

Question Q214

National Group: ESTONIA

Title: Protection against the dilution of a trade mark

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Questions

I. Analysis of current law and case law

The Groups are invited to answer the following questions under their national laws:

1. Do the laws of your country provide for protection against dilution of a trademark? If so, which laws?

Yes, the Estonian Trademark Act provides the protection against the dilution of a trademark.

2. Is there a legal definition of dilution in your legislation or case law?

Article 10(1)(3) of Trademark Act states that the legal protection shall not be granted to a trademark which is identical or similar to an earlier registered trademark or a trademark which has been filed for registration or to a trademark which is known to the majority of the Estonian population and which has been granted legal protection for different kinds of goods or services, if the use of the later trademark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trademark, and where the distinctive character or repute of the earlier mark was acquired by the application date or the priority date of the later trademark.

3.1. Which trademarks are afforded protection against dilution? What are the eligibility criteria? (Please only briefly list the eligibility criteria here; more detailed explanations will be required below).

Protection against the dilution is afforded for the earlier registered trademarks or trademark applications (applications provide only the rights to prevent the registration of later mark, not the use) for different kinds of goods or services, or well-known marks for different kinds of goods or services or, according to the ECJ case law, to the identical or similar goods or services (C-292/00 Davidoff case). As such, not only the well-known marks are protected against the dilution according to the Estonian legislation (see also point 2 above).

However, as in most cases the dilution concerns the well-known marks, the further answers are provided from the perspective of well-known marks.

The eligibility criteria are:

- the earlier mark must enjoy a reputation in Estonia,
- the earlier mark must be identical with, or similar to, the earlier mark,
- the use of the later sign must be capable of taking an unfair advantage, or of being detrimental to, the repute or the distinctiveness of the earlier mark,
- such use must be without due cause.

3.2. To be eligible for protection against dilution, does a mark need to be distinctive? If so, does the protection depend upon the mark being inherently distinctive or are marks that have acquired distinctiveness through use also protected?

In general terms, the mark has to be distinctive in order to fulfill its trademark function and to acquire protection based on Trademark Act. >From the other side, the marks with low distinctive character or acquired distinctiveness though use may have acquired the well-known trademark status (e.g. Industrial Property Board of Appeal decision No. 1045-o *EESTI PAGAR*). However, the level of distinctiveness may be in correlation with the scope of protection of the mark (i.e. marks with higher distinctive character may attain wider protection) (Industrial Property Board of Appeal decision No. 991-o *VELO EXPRESS*).

3.3.1 To be eligible for protection against dilution, does a mark need to have a reputation or be well-known or famous? If so, when does a mark have a reputation, when is it well-known or when is it famous? Are the factors mentioned in paragraph 15 and 22 above relevant for determining whether a mark has a reputation, is well known or famous? For what point in time does this have to be assessed?

Not only the well-known marks are protected against the dilution (see point 3.1 above). But considering the well-known marks, the relevant provision of the Estonian Trademark Act constitutes that the mark shall be known to the majority of the Estonian population. However, the general term „well-known mark“ is used in practice without making the difference whether the mark has a reputation or is famous. And while determining the well-known status of the mark, the Estonian Trademark Act (Article 7) follows the specific criteria provided in the 1999 WIPO Recommendations concerning the protection of well-known marks (as mentioned in paragraph 15 above).

The assessment of the well-known mark shall be made on the application date or the priority date of the later trademark, or the start of use of the later trademark.

3.3.2 For a mark to have a reputation or to be considered well known or famous, must it meet a certain knowledge or recognition threshold? If so, what is that threshold? What percentage of population awareness is required? How widespread must the awareness be across the country? If a mark is well known

or famous in one country, what effect, if any, does this have with regard to other countries?

No specific threshold exists for recognition of the mark being well-known in Estonia. Article 7(3) of Trademark Act provides the non-exhaustive list of factors, which shall be taken into consideration while recognizing the mark being well-known in Estonia:

- the degree of knowledge of the trademark in Estonia in the sector of actual and potential consumers of goods analogous to the goods or services to which the trademark applies, the sector of persons involved in channels of distribution of such goods or services or in business circles dealing with such goods or services;
- the duration and extent of the use and promotion of the mark and geographical area of the use of the mark;
- the registration, use and knowledge of the mark in other countries;
- the value associated with the mark.

A trademark shall be recognized as being well known if the trademark is known to the majority of persons in at least one of the sectors specified hereinabove.

Also no degree in percentage terms exists regarding the awareness of the mark among population. The trademark is assessed in each case separately taking into consideration all the aspects and facts of the case. The court has held that the trademark shall not be known to the majority of the population, but it is regarded sufficient, if it is well known in at least one of the relevant sector of public (Tallinn Circuit Court decision in case 2-07-52916 *CHILL OUT*). The well-knownness of the mark in other countries may play a role as one of the factors in recognizing the well-knownness of the mark.

3.3.3 What is the relevant population in determining the knowledge, recognition or fame of the mark, the general public at large or the relevant sector of public? Is recognition or fame in a limited product market (“niche market”) sufficient?

As mentioned in the previous point, the recognition of the mark in the relevant sector of public shall be regarded enough to prove the well-known status of the mark, the latter playing the decisive role in practice. As such, the recognition of the trademark by majority of at least of one relevant sectors of public, even though concerning the limited product market, shall be regarded sufficient.

3.4. To be eligible for protection against dilution, is it required that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in the country where protection is being sought?

No.

3.5. Are there any other criteria a mark must comply with to be eligible for protection against dilution?

No.

3.6. Is eligibility for protection against dilution a matter of law or an issue of fact? Who bears the burden of proof regarding the eligibility criteria? How does one prove that a mark meets the eligibility criteria? Are sales and advertising figures sufficient or is survey evidence required? Which evidential standard must this proof satisfy?

It may be stated that, from one side, the eligibility for protection against dilution is a matter of law, and on the other hand, it is an issue of fact.

The trademark may be recognized being well-known in three instances:

- by the Estonian Patent Office (in connection with the registration procedure of the trademark or other marks),
- by the Industrial Property Board of Appeal (BoA) (in connection with the adjudication of an appeal against the Patent Office's decision or an application concerning contestation of the legal protection of the trademark), or
- by the court (in connection with an action or appeal concerning the legal protection of the trademark). A court shall recognize a trademark as being well known at the request of the trademark owner.

The cases are mainly decided by BoA and the court.

Our courts have expressed the position that the assessment of the similarity over the comparable marks concerns the legal assessment, which is under the discretion of the court (Tallinn Circuit Court Decision in case 2-07-52916 *CHILL OUT*; Harju County Court decision in case 2-08-28868 *SWEDBANK*), and as such, no evidences of proof shall be submitted in this respect. However, the other aspects of eligibility for protection against the dilution shall be proved by the claimant, i.e. by the person requesting to recognize the mark being well-known in Estonia.

No specific standard exists towards the evidences concerned. Any evidences proving the factors as specified in point 3.3.2 above would increase the chances of success for recognizing the mark being well-known, depending on facts and circumstances of each case.

And no other standards exist towards the other eligibility criteria, any evidences to prove the detriment increase the chances of success.

3.7. Is there any registry of eligible marks in your country? If so, what is the evidentiary value of registration? Can it be challenged in litigation?

No.

4. Does your law require the existence of a 'mental association' or 'link' between the earlier trademark and the later trademark? If so, in which circumstances does a 'mental association' or 'link' between the earlier trademark and the later trademark exist? Are the factors mentioned in paragraph 27 and 28 above relevant for assessing the existence of such a 'mental association' or 'link'? Are there other factors to take into account? Is the assessment of a link a question of fact (so something that can be established by market surveys), or is

it a question of law to be established by the courts or authorities on the basis of such factors?

Our Trademark Act does not regulate the issue of existence of a “mental association” or “link between the earlier trademark and the later trademark, the specific provision of Trademark Act merely refers to the identity or similarity between the comparable marks. However, the decisions and expressed positions of ECJ should be taken into account while deciding over the issue. As such, the factors as specified in paragraph 27 above shall be relevant. The assessment of a link between those marks is specifically under the discretion of the court that should be based on such factors.

5. Does such ‘mental association’ or ‘link’ between the earlier trademark and the later trademark automatically result in detriment to the earlier trademark’s repute or distinctive character? Or does detriment have to be proved over and above the existence of a ‘mental association’ or ‘link’?

It seems that the question depends on the case and the instance, which decides over the matter, at which it may be stated that the practice is not so consistent (some case law exists, but not so numerous). No certain standards have been developed yet. Although it seems that firstly the BoA or court makes the assessment on the identity or similarity between the marks (at which assessing the likelihood of confusion - e.g. Harju County Court decision in case 2-08-28868 *SWEDBANK* -, which is not in conformity with the ECJ standards in its direct sense), and if the identity or similarity has been ascertained, checks the other grounds and submitted evidences, firstly, whether the evidences to prove the well-knownness of the mark are sufficient and the mark can be recognized well-known. It may be concluded that the detriment has to be shown and/or proved over and above the existence of a “mental association” or “link”.

Nevertheless, in some cases and obviously depending on the strength of the earlier mark’s reputation, the detriment has been presumed without the further approval (e.g. BoA decision No. 1077-o *TIFFANY*, Harju County Court decision in case 2-05-19775 *VOLTA*), which confirms the aspect that the detriment to the earlier trademark’s repute or distinctive character could be automatically proved.

6. Are the same factors taken into consideration to assess the existence of detriment as those already discussed for the link? Are there additional ones?

No further specific comments in this respect.

7. Must actual dilution be proved or is a showing of likelihood of dilution sufficient? Whose burden of proof is it? How does one prove dilution or likelihood of dilution? Does detriment require evidence of a change in the economic behaviour of the average consumer or that such change in behaviour is likely? If so, what is a change in the economic behaviour of the average consumer? Is reduced willingness to buy goods sold under the earlier mark a change in the economic behaviour? How do you prove a change in the

economic behaviour of the average consumer or likelihood of such change in behaviour?

Following the wording of the relevant provision of the Trademark Act (see point 2 above), it shall be regarded sufficient to show the likelihood of dilution. The court has expressed the fact *expressis verbis* (see Harju County Court decision in case 2-05-19775 *VOLTA*, p. 70). The burden of proof lies on the owner of the earlier mark basing the arguments on the well-knownness of the earlier mark.

While proving the issue, the ECJ case law may be taken into the consideration in this respect. The owner must show and/or prove that there is a risk that such dilution exists or may occur in the future.

No case law exists taking into account or showing the change in the economic behaviour of the consumer.

8. What is the extent of protection afforded to marks which are eligible for dilution protection? May the owner of the earlier trademark object

- **to the registration of a later trademark?** Yes.
- **to the actual use of a later trademark?** Yes.
- **in respect of dissimilar goods only or also in respect of similar goods?** Yes.

9. What are the legal remedies? May the owner of the earlier trademark file an opposition and/or a cancellation action? May he ask for injunctive relief or preliminary injunctive relief? Does your trademark office refuse the registration of a later trademark on grounds of likelihood of dilution?

The legal remedies include:

- termination of the offence;
- compensation for patrimonial damage caused intentionally or due to negligence, including loss of profit and moral damage;
- destruction unlawfully designated goods and objects solely or almost solely used or intended to commit the offence which are in the ownership or possession of the offender if it is not possible or expedient to eliminate the unlawful nature of the goods or objects in another manner;
- claim for information concerning the origin, the manner and channels of distribution and the amount of unlawfully designated goods, including the names and addresses of the manufacturer, supplier, previous proprietors and resellers of such goods.

The owner of the earlier trademark may file an opposition with the BoA within two months of the publication of the registration decision in the official Trademark Gazette challenging the registration of the later mark, and/or may file the cancellation action with the civil court. He may request the injunctive relief or preliminary injunctive relief.

Since our trademark office takes into consideration only the registered trademark rights while conducting the examination of a mark on the relative grounds of refusal, our trademark office

refuses from the registration of a later trademark on the grounds of likelihood of confusion, instead of likelihood of dilution. The trademark office is not obliged to follow the third party arguments and/or evidences during the ex officio examination, thus, the likelihood of dilution issue may be out of the question during the ex officio examination.

II. Proposals for adoption of uniform rules

The Groups are invited to put forward proposals for adoption of uniform rules with a view to protecting trademarks against dilution. More specifically, the Groups are invited to answer the following questions:

1. Which trademarks should be eligible for protection against dilution? What should the eligibility criteria be? Should recognition or fame in a limited product market (“niche market”) be sufficient?

The trademarks acquired the well-known status in any of the relevant sectors of public, including in a limited product market, irrespective of whether the mark is registered or not and in respect of similar or dissimilar goods and/or services should be eligible for protection against the dilution. The assessment shall be based taking into the consideration the level of recognition and repute of the mark on the market. Such a reputation and recognition of the mark is not an overnight issue, it requires considerable amount of investments and expenditure of resources. It should be acceptable by the society to provide as wide protection to these acquired rights as possible. We believe the ECJ has gone in some way too far in INTEL case (C-252/07) requesting to provide evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future.

At which the question how to prove the serious likelihood in the change of economic behaviour based on the current data and evidences is a complicated issue.

The brand owners should be able to prove the detriment with other factors, as well. For instance, with the diminished sales figures, or with other party’s increasing sales figures (in cases where appropriate). Also the question raises which shall be the level of detriment suffered and proved in order to be eligible under the provisions of law.

The eligibility criteria could remain the same as already enforced, but the practice should change. Alternatively, the issue as outlined in point 4 below should be regarded sufficient factor, especially depending on the degree of recognition of the earlier mark on the market.

2. Should it be a criteria for being eligible for dilution protection that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in the country?

For being eligible for dilution protection, the protection should still apply in respect of well-known marks. And for recognizing the mark being well-known, the precondition would be the use of the mark either in Estonia or in other countries where the mark has acquired the well-

known status (depending on the case). Such a protection should not require the registration of the mark or filing the application for registration of the mark.

3. Should there be a registry of eligible marks? If so, what should the evidentiary value of registration be? Should it be possible to challenge it in litigation?

No registry is relevant, since the well-knownness of the mark is changing factor in time. The well-knownness of the mark is basically proved at the point in time when the registry entry is made, which shall not be relevant factor in the later disputes (e.g. loss of well-known recognition of the mark).

4. Should the existence of a 'mental association' or 'link' between the earlier trademark and the later trademark be an independent requirement for a trademark dilution claim?

If considering the factors as outlined in INTEL case of ECJ (C-252/07) (see paragraph 27 above), the existence of a "mental association" or "link" could be regarded an independent requirement for establishing the dilution.

5. Should detriment to the distinctive character or reputation of the earlier mark require evidence of a change in the economic behaviour of the average consumer or that such change in behaviour is likely?

No. It could be regarded as an alternative measure, but not the primary and only one.

6. What should the remedies be for dilution of a mark?

Same as for registered marks (the Estonian legislation does not grant the rights for trademark applications) (see also point 9 above outlining those remedies).

SUMMARY

Dilution protection shall be afforded to well-known marks, and it is irrelevant if the mark has acquired well-known status in just one relevant public sector or on a wider scale, and it is also irrelevant whether the mark is registered or not, either in respect of similar or dissimilar goods/services concerned. As a first step, the assessment and applicable protection shall take into consideration the market level of recognition and repute of the mark. The “mental association” or “link” between the earlier trademark and the later trademark could be regarded as an independent requirement for a trademark dilution claim (as a minimum standard at least in certain cases).

While preserving the same eligibility criteria as already enforced, the practice should change as regards proving that the use of the later trademark without due cause would be detrimental to the distinctive character or the repute of the earlier trademark. The evidential standard should take into consideration the different factors, inter alia, of the diminished sales of the earlier trademark owner or increased sales of the owner of the later mark (where appropriate). However, the question of the level of detriment suffered and to be proved remains unsolved.

The remedies for the dilution of a mark shall be similar to those as provided to other protectable marks under national legislation. No registry of well-known marks is necessary, since how well known a mark is, is a changing factor in time where the registry entry reveals information at the point of time of recordation and may not be regarded as a relevant factor in any later disputes (e.g. the loss of the well-known status of the mark).

RÉSUMÉ

La protection contre la dilution doit être accordée aux marques de notoriété publique, ce n'est pas important si la marque a acquis son statut de notoriété publique uniquement dans un secteur public pertinent ou sur une échelle plus large, et ce n'est pas important si la marque est déposée ou non, ou bien que ce soit à l'égard de marchandises / biens concernés semblables ou dissemblables. Comme première étape, l'évaluation et la protection applicable doivent prendre en compte le niveau de reconnaissance et la réputation de la marque sur le marché. L'« association mentale » ou « lien » entre la marque déposée antérieure et la marque déposée ultérieure pourrait être considéré comme une exigence indépendante pour une réclamation de dilution de marque déposée (comme un standard minimum au moins dans certains cas).

Tout en préservant les mêmes critères d'éligibilité comme déjà appliqués, la pratique devrait changer en ce qui concerne toute preuve de préjudice à la réputation ou caractère distinctif de la marque déposée antérieure. La norme probante devrait prendre en considération les différents facteurs, inter alia, la diminution des ventes du titulaire de la marque déposée antérieure ou l'augmentation des ventes du titulaire d'une marque déposée ultérieure (le cas échéant). Cependant, la question du niveau du préjudice souffert et à être prouvé reste non résolue.

Les remèdes à la dilution d'une marque doivent être similaires à ceux fournis aux autres marques pouvant être protégées en vertu de la législation nationale. Aucun registre de marques de notoriété publique n'est nécessaire, car la notoriété publique est un facteur changeant dans le temps alors que l'inscription du registre révèle une information à l'instant de l'enregistrement et ne peut pas être considéré comme un facteur pertinent pour des litiges ultérieurs (p. ex. perte de notoriété publique de la marque).

ZUSAMMENFASSUNG

Für bekannte Markenzeichen wird ein Verwässerungsschutz angewendet. Dabei ist es irrelevant, ob sich das Markenzeichen den bekannten Status in nur einem relevanten öffentlichen Sektor oder in großem Umfang erworben hat. Weiterhin ist es auch irrelevant, ob das Markenzeichen registriert ist oder nicht, sowohl betreffend ähnlicher oder verschiedener Produkte/Dienstleistungen. Als erstes werden die Begutachtung und der anwendbare Schutz den Grad der Anerkennung auf dem Markt und den Ruf des Markenzeichens in Betracht ziehen. Die "mentale Assoziation" oder "der Link" zwischen dem früheren und dem späteren Markenzeichen könnte als unabhängiges Erfordernis für einen Markenzeichen-Verwässerungsanspruch angesehen werden (zumindest als ein Mindeststandard in bestimmten Fällen).

Während die bereits in Anwendung befindlichen Auswahlkriterien erhalten bleiben, sollte die Praxis hinsichtlich eines jeden bewiesenen Falles, der für den Ruf und den speziellen Charakter des früheren Markenzeichens schädlich ist, verändert werden. Der Standard für Beweise sollte verschiedene Faktoren in Betracht ziehen, unter anderem die verringerten Verkäufe des Inhabers des früheren Markenzeichens, oder die höheren Verkäufe des Inhabers des nachfolgenden Markenzeichens (soweit dies zutrifft). Allerdings bleibt das Ausmaß des erlittenen Schadens und der entsprechenden Beweise ungelöst.

Die Rechtsmittel für die Verwässerung eines Markenzeichens werden ähnlich sein wie diejenigen, die im Rahmen der nationalen Gesetzgebung für andere geschützte Markenzeichen gelten. Die Registrierung bekannter Markenzeichen ist nicht notwendig, weil der Bekanntheitsgrad eines Markenzeichens im Laufe der Zeit ein veränderlicher Faktor ist. Information, die zum Zeitpunkt der Registrierung festgehalten wurde, kann sehr wohl später im Streitfall als nicht relevant angesehen werden (z.B. der Verlust des Bekanntheitsgrades eines Markenzeichens).