefore, have been disregarded as negligible in an assessment of the similarity of the goods. The General Court upheld the Board's decision however, as

The word sport evokes the idea of sportswear or clothing which is sporting in style and is therefore descriptive of those goods [and there is a] sufficiently direct and specific link to them to enable the relevant public immediately to perceive ... a description of the relevant goods in question. The General Court held that KSE was wrong to assert that identity of the words sport/sports adds to any similarity of the marks: that would require a comparison of those words in isolation, and not the marks as a whole.

Phonetic similarity of the marks
Aside from the word ‘sport’, the Board found that the signs differed in all their characteristics, as the figurative element of the mark did not reproduce the typical elements of the letter ‘K’. Since the mark was styled in a particular brushstroke fashion, the Board upheld the OHIM decision at first instance that the element did not resemble a letter of the alphabet at all. Alternatively, where it did, it could easily have been interpreted as the letter ‘X’ or a letter ‘H’.

The General Court found that, as the figurative element did not, prima facie, resemble a letter of the alphabet, it would not be pronounced. Accordingly, Kahru's mark would be pronounced 'sports' and KSE's word mark would be pronounced either 'kei-tu sports' in English or ‘ka-tsvai shports’ in German. This difference in pronunciation meant that, while there was phonetic similarity between the two identical words ('sports'), phonetic similarity of the marks as a whole could not be established on this basis alone. In addition, the General Court found that, in making a global assessment of the signs as a whole, the term 'sport' is a word on its own and cannot be phonetically linked with the consonant, 'K'.

Practical significance
This case provides useful guidance to trade mark proprietors looking to enforce trade marks that contain a figurative, stylized element intended to represent a letter of the alphabet, coupled with a less distinctive word. It may mean that greater thought will be given to choosing typefaces for trade marks that rely heavily on the addition of a stylized letter as the distinctive element of a figurative mark, so the figurative element remains easily distinguishable in its alphabetical context.

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» Likelihood of confusion in composite trade marks: a tale of alcoholic deer

Mast Jägermeister Ag v Budapesti Likoripari Kft Buliv and Zwack Unicum Rt, Italian Supreme Court of Cassation, Judgment no 1249, 18 January 2013

The assessment of a composite trade mark's likelihood of confusion must be carried out with reference to the distinctiveness of each and every core element of the sign, and not on the basis of a mere synthetic analysis.

Legal context
According to Articles 12 and 13 of the Italian Industrial Property Code (Legislative Decree No 30 of 10 February 2005), for a mark to be legally protected, it is necessary that it be characterized, among other things, by novelty and distinctiveness. The mark must be such that the consumer can identify the product among others of the same kind present on the market, and that the owner of the later mark does not elicit an unfair advantage from the reputation and distinctiveness of the earlier mark. On a theoretical ground, the assessment of similarity between two composite marks can be conducted either on the basis of the overall impression conveyed by the marks (so-called Prägetheorie) or with reference to specific elements. In practice, this choice is likely to produce very different results.
Facts
The judgment arises out of an appeal filed before the Italian Supreme Court of Cassation by Mast Jägermeister AG (Jägermeister) following the dismissal of its previous action against Budapesti Likoripari KFT (Likoripari) and Zwack Unicum RT (Zwack), the latter on the quality of the trade mark's grantee. Jägermeister sued Likoripari, claiming to be the owner of a composite trade mark portraying a deer's head and asserting that the defendants had registered an international trade mark with similarities to Jaegermeister’s. Jägermeister also challenged the validity of the later mark's registration on the ground of unfair competition.

The defendants stressed the differences between the two trade marks (colours, figurative elements, wording) and the generally common use of pictures of deer on alcoholic beverages.

The action was dismissed both at first instance and on appeal, on the ground that the depiction of a deer’s head was not sufficient to characterize a trade mark because it constituted only one of many elements that form a brand.

In addition, the courts held that the mark lacked the innovativeness and originality required for being granted legal protection.

Jägermeister challenged the appellate decision before the Supreme Court of Cassation, which ruled on the authentic interpretation of the principle set forth by law and remitted the case to a different section of the Court of Appeal for a new decision.

Analysis
In its judgment, the Court of Cassation recognized that the lower courts had correctly qualified the earlier trade mark as ‘strong’, given the fact that the figurative element (a deer’s head with a crucifix between the antlers) was entirely unrelated to the product (a high alcohol content beverage). The Supreme Court then reversed the two earlier decisions because the lower courts had neglected to apply the principle set by its own jurisprudence according to which, in evaluating composite trade marks, the assessment of the likelihood of confusion is to be carried out with regard to the distinctiveness of each and every graphic, phonetic and/or visual element as individually considered, and not on the basis of a global analysis.

This last doctrine, reaffirmed by the Court of Justice of the European Union (see Case T-586/10 Aktieselskabet af 21. november 2001 v OHIM and Parfums Givenchy, 8 December 2011 and Case C-498/07 P Aceites del Sur-Coosur v Kojpe and OHIM [2009] ECR I-07371), posits that similarity is to be assessed on the basis of the overall impression conveyed by the marks. It follows that, whenever a common element characterizes a composite mark to the extent that another element is subsidiary to the overall impression, similarity will be found to exist. This is because, on average, the public perceives a mark as a whole and does not focus on its details.

Notwithstanding the fact that the overall impression may be dominated by a single element, it is also possible that a sign has a distinctive role for the earlier mark, without necessarily being the dominant element. In this case, consumers may be led to believe that the two products in which the marks are incorporated refer to the same company, or to two companies with links between them. In this case, the likelihood of confusion must be held to be established.

By contrast, the Italian court drew a distinction between marks whose distinctive character is the result of an overall combination of the elements they incorporate and marks possessing more than one distinctive core. In the latter case, the trade mark is intended to protect both the combination and the individual elements.

Judges have argued that the mark in question, formed by two distinctive core elements autonomously equipped with distinctive attributes (the deer’s head and the denomination), in the case of eventual similarity, should have been evaluated with reference to each of the elements. In particular, the court recognized the existence of the likelihood of confusion between the figurative element and the denomination, denying that (as previously stated by the Court of Appeal) a different denomination in the defendant’s mark could have been considered the ‘decisive and predominant’ element which would prevent consumers from being confused.

Instead, the Court of Cassation argued that no form of hierarchy exists among elements, such as figurative elements which possess a distinctive character that is potentially superior to denominative ones. In this case, whenever the source of one of the elements is likely to be misattributed, the likelihood of confusion extends to the entire sign.

Some brief considerations of a more practical nature follow.

Practical significance
In economic parlance, trade mark protection is tailored by the consumer search cost rationale in order to divert competitors from free-riding on their rivals’ investments. There can be, however, notable details that could engender an imperfect recollection on the buyer’s side, especially when the visual element is logically disconnected from the marketed good. It is certainly the case for an animal coupled with a drink.

The defendants’ trade mark portrayed the head of a deer with a three-lettered goblet between its antlers and had a denominative element. Jägermeister’s also contained a deer, but with a crucifix between the antlers, so the denominative elements were different. Both marks, there-
fore, were characterized by religious iconography with evident reference to an episode narrated in the hagiography of Saint Hubert, the patron saint of hunters. Also, the identity of the goods (alcoholic beverages) contributed to neutralizing the visual differences. For the record, in Italy, another alcoholic drink, Amaro Montania, is also currently being marketed with a mark picturing a deer.

This judgment highlights a discrepancy between the interpretation of national and European law with regard to the assessment of likelihood of confusion in composite trade marks.

Even if this discrepancy were to be mitigated in accordance with the distinction drawn by the court with regard to marks that have a single distinctive core and marks possessing more than one distinctive core, this approach is likely to result in different outcomes when the same circumstance is brought before courts belonging to different jurisdictions. By doing so, it puts a brake on the steady process of harmonization of national laws across Europe. It would therefore be opportune for the authentic interpretation of national courts to be better aligned with European case law and for legal reserves for composite trade marks not to be established beyond the boundaries of legal predictability.

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Copyright

US Supreme Court holds first sale doctrine applicable to works lawfully made abroad

Kirtsaeng v John Wiley & Sons, Inc, 568 US __? (2013), United States Supreme Court, 19 March 2013

By a 6-3 majority and contrary to the previous decision of the US District Court for the Southern District of New York and the Court of Appeal for the Second Circuit, the US Supreme Court held that the first sale doctrine as per 17 USC Section 109(a) applies to copies of a copyright-protected work lawfully made abroad.

Legal context

The exclusive right of the owner of copyright to distribute copies of the copyright work to the public by sale under 17 USC s 106(3) is subject to a series of limitations. Among other things, s 109(a) sets out the first sale doctrine, providing that the owner of a particular copy lawfully made is entitled, without the authority of the copyright owner, to sell that copy. By 17 USC s 602(1)(a), the unauthorized importation into the US of copies of a work that have been acquired abroad infringes the exclusive right of distribution. While in Quality King Distributors, Inc v Lanza Research Int’l, Inc, 523 US 135, the US Supreme Court held that a copyright owner cannot prevent re-importation into the USA of products that it had authorized for export, it remained uncertain whether the first sale doctrine applied to works lawfully produced abroad and then imported into the USA against the express will of the relevant rightholder.

Facts

The respondent, Wiley, published academic textbooks and often assigned the rights to publish, print and sell its English language textbooks abroad to Wiley Asia, its foreign subsidiary. Each copy of a Wiley Asia foreign edition included language making it clear that sale of that copy is possible only in a particular country or geographical region outside the USA.

Petitioner Supap Kirtsaeng is a Thai citizen who moved to the USA to pursue his mathematics studies there. During his time as a student in the USA, Kirtsaeng asked his friends and family in Thailand to buy copies of foreign-division English language textbooks at Thai book shops, where they sold at low prices, and mail them to him in the USA, where he would eventually sell them.

In 2008 Wiley brought a federal lawsuit against Kirtsaeng claiming copyright infringement under ss 106(3) and 602(1)(a). Kirtsaeng replied that the books he had acquired were ‘lawfully made’, that he had acquired them legitimately and that the first sale doctrine permitted him to resell or otherwise dispose of the books without the copyright owner’s further permission.

Both the District Court and the Second Circuit held that Kirtsaeng could not invoke the first sale doctrine, as this did not apply to foreign-manufactured goods (even if made abroad with the copyright owner’s permission).

Analysis

Justice Breyer delivered the Opinion of the court. He highlighted at the outset that, while s 106 grants ‘the owner of copyright under this title’ certain ‘exclusive rights’, these rights are qualified by the application of various limitations set forth in the next several sections of the Copyright Act, including s 109(a)’s first sale doctrine.

In Quality King, the Supreme Court held that s 602(a)(1)’s reference to s 106(3)’s exclusive distribution right incorporates the later subsections’ limitations, including, in particular, the first sale doctrine. It might thus seem that, s 602(a)(1) notwithstanding, one who buys a copy abroad can freely import that copy into the USA and dispose of it, just as he could had he bought the copy in the USA. This what the US Supreme Court held in.