

## Question Q214

**National Group:** Finland

**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.

According to Trademarks Act No. 7 of January 10, 1964, paragraph 1 of section 6:

“Trade symbols shall be regarded under this Act as liable to cause confusion only if they apply to identical or similar goods.”

According to paragraph 2 of section 6:

“[When assessing] the confusability of two trade symbols [that assessment] may be done, notwithstanding paragraph 1 of section 6, in favour of a trade symbol that has a reputation in Finland, if use of that other similar trade symbol is without due cause and takes unfair advantage of the distinctive character and reputation of the earlier symbol or if it is detrimental to the distinctive character or reputation of the earlier symbol.”

This section is based on EU trademark directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks.

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

No, neither the Finnish legislation nor the case law contains a specific legal definition of dilution. Dilution is understood as detriment to the distinctive character of the earlier mark that has reputation in Finland. Such detriment is caused when the earlier mark's ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened. The use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is notably the case when the earlier mark, which used to arouse immediate association with the goods and services for which it is registered, is no longer capable of doing so.

- 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).*

Reputation i.e. recognition by a significant part of the relevant public is required.

Trademarks that are widely recognized by the general public are typically eligible for the protection. Marks that have reputation in a niche market only are also eligible for the protection on the condition that a significant part of the relevant sector of the public recognizes them.

- 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?*

Yes, distinctiveness is a requirement. Protection does not depend on the inherent distinctiveness; a mark that has acquired distinctiveness through use is equally eligible for protection against dilution.

- 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?*

Yes. According to Section 6, paragraph 2 of the Finnish Trademark Act a mark needs to have a reputation in order to be protected against dilution.

The mark does not have to be well-known or famous or recognized by the general public. It is sufficient that it has reputation among significant part of the relevant sector of the public.

The factors mentioned in paragraph 15 of the AIPPI working guidelines are relevant.

According to the case law of the Court of Justice of the European Union those factors must be taken into account. Factors mentioned in paragraph 22 are also relevant although the mark must not be recognized by the general public and reputation in substantial part of a member state is sufficient.

There is some uncertainty in the area related to the fourth question but there is consensus that in opposition proceedings it is the date of the application the later mark that is opposed. It is the opinion of the Finnish AIPPI group that in infringement cases it is the first date of the alleged infringement although there is no clear legislation or case law in this matter.

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, a mark does not need to meet a specified level of recognition to be considered having a reputation. The Finnish law does not provide for a certain percentage or other recognition threshold. The decision on whether a mark has a reputation is based on an overall assessment taking into account all factors relevant to the circumstances of the case, including the level of recognition among the relevant sector of the public.

As regards the geographical extent of recognition, the Finnish law does not contain specific provisions on such extent of recognition or extent of use as a condition for establishing whether a mark has a reputation.

However, although no specific provisions on the degree or extent of recognition exist, the Finnish law must be construed in accordance with the relevant provisions of the Trade Marks Directive. Under the CJ case law (e.g. *General Motors v Yplon*, C-375/97), in order to have a reputation within the meaning of Article 5(2) of the Trade Marks Directive, a mark must be known by a significant part of the public concerned by the products or services which it covers.

Territorially, according to the CJ, a mark cannot be required to have a reputation throughout the territory of a state, and the territorial condition is deemed fulfilled when the mark has a reputation in substantial part of the territory of a state. The CJ has also clarified, given the customary meaning of the words, that a city and its surroundings would generally not be understood as constituting substantial part of a state.

In practice, the National Board of Patents and Registration has considered the trademark ALEPA having a reputation in Finland although the mark is used in Helsinki and its surroundings alone. ALEPA was listed as a mark having reputation in Finland (see paragraph 3.7. below). This may be due to the fact that the mark has a very high

level of recognition among the general public in the greater-Helsinki area which represents almost a quarter of the total Finnish population.

The reputation of a mark outside Finland in itself cannot be considered conclusive as to whether the mark has a reputation in Finland. However, reputation outside Finland may be taken into account as an indicator of the mark's reputation also among the relevant sector of the public in Finland.

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?*

The relevant public is not the general public, but the relevant sector of the public.

In general there are no obstacles for recognition or fame in a limited, narrower sector of the relevant public.

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?*

In principle no, only reputation is required.

Generally use in Finland is, however, needed to acquire sufficient level of reputation. Foreign use is irrelevant unless it has resulted in brand recognition among the relevant sector of the Finnish public. Under the Finnish Trademarks Act unregistered trademarks with reputation enjoy equivalent rights in Finland.

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

Under national law there are no other criteria.

According to the The CJ's Intel judgment there must be evidence or arguments regarding the actual change in the average consumer's economic behaviour or serious risk of the same.

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 is primarily an issue of fact.

The burden of proof lies on the owner of the mark with a reputation.

According to Finnish Code of Judicial Procedure a principle of free reception of evidence is applied. A court may freely consider the evidentiary value of each piece of evidence.

All relevant factors including sales figures and marketing material, the market share, the marketing costs, how intensively and long the mark has been used, and the geographical extension of use are taken into account when assessing whether a mark has a reputation. Other possible ways to prove that a mark has a reputation are reports over the value of the mark, statements from commercial chambers, annual company reports and possible court rulings regarding the reputation of the mark.

Sales volume and turnover may also form a part of the proof. When assessing these details, the National Board of Patents and Registration of Finland takes into account the size of the market and the nature of the goods. According to the NBPR trademark owner must submit details of the size of the relevant market to able the Office to compare and analyze the sales figures.

The list of factors above is by no means exhaustive.

It is up to the owner of the mark to prove that the mark has reputation, and this is often done by using market surveys. According to the Finnish Supreme Court's decision 2010:12 a market survey alone may be sufficient to prove reputation.

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?*

In 2007, the National Board of Patents and Registration of Finland ("NBPR") decided to establish a list (database) into which trademarks with a reputation in Finland can be entered on application. The list was realized within the framework of current legislation and no new law was introduced.

The purpose of the list is to increase awareness of trademarks with a reputation and thus prevent conflicts. As the registration authority's decisions about the list are an additional information service, they are not decisions that have legal effect.

The list serves commerce and industry, agents and all other stakeholders that need information on marks with reputation.

If the NBPR, while processing a trademark application, finds a confusingly similar mark in the list, this fact will be notified to both the person who filed the trademark application and the owner of the earlier trademark with a reputation. They are both notified regardless of the class(es) in which the mark is sought to be registered.

However it is up to the owner of the earlier trademark with a reputation to decide whether to file an opposition against a later registered trademark.

A condition for entry in the list is that the trademark has a reputation in Finland. The relevant sector of the public in which the mark has reputation will also be listed and if needed, specified to cover a more limited sector of the public than the general public. The NBPR can, at applicant's request, alter pending application for example so that the target group is broadened or reduced, or goods or services are added or removed.

The applicant must pay the application fee.

Should the NBPR find that the mark cannot be entered in the list, this decision cannot be appealed. If the mark is admitted to the list, the NBPR sends the applicant a notification of such entry and asks him to pay an entry fee of 800 euros. The NBPR also notifies the applicant of the entry and sends him an extract from the list.

An entry in the list will remain in force for five years from the date of entry. The listing can be renewed for a further period of five years by filing a new application with the NBPR.

In the renewal process, the trademark owner has to submit proof of the reputation of the mark in the same way as in the application process. However, when renewing an entry, the proof may be lesser, depending on the case.

The applicant can also alter the entry in the renewal process: for example the target group can be broadened or new goods or services can be added. The reason for this is that the fees and processing of a renewal application do not differ from the processing of a completely new application.

Anyone may request removal of an entry from the list, if a mark has been entered contrary to the conditions in Section 6(2) of the Finnish Trademarks Act, or if the reputation of a mark no longer meets the conditions in that provision. The party who wishes to have the mark removed has to send a request to the NBPR with the details of the mark and the reasons why it should be removed. He or she must also pay a fee of 500 euros for the request. A partial removal is also possible.

If the NBPR does not admit a trademark to the list, or removes a trademark already entered in the list, the owner of the right may request a re-examination from the NBPR. A new application may be successful if there has been a change in the circumstances or if new material is submitted to the NBPR together with a new application etc.

No appeal can be filed. The decision to allow entry to the list can also be challenged in a court but is likely that the listing holds strong evidentiary value.

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?*

Yes, according to the Finnish case law there must be a link. The factors in paragraph 27 are highly relevant. The sufficient link may not exist if the similarity arises from non-distinctive elements or elements with low distinctive character. Unique words are more likely to be protected than words that are part of the common vocabulary.

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'?*

There is no Finnish case law on this issue.

According to the CJ a mental association will not automatically result in detriment of the earlier mark's repute or distinctive character as said in paragraph 3.5. above. It remains to be seen how this standard is applied by the Finnish courts.

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?*

There is no Finnish case law on this issue.

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?*

There is no settled Finnish case law or legislation on this issue.

In the Intel case (C-252/07) the CJ held that the owner of the earlier mark should prove that actual damage has taken place or at least that there is a serious risk of dilution.

According to one Finnish District Court case there was a serious risk that a reputed mark HAKKAPELIITTA for tires would be diluted due use of the same mark for navigation systems. According to the court some customers familiar with the earlier mark had enquired the plaintiff company whether the owner of the HAKKAPELIITTA mark had begun to market navigation systems. In the Court's opinion this proved that the earlier mark would lose its distinctiveness if the later use would continue.

However in the opinion of the group it remains unclear whether such evidence relates to actual confusion and taking unfair advantage of the reputation of the earlier mark rather than to dilution (see also chapter II, paragraph 5 below).

The burden of proof is carried by the party who claims that the use of a later trademark will likely cause detriment to the earlier trademark with a reputation.

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, the owner may file an opposition once the trademark office has registered the mark or an invalidation claim to the District Court of Helsinki.
- *to the actual use of a later trademark?*
  - Yes, a claim of injunction may be filed to the District Court of Helsinki.
- *in respect of dissimilar goods only or also in respect of similar goods?*
  - Yes, the proprietor of the earlier mark may oppose use/registration for similar and dissimilar goods.

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 owner of the earlier mark which has a reputation may oppose the use of a later mark by applying for preliminary injunctive relief in a court of law or injunctive relief in the District Court of Helsinki. In practice, courts have not often granted preliminary injunctive relief on grounds of trademark dilution, in particular where the case concerns goods or services other than for which the earlier mark is registered or used for.

The owner may also bring action in the District Court of Helsinki for cancelling the registration of a later mark. The owner of the earlier mark may file an opposition with the Finnish trademark office (National Board of Patents and Registration) in order to



revoke the registration of a later mark within two months from the publication of the registration. The registration of a later mark may be revoked even for goods or services other than for which the earlier mark is registered or used for. In the opinion of the Finnish AIPPI Group, following the CJ's case law on dilution the Finnish trademark office may revoke the registration of the later mark on grounds of actual dilution or serious likelihood of dilution.

## 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?*

In the opinion of the Finnish AIPPI group reputation in the relevant sector of the public should be required.

However, reputation in a very limited "niche market", for example, companies buying oil drilling platforms, may not be sufficient.

In circumstances where the relevant sector of the public is limited the awareness of the mark and its geographical extension ought to be substantially greater than in cases where the relevant sector of the public is very broad and consists, for example, of consumers of food.

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?*

No, use or registration should not be a requirement. Foreign use or reputation may be relevant if the foreign use increases the Finnish awareness of the mark through media, for example. Unregistered marks should enjoy equal rights compared to registered rights.

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?*

There is a Finnish list (not a formal registry) into which trademarks with reputation can be entered on application. The list is maintained by the National Board of Patents and Registration of Finland (NBPR). It holds evidentiary value. However the NBPR's

decision to allow entry on the list can be challenged in court. It is also the opinion of the group that it should be possible to challenge in court.

In the opinion of the group there is no need for establishing a formal registry of marks with reputation and decisions to allow entry to a list/informal registry should be possible to challenge in courts.

The absence of a trademark from such a list or registry should never be an indication that a mark does not have sufficient reputation. All trademark owners should be treated equally and listed marks should not enjoy any advantage over non-listed marks.

In the opinion of the group the listing does not indicate whether there is a link between two marks or whether actual or likelihood of dilution has occurred.

However the listing usually holds strong evidentiary value that the mark in question has a sufficient reputation in the relevant territory and the relevant sector of the public.

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?*

Yes, the marks have to be identical or similar and there must be a link between the earlier and later trademark.

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?*

In the opinion of the group trademark owners should be able to prohibit detrimental use before actual damage has occurred. It may take a long period of time before actual detriment occurs following the entry of identical or similar marks to the marketplace. It is important to be able to act before this materializes.

It is the opinion of the group that there is no need for concept such as a change in consumer behaviour.

Trade mark dilution refers to change in consumer perception instead of consumer behaviour. This is the case, for example, if the earlier mark does no longer immediately and automatically bring to mind the earlier mark with reputation.

Dilution refers to a situation where consumer perception of an earlier brand may change as a result of the registration or use of the later trademark. The perception of the later mark may disperse and lessen the earlier mark's identity, distinctiveness, 'brand appeal', selling power and advertising value.

A plausible argument could concentrate on the fact that the mark has achieved a strong brand identity in respect of a particular class of goods or services, and that this identity will suffer as a result of the use of the later mark.

If HAKKAPELIITTA that has significant reputation for tires would be used for razors by an unauthorized third party, the earlier trademark's identity would suffer due such use. Later use would mean that HAKKAPELIITTA no more identifies a single exclusive source as it once did. The public perceives two identical marks originating from two different companies.

In the opinion of the group arguments or evidence regarding other sort of changes in consumer behaviour are not relevant as the concept of dilution relates to detriment to the earlier mark itself and not to consumer behaviour or purchasing decisions as such.

Those sorts of changes may refer to confusion or increasing competition in the relevant market and not to the concept of dilution. As existence of confusion is not required for protection against dilution, there are no proper reasons when assessing the detriment to the distinctiveness of the earlier mark to require evidence of such. There can be detriment to the earlier mark even without any confusion between the earlier and later trademark.

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

Successful plaintiffs should be entitled to injunctive relief against further infringing or diluting use of the trademark. Monetary relief should also be available, including: defendant's lost profits, other possible damage to the earlier mark's advertising value and the legal costs of the action.

### **Summary**

The Finnish AIPPI Group notes that under the Finnish trademark law trademarks with reputation are protected against dilution. Also unregistered marks with reputation are protected against dilution. According to Finnish case law the existence of a link between the earlier and later marks is required. However there is no case law regarding how detriment to the earlier mark is proved to exist. It is proposed that there is no need for a concept such as a change in consumer behaviour. In the opinion of the group it is important that trademark owners may act before damage to the earlier mark takes place. Trade mark dilution refers to change in consumer perception of the earlier mark i.e. the likelihood of erosion and dispersion of the distinctive character of the earlier mark with reputation.

### **Résumé**

Le Groupe Finlandais de l'AIPPI constate que les marques de haute renommée sont protégées contre la dilution par la loi finlandaise sur les marques. Également, les marques de haute renommée qui ne sont pas enregistrées sont protégées contre la dilution. Selon la jurisprudence finlandaise, l'existence d'un lien entre la marque antérieure et la marque

postérieure est exigée. Pourtant il n'y a pas de jurisprudence concernant la démonstration d'un préjudice subi par la marque antérieure. Il est proposé qu'il n'y a pas de besoin d'une notion telle qu'un changement dans le comportement des consommateurs. Dans l'opinion du Groupe il est important que les propriétaires des marques puissent agir avant qu'un préjudice soit causé à la marque antérieure. La dilution d'une marque se réfère à un changement dans la perception des consommateurs vis-à-vis de la marque antérieure, c'est à dire à la vraisemblance de l'érosion et la dissolution du caractère distinctif de la marque antérieure de haute renommée.

### **Zusammenfassung**

Die finnische Landesgruppe der AIPPI stellt fest, dass berühmte Marken gemäß dem finnischen Markengesetz gegen Verwässerung geschützt sind. Auch nicht-eingetragene berühmte Marken sind gegen Verwässerung geschützt. Nach der finnischen Rechtspraxis muss ein Zusammenhang zwischen der älteren und jüngeren Marke bestehen. Die Rechtspraxis gibt allerdings keinen Aufschluss darüber, wie man den von der älteren Marke erlittenen Schaden beweisen soll. Es wird vorgeschlagen, dass keine Änderung des Verbraucherverhaltens vorausgesetzt wird. Die Landesgruppe hält es für wichtig, dass Markenbesitzer reagieren können, bevor die ältere Marke Schaden erleidet. Verwässerung einer Marke bedeutet eine Veränderung in der Auffassung der Verbraucher in Bezug auf die ältere Marke, d.h. die Wahrscheinlichkeit der Beeinträchtigung (Minderung oder Verlust) der Unterscheidungskraft der besagten berühmten Marke.