

Question Q214

National Group:	German Group
Title:	Protection against the dilution of a trade mark
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Introduction:

The protection against dilution is uniformly governed by the Regulation on the Community Trade Mark¹ as far as the protection of registered Community trade marks is concerned. Accordingly, the protection does not depend on the country of the European Union in which protection is to be enforced. The same applies for the protection of registered national trade marks which is governed by the requirements of the Trade Mark Directive of 1988/2008² (TM Directive); all EU Member States have made use of the option provided in Art. 5 (2) TM Directive. The Member States of the European Union may autonomously determine only the protection enjoyed by unregistered trade marks and other signs as to which kind of protection they should be eligible for. In Germany, the regulations are in tune in that respect. Unregistered trade marks “having a reputation” and other signs “having a reputation” are protected against any detriment to or taking of unfair advantage of the distinctive character and the repute in the same way as registered trade marks “having a reputation”.

I. Analysis of current law and case law

1. *Do the laws of your country provide for protection against dilution of a trademark?*

Yes.

If so, which laws?

¹ Council Regulation (EC) No. 40/94 of 20 December 1993 on the Community Trade Mark, OJEC No. L 11 of 14 January 1994, p. 1, amended several times and replaced by Council Regulation (EC) No. 207/2009 of 26 February 2009

² Directive 2008/95/EC to approximate the laws of the Member States relating to trade marks (codified version), OJEU No. L 299 of 8 November 2008, p.25; formerly Council Directive 89/104/EEC of 21 December 1988, OJEC No. L 40 of 11 February 1989.

Since 1994, the *Gesetz über den Schutz von Marken und sonstigen Kennzeichen* of 25 October 1994³ [MarkenG - German Act relating to the protection of trade marks and other signs] primarily provides for protection against dilution within the meaning of the question (working guidelines no. 2 and no. 4, see question 2 below), i.e. in Section 14 (2) no. 3 MarkenG. The German legislator made use of the option provided in Art. 5 (2) TM Directive with this provision. Section 14 (2) No. 3 MarkenG reads as follows:

“Third parties not having the consent of the proprietor of the trade mark shall be prohibited from using in the course of trade ... any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark enjoys protection, where the latter has a reputation in the Federal Republic of Germany and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark”.

Moreover, the cancellation of a *registered trade mark* having a later priority may be requested if there is the risk of dilution. This provision is included in Section 9 (1) no. 3 MarkenG, implementing Art. 4 (4) a) of the TM Directive, which essentially corresponds to the eligibility criteria provided in Section 14 (2) no. 3 MarkenG (see also question 9 in that respect). Other provisions relating to dilution are included in the *Gesetz gegen den unlauteren Wettbewerb* (UWG – German Unfair Competition Act) of 3 July 2004⁴, namely in Section 4 no. 7 UWG:

“In particular a person who ...disparages or denigrates the signs ... of a competitor acts unfairly”.

and relating to comparative advertising in Section 6 (2) no. 4 UWG:

“A person who engages in comparative advertising acts unfairly if the comparison ... takes unfair advantage of or is detrimental to the repute of a sign used by a competitor.”⁵

In special cases, the general civil law (law of torts) may provide protection against dilution (in particular Section 823 (1) of the Bürgerliches Gesetzbuch [BGB - German Civil Code]).

The interrelation of these different groups of regulations to each other has not been finally clarified in detail yet. However, it has in principle been acknowledged that the above provisions of the MarkenG take precedence in their scope of application and supersede the other provisions.⁶ In the following, only the provisions of the trade mark law are addressed.

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

The German laws do not use the concept of “dilution”, so that there is neither any legal definition. In the German legal tradition, the concept has a narrower meaning than in the question which is dominated by the US law in that respect.⁷ In Germany, “dilution“

³ Federal Law Gazette I 1994, 2082, amended several times, last amended by the Act relating to the Simplification and Modernisation of the Patent Law of 31 July 2009, Federal Law Gazette I 2009, 2521.

⁴ Federal Law Gazette I 2004, 1414, last amended by the Act of 29 July 2009, Federal Law Gazette I 2009, 2413.

⁵ This provision implements Art. 4 d) and f) of the Directive 2006/114/EC.

⁶ Fundamentally Federal Court of Justice GRUR 1999, 161, 162 – MAC Dog; applicable otherwise only in Section 6 (2) no. 4 UWG [German Unfair Competition Act], since the law on comparative advertising is finally harmonized at European level and cannot be superseded in that respect.

⁷ Regarding the different concepts in US law and in German law see *Sosnitzka*, Von der Verwechslungsgefahr zum Rufschutz im Markenrecht der Vereinigten Staaten, RIW 2009, 685, 687.

traditionally only refers to the “detriment to the distinctive character” within the meaning of the aforementioned provision of Section 14 (2) no. 3 MarkenG⁸, which corresponds approximately to the element of “blurring”.⁹ The variant of “tarnishment” is circumscribed in the law with “detriment to the repute”. In the following, the concept of dilution is used in the broader understanding of the question.

3.1 Which trade marks are afforded protection against dilution? What are the eligibility criteria?

All registered and unregistered trade marks are afforded protection against dilution. The eligibility criteria are

- a) on the part of the infringed trade mark:
 - the trade mark must have a reputation in Germany;
 - depending on the variant of the case, a distinctive character within the meaning of a special distinctiveness and persuasive power (i.e. not within the meaning of question 3.2) or repute as a logical prerequisite for its detriment.
- b) on the part of the infringing sign:
 - the sign must be used in the course of trade; if it is not used in the course of trade, protection may be considered according to Section 823 (1) BGB, however, which is not afforded generally but only if certain requirements are met¹⁰, e.g. where a trade mark is used in a political campaign damaging the image¹¹;
 - the sign must be identical with or similar to the trade mark;
 - the sign must be used in relation to goods or services which are not similar to the goods and services for which the trade mark is protected (the case law, however, also affords protection against the use for similar products, see question 8 below); in this context, it is principally required that the infringing sign is used as a trade mark¹², however, it is sufficient that there is an association in the mind between the sign and trade mark¹³ (see also question 4 below);
 - the use must be detrimental to the distinctive character or the repute of the trade mark – if it is of interest here;
 - it must be used in an unfair way;
 - without any due cause.

3.2 To be eligible for protection against dilution, does a mark need to be distinctive?

Yes.

If so, does the protection depend upon the mark being inherently distinctive or are marks that have acquired distinctiveness through use also protected?

Trade marks which were not inherently distinctive but acquired distinctiveness through use are in principle eligible for protection against dilution in the same way as the inherently distinctive trade marks if the criteria of Section 14 (2) no. 3 MarkenG are met. This applies both for the case that the trade mark concerned has been entered in the

⁸ Cf. *Ströbele/Hacker*, Markengesetz, 9th edition (2009), Sect. 14 marginal no. 237; *Ingerl/Rohnke*, MarkenG, 2nd edition (2003), Sect. 14 marginal no. 863; *Fezer*, Markenrecht, 4th edition (2009), Sect. 14 marginal no. 804.

⁹ *Sosnitza* RIW 2009, 685, 687.

¹⁰ Cf. Federal Court of Justice GRUR 2009, 871 (No. 37) - Ohrclips.

¹¹ Cf. Higher Regional Court of Hamburg NJW-RR 1998, 552 – Pack den Tiger in die Bürgerschaft; Higher Regional Court of Rostock GRUR-RR 2005, 352, 353 – Schöner Wohnen in W.; KG GRUR-RR 2010, 79, 81 et seq. – Mitmachzentrum.

¹² Federal Court of Justice GRUR 2005, 583 - Lila-Postkarte; GRUR 2006, 329 (No. 23) - Gewinnfahrzeug mit Fremdemblem; GRUR 2008, 912 (No. 33) - Metrosex.

¹³ Federal Court of Justice GRUR 2005, 583, 584 - Lila-Postkarte.

register due to its acquired distinctiveness (in Germany: secondary meaning, Section 8 (3) MarkenG) and for trade marks which enjoy protection without registration (so-called trade marks acquired by use, Section 4 (2) MarkenG, and well-known trade marks within the meaning of Art. 6^{bis} of the Paris Convention for the Protection of Intellectual Property – Paris Convention -, Section 4 no. 3 MarkenG). However, in individual cases, the allegation of dilution may be withdrawn if the infringed sign is not identified as the trade mark having a reputation in a specific context of use but only as an original descriptive meaning.¹⁴

It must be differentiated between the distinctive character as the general requirement for affording trade mark protection (and thus also the special protection of trade marks having a reputation against dilution) and the distinctive character which a trade mark having a reputation must (logically) have, so that the distinctive character of the trade mark having a reputation may suffer detriment (dilution) at all. In the latter sense, the concept of distinctive character means the special distinctive character and persuasive power conveyed by the reputation of the trade mark (see question 3.3.1).¹⁵

3.3.1 *To be eligible for protection against dilution, does a mark need to have a reputation or be well-known or famous?*

A criterion for the protection against dilution is the reputation of the trade mark in Germany. It is not required that the trade mark is famous. It is controversial whether the term “reputation“ also implies a qualitative element within the meaning of a (good) repute. This is affirmed in the materials relating to the MarkenG¹⁶, however, the major part of literature denies this.¹⁷ Irrespective of this, the case variant of the “detriment to the repute“ can only be considered if the trade mark enjoys such a repute, with the term “repute“ essentially corresponding to the meaning of “esteem“¹⁸

If so, when does a mark have a reputation, when is it well-known or when is it famous?

“Reputation“ is a complex concept which comprises both elements of public opinion research and economic elements. The component relating to public opinion research consists of the fact that the trade mark must be known by *a significant part of the public*.¹⁹ However, it is always emphasized that it is not possible to define fixed percentages in that respect.²⁰ The reason for this is that the reputation can only be assessed in an overall view and comprehensive consideration including also the economic elements. These elements are:

- the market share held by the trade mark;
- the intensity of its use (sales volumes);
- the geographical extent of its use;
- the duration of its use;

¹⁴ *Ströbele/Hacker*, loc. cit. (f.n. 7), Sect. 14 marginal no. 238; cf. Federal Court of Justice GRUR 2008, 798 (No. 23) – POST.

¹⁵ *Ströbele/Hacker*, loc. cit. (f.n. 7), Sect. 14 marginal no. 235 with further references.

¹⁶ Bundestag printed papers 12/6581, p. 72.

¹⁷ *Ströbele/Hacker*, loc. cit. (f.n. 7), Sect. 14 marginal no. 218 with further references.; *Ingerl/Rohnke*, loc. cit. (f.n. 7), Sect. 14 marginal no. 814; *Büscher* in: *Büscher/Dittmer/Schiwy*, Gewerblicher Rechtsschutz, MarkenG Section 14 marginal no 428.

¹⁸ Cf. ECJ GRUR 2009, 756 (No. 77) – L’Oréal/Bellure; CFI GRUR Int. 2007, 730 (No. 40) – VIPS; *Köhler* in: *Köhler/Bornkamm*, UWG, 28th edition (2010), Sect. 6 marginal no. 150.

¹⁹ ECJ GRUR Int. 2000, 73 (No. 26) – Chevy; GRUR 2009, 1158 (No. 24) – PAGO/Tirolmilch.

²⁰ ECJ GRUR Int. 2000, 73 (No. 25) – Chevy; GRUR 2009, 1158 (No. 23) – PAGO/Tirolmilch; Federal Court of Justice GRUR 2002, 340, 341 – Fabergé; GRUR 2003, 428, 432 – BIG BERTHA.

- the size of the investment made by the undertaking in promoting the trade mark.²¹

Besides that, also the *conduct of third parties* may play a role. If a trade mark is repeatedly used e.g. for quality comparisons, comparisons of styles, within the scope of an open imitative promotion or in any other imitating or even parodying way this is indicative for its reputation.²²

As far as the good repute within the meaning of esteem is relevant, this may be based on the importance of the company, the volume of sales, the quality of the goods/services sold under the trade mark, long tradition, exclusivity and prestige value of the goods and services offered under the trade mark.²³

For what point in time does this have to be assessed?

The point in time which is relevant for the establishment of the reputation²⁴ depends on the one hand on the issue as to whether the infringed sign itself enjoys protection as a trade mark or not, and on the other hand it depends on the kind of the asserted claim. If the challenged sign *does not enjoy protection as a trade mark* the point in time relevant for the court decision is principally decisive for all *claims directed towards the future*, i.e. as a general rule the conclusion of the last oral proceedings.²⁵ Claims directed towards the future within the above meaning are in particular the claim for injunctive relief and the claim to the destruction of infringing goods. As far as claims for infringement are linked by nature to an infringement committed *in the past* (in particular claims for damages), the point in time when the infringed sign has been used is relevant alone (so-called time of collision). If the infringed sign is *protected as a trade mark* it must *additionally* have had a reputation at the point in time which is relevant for the seniority of the infringed sign. Section 22 (1) no. 1 MarkenG expressly provides this for the case of a later registered trade mark; however, the same applies for other rights.²⁶

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?*

As stated in question 3.3.1 above, a fixed percentage, i.e. a “knowledge threshold”, cannot be stated pursuant to the case law of the European Court of Justice relevant for Germany, since this always depends on the global assessment of all factors. In that respect, even a population awareness of only 8.1 percent per se was found not to be sufficient to deny a reputation within the meaning of Section 14 (2) no. 3 MarkenG.²⁷ In literature, however, it has been pointed out – correctly from the viewpoint of the German law as a start – that the protection based on the reputation requires a competitive achievement, so that a trade mark must at any rate have acquired market recognition.²⁸ “Market recognition“ is originally a German legal concept, i.e. it is not defined by the TM Directive, and it plays an important role for the issue whether protection as a trade mark may be claimed outside the register (Section 4 no. 2 MarkenG). According to that, a minimum degree of awareness of 20 percent would be required for inherently distinctive

²¹ ECJ GRUR Int. 2000, 73, 75 – Chevy; GRUR 2009, 1158 (No. 25) - PAGO/Tirolmilch; Federal Court of Justice GRUR 2003, 428, 432 – BIG BERTHA.

²² Abel WRP 2006, 510, 517.

²³ Regarding the law before 1995 cf. Federal Court of Justice GRUR 1983, 247, 248 – Rolls-Royce; GRUR 1985, 550, 552 – DIMPLE.

²⁴ The following applies also for the repute as a special eligibility criterion.

²⁵ Federal Court of Justice GRUR 2003, 428, 433 – BIG BERTHA; also cf. Federal Court of Justice GRUR 2008, 505 (No. 27) TUC-Salzcracker.

²⁶ Ströbele/Hacker, *loc. cit.* (f.n. 7), Sect. 14 marginal no. 226.

²⁷ Federal Court of Justice GRUR 2002, 340 – Fabergé.

²⁸ Goldmann, Der Schutz des Unternehmenskennzeichens, Sect. 14 marginal no. 60.

trade marks, in contrast to trade marks devoid of any inherent distinctiveness which would regularly require a degree of awareness of not less than 50 percent (nota bene: as a *trade mark*, not as a descriptive indication).²⁹ However, it is questionable whether the concept of reputation as provided by the European law can be defined in more detail by using the concepts and values from the field of the non-harmonised national law. This will likely be answered in the negative.

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?

In the case of national marks (and international marks extended to Germany) there must be awareness of the marks in Germany. It does not suffice if there is only awareness of them abroad.³⁰ It is not required that the awareness is spread throughout the territory of the country, it suffices that the awareness is spread across a substantial part of the territory³¹, however, it does not suffice if there is only a local awareness of the mark.³²

These rules apply correspondingly to the Community trade marks, with the national territory being replaced by the territory of the European Union – in correspondence with the supranational nature of the Community trade mark (Art. 9 (1) sentence 2, subparagraph c CTMR). In that respect, the awareness may be spread across a substantial part of the Community, even if there is an awareness of the Community trade mark in one Member State only.³³

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 trade circles among which must have knowledge of the trade mark are the public concerned by the trade mark.³⁴ In general, this is the overall population. However, if the trade mark targets special customers³⁵ or specialists due to the goods and services for which it is used, it is sufficient if these narrower trade circles have knowledge of it. However, it can at best be considered that there is a likelihood of dilution if the trade circles targeted by the trade mark and the infringing sign overlap in some way.³⁶

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?*

The protection based on the reputation according to Section 14 (2) no. 3 MarkenG does not compellingly require that the trade mark be used within Germany;³⁷ Therefore, the protection based on the reputation is eligible for a trade mark which is registered but not used in Germany, however, nevertheless acquired a reputation by its use abroad. As a matter of course, the trade mark must be protected in Germany, be it by registration (Section 4 no. 1 MarkenG), be it in consequence of use and market

²⁹ Cf. *Ströbele/Hacker, loc. cit.* (f.n. 7), Sect. 4 marginal no. 39 et seq.

³⁰ Federal Court of Justice GRUR 2008, 160 (No. 25) - CORDARONE.

³¹ Cf. ECJ GRUR Int. 2000, 73 (No. 28) – Chevy; GRUR 2008, 70 (No. 17-18) – Nuno/Franquet, each on the Community trade mark.

³² Cf. ECJ GRUR 2008, 70 (No. 17-18) – Nuno/Franquet.

³³ Cf. ECJ GRUR 2009, 1158 - PAGO/Tirolmilch.

³⁴ ECJ GRUR 2009, 1158 (No. 22, 24) - PAGO/Tirolmilch.

³⁵ Cf. Federal Court of Justice GRUR 2003, 428, 433 – BIG BERTHA (Golfschläger, Golftaschen).

³⁶ Cf. ECJ GRUR 2009, 56 (No. 46, 48) – Intel Corporation/CPM United Kingdom; CFI GRUR Int. 2008, 53 (No. 82) – CITI.

³⁷ Federal Court of Justice GRUR 2008, 160 (No. 25) - CORDARONE.

recognition (Section 4 no. 2 MarkenG) or be it by being well-known within the meaning of Art. 6^{bis} of the Paris Convention (Section 4 no. 3 MarkenG).

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?

The factual fundamentals for the reputation are issues of fact, whereas its weighting, like the concept of reputation, is a matter of law.

Who bears the burden of proof regarding the eligibility criteria?

The claimant.³⁸ However, if the opponent invokes justifying reasons, he or she has to bear the burden of proof for them.³⁹

How does one prove that a mark meets the eligibility criteria? Are sales and advertising figures sufficient or is survey evidence required?

A public opinion survey is always useful, but is not compellingly required and it is neither sufficient on its own. If a sufficiently certain conclusion as to the reputation of the trade mark can be drawn from the statements by the trade mark owner on the market share, sales, duration of use, etc. (see question 3.3.1), a survey is dispensable.⁴⁰ However, if there are still doubts, a survey is indispensable.⁴¹

Which evidential standard must this proof satisfy?

According to the general principles, full evidence has to be provided in legal proceedings, i.e. the eligibility criteria must be proven to the satisfaction of the court (Section 286 (1) ZPO [German Code of Civil Procedure]). Whereas in expedited proceedings it is sufficient to provide prima facie evidence (sections 936, 920 (2) ZPO). The legal provisions do not specify any evidence standard to be complied with in opposition proceedings; it should be correct to require a prima facie evidence only. See also question 9 as to the different types of proceedings.

3.7 Is there any registry of eligible marks in your country?

No.

4. Does your law require the existence of a 'mental association' or 'link' between the earlier trade mark and the later trade mark?

Prior to the examination of the prerequisites for the dilution criteria (detriment to the distinctive character and detriment to the repute) it has to be established whether the trade "mentally associates" the infringed sign and the trade mark having a reputation.⁴² A trade mark cannot suffer any detriment without this basic criterion of mental association.

³⁸ Cf. ECJ GRUR 2009, 56 (No. 37) – Intel Corporation/CPM United Kingdom.

³⁹ Cf. ECJ GRUR 2009, 56 (No. 39) – Intel Corporation/CPM United Kingdom.

⁴⁰ Cf. Higher Regional Court of Hamburg GRUR-RR 2002, 100, 101 et seq. – derrick; Higher Regional Court of Cologne MarkenR 2005, 445, 448 – Kleiner Feigling; different to the materials relating to the MarkenG, Bundestag printed papers 12/6581, p. 72.

⁴¹ Cf. ECJ GRUR 1999, 723 (No. 53) – Chiemsee.

⁴² Ströbele/Hacker, *loc. cit.* (f.n. 7), Sect. 14 marginal no. 231.

If so, in which circumstances does a 'mental association' or 'link' between the earlier trade mark and the later trade mark exist?

This depends on the circumstances of the individual case. Pursuant to the case law of the ECJ, these circumstances in particular encompass the degree of similarity between the compared signs, the relation of the goods and services covered by the compared signs, in particular the degree of their dissimilarity, the degree of the distinctive character, the reputation of the earlier trade mark and confusions.⁴³ However, it is not sufficient that there exists a mere association between the signs.⁴⁴

Are the factors mentioned in paragraph 27 and 28 above relevant for assessing the existence of such a 'mental association' or 'link'?

Yes, see the question above.

Are there other factors to take into account?

As all factors of the individual case have to be taken into account, other influences may also contribute to the assumption of a mental association.

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?

It is a question of fact. The plaintiff must specifically set out the requirements also for the mental association;⁴⁵ the court must find that there is a "mental association". The assessment as to whether there is a "mental association" is a question of law, as are the other requirements for the detriment to the distinctive character and repute (see also 3.6 above).

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

The finding that there is a 'mental association' is only a basic requirement for the further examination of the other requirements for the detriment to the distinctive character and repute. Furthermore, it must be assessed whether the alleged infringer has a good cause.

- 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?*

The German law does not require any injury but only a detriment to the repute or the distinctive character (cf. section 2 above regarding the parallel with tarnishment and blurring).

⁴³ ECJ GRUR 2009, 56, 58 (No. 42) – Intel Corporation/CPM United Kingdom; *Ströbele/Hacker*, loc. cit. (f.n. 7), Sect. 14 marginal no. 232.

⁴⁴ Federal Court of Justice GRUR 2004, 779 –Zwilling/Zweibrüder; Higher Regional Court of Hamburg MD 2010, 294, 298- Red Bull/Bullenmeister.

⁴⁵ ECJ GRUR 2009, 56, 58 (No. 37) – Intel Corporation/CPM United Kingdom; *Ströbele/Hacker*, loc. cit. (f.n. 7), Sect. 14 marginal no. 233.

The repute suffers detriment if the positive brand image is transferred to products of inferior quality or to companies held in lower esteem. Also inappropriate associations, the so-called incompatible secondary use, are included in this sub-group.⁴⁶

In the case of the detriment to the distinctive character it must be proven to what extent the trade mark with a reputation enjoys a unique position. It is not required that the earlier trade mark is absolutely unique across all industries (goods and services).⁴⁷ However, the more unique the earlier mark appears, i.e. the fewer third-party signs weaken the uniqueness, the stronger its protection against detriment to the distinctive character.⁴⁸ As protection against dilution is also afforded to marks with a reputation (and not only to famous marks), protection covering virtually all industries (goods and services) can only be taken into consideration if the mark has a reputation among the public over and beyond the minimum degree of reputation.⁴⁹

It is excluded that detriment is caused to the distinctive character if the trade circles perceive a descriptive meaning from the infringed designation. Due to the descriptive meaning the sign is not mentally associated to the trade mark having a reputation.⁵⁰

7. *Must actual dilution be proved or is a showing of likelihood of dilution sufficient?*

As any similar sign would theoretically weaken the distinctive character, and on the other hand the threshold of protection was reduced to trade marks having a reputation, any trade mark having a reputation would be protected against dilution (= detriment to the distinctive character) without further requirements. However, such an “automatism” does not exist. Rather, it is required that the detriment is not only a remote possibility but is comprehensible and “tangible”.⁵¹

7.1 *Whose burden of proof is it?*

The owner of the mark with a reputation who invokes one of the circumstances provided in Section 14 (2) no. 3 MarkenG has to bear the burden of proof (see also section 3.6 above).⁵²

7.2 *How does one prove dilution or likelihood of dilution?*

As regards detriment to the distinctive character, a highest possible degree of reputation and a strongest possible unique position of the trade mark having a reputation have to be proved, at least in the industry in which the infringing sign is used or there is a serious likelihood that it will be used. The high degree of reputation can be proved e.g. by sales figures, advertising figures, the duration of use and surveys among the trade circles (cf. section 3.3.1 above). Evidence for the unique position may be provided by proofs for the

⁴⁶ *Ströbele/Hacker, loc. cit.* (f.n. 7), Sect. 14 marginal no. 247: e.g. use of a trade mark having a reputation for fast food in respect of animal feed or use of a trade mark for confectionery in respect of condoms.

⁴⁷ ECJ GRUR 2009, 56, 58 (No. 73) – Intel Corporation/CPM United Kingdom; *Ingerl/Rohnke, loc. cit.* (f.n. 7), Sect. 14 marginal no. 859.

⁴⁸ ECJ GRUR 2009, 56, 58 (No. 74) – Intel Corporation/CPM United Kingdom.

⁴⁹ *Ingerl/Rohnke, loc. cit.* (f.n. 7), Sect. 14 marginal no. 867; *Ströbele/Hacker, loc. cit.* (f.n. 7), Sect. 14 marginal no. 237.

⁵⁰ Higher Regional Court of Hamburg, GRUR-RR 2003, 367, 369 – *duplo*; Higher Regional Court of Cologne GRUR-RR 2002, 130, 134 – Focus; *Ströbele/Hacker, loc. cit.* (f.n. 7), Sect. 14 marginal no. 238.

⁵¹ *Ingerl/Rohnke, loc. cit.* (f.n. 7), Sect. 14 marginal no. 864; Higher Regional Court of Cologne, GRUR-RR 2002, 130, 134 – Focus; Higher Regional Court of Hamburg, GRUR-RR 2003, 367, 369 – *duplo*: serious likelihood; ECJ GRUR 2009, 56 (No. 71) – Intel Corporation/CPM United Kingdom; *different view by Ströbele/Hacker, loc. cit.* (f.n. 7), Sect. 14 marginal no. 234.

⁵² ECJ GRUR 2009, 56, 58 (No. 38) – Intel Corporation/CPM United Kingdom.

registration of the trade mark having a reputation in all or many classes and the absence of any registration and/or use of identical or similar third-party signs.

7.3 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?

Pursuant to the previous view, it was not required to adduce proof for the change in the economic behaviour of the average consumer in respect of the goods for which the trade mark with a reputation is registered. It was only required that “tangible” detriment was set out conclusively and, if required, proved (cf. the proofs in section 7 above). Also in view of the “Intel” decision rendered by the European Court of Justice⁵³ it should be sufficient if the owner of the mark with a reputation sets out that detriment to the distinctive character occurred or that there is a serious likelihood that it will occur in the normal course. Stricter criteria for the eligibility for protection against detriment to the distinctive character would not come up to the intention of protecting the advertising value of a trade mark having a reputation or even of a famous trade mark. Especially in the case of famous marks, it will often be impossible to provide specific evidence for a change in the behaviour of the average customer if the mark is used in dissimilar industries.⁵⁴

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

- *to the registration of a later trade mark?*
- *to the actual use of a later trade mark?*
- *in respect of dissimilar goods only or also in respect of similar goods?*

According to Section 9 (1) no. 3 MarkenG, the owner of a trade mark having a reputation may request the cancellation of a later trade mark if the requirements for dilution are met.

According to Section 14 (2) no. 3 in conjunction with Section 14 (5) MarkenG, the owner of a trade mark having a reputation may claim injunctive relief against any party who uses a sign, provided that the requirements for dilution are met.

The owner may also object to the use for similar goods on the basis of a mark having a reputation.⁵⁵

9. What are the legal remedies? May the owner of the earlier trade mark file an opposition and/or a cancellation action?

The owner of the earlier trade mark may request the cancellation of a later mark before the ordinary courts (Sections 9, 51, 55 MarkenG) without having to observe any time limits. Pursuant to the most recent law, the owner may file an opposition with the German Patent and Trade Mark Office instead of or in parallel with such cancellation request, however, only within three months of the publication of the earlier trade mark (Section 42 (1) and (2) no. 1 MarkenG). According to the transitional provision of Section 165 (2)

⁵³ Cf. ECJ GRUR 2009, 56, 60 (No. 77) – Intel Corporation/CPM United Kingdom.

⁵⁴ *Slopek*, IIC 2009, 348, 352 et seq.

⁵⁵ Cf. ECJ GRUR 2003, 240, 242 (No. 30) – Davidoff/Gofkid; *Ströbele/Hacker*, loc. cit. (f.n. 7), Sect. 14 marginal no. 235 et seq.; Federal Court of Justice GRUR 2004, 235, 238 – Davidoff II; GRUR 2004, 779, 783 – Zwilling/Zweibrüder.

MarkenG, dilution protection eligible for a trade mark having a reputation may be sought by way of filing an opposition only against trade marks which have been applied for as from 1 October 2009.

May he ask for injunctive relief or preliminary injunctive relief?

The owner of a trade mark with a reputation may – as any owner of a trade mark – initiate preliminary injunction proceedings and/or proceedings in the main actions against users of infringing signs with the civil courts.

Does your trade mark office refuse the registration of a later trade mark on the grounds of likelihood of dilution?

The office does not refuse the registration of a later trade mark ex officio on the grounds of likelihood of diffusion; it is only possible to subsequently cancel the later trade mark on the grounds of a successful opposition or a cancellation action.

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 trade marks against dilution. More specifically, the Groups are invited to answer the following questions:

1. *Which trade marks 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?*

All trade marks which have achieved a particular threshold of awareness should be eligible for protection against dilution (and taking unfair advantage of a repute) (hereinafter only referred to as dilution). The legal situation in Europe is dominated by the fact that there is no essential difference between trade marks “having a reputation” and “well-known” trade marks. However, the German National Group abstains from proposing that this is embodied in the legal provisions de lege ferenda. The further development should be left to the case law. The “taking of unfair advantage or being detrimental to the distinctive character or the reputation (repute)” as required in the European law seems to be well suited to serve as a corrective for too far-reaching trade mark claims.

The reputation enjoyed in a “niche market” should be sufficient. However, depending on the circumstances, protection is also restricted to detriment suffered in the “niche market” or at best in such markets in which the earlier trade mark also enjoys a reputation.

2. *Should it be a criterion 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?*

From the German point of view, trade marks having a reputation are eligible for extended protection against dilution irrespective of the fact whether they are registered or not. This seems appropriate since it is neither advisable nor justified to treat rights acquired by use in an inferior way.

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?*

In our opinion, a registry is neither necessary nor appropriate. The reputation of a trade mark results from use in the market. This use changes over time. It does not seem possible to create a registry reflecting the real market development.

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

The 'link' is a legal concept developed by the case law of the European Court of Justice in respect of the absence of the requirement for a likelihood of confusion. From our point of view, it is sufficient if the 'similarity' between the confronting marks is established using the usual methods (visual, phonetic, conceptual similarity) and then the degree of similarity is taken into account in the assessment of whether a sign takes unfair advantage of or is detrimental to the distinctive character or the repute.

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?*

Neither the allegation of detriment to or taking unfair advantage of the distinctive character nor the allegation of detriment to or taking unfair advantage of the repute should require that the claimant provides proof or prima facie evidence for an actual change in the economic behaviour of his or her customers. It should be sufficient if the entitled party sets out (and proves, if required) that in the normal case there is a likelihood that a sign will be detrimental to or takes unfair advantage of the distinctive character or the repute. As far as it can actually be proved that the economic behaviour has changed – the customers turn away from the owner of the earlier mark - the corresponding eligibility criteria are at any rate met.

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

The remedies for dilution should be the same as the owner of a mark has in general.

National Groups are invited to comment on any additional issue concerning the protection of a mark against dilution.

It seems to be not only advisable but also required that protection eligible for marks having a reputation is standardized even in the absence of any likelihood of confusion. The criteria defined in Article 16 (3) TRIPS do not seem to be appropriate in that respect. The principles developed in European practice and legislation, by contrast, constitute a suitable basis for drawing up generally applicable principles for the protection over and beyond any likelihood of confusion.

Summary:

In Germany, the term “dilution” does not exist. “Dilution“ is used synonymously with causing detriment to the distinctive character within the meaning of Section 14 (2) no. 3 MarkenG. The German law – as the law of the European Union – affords protection to trade marks “having a reputation” not only against dilution but also against unfair detriment to or taking of unfair advantage of the repute (esteem). A fixed degree of reputation for the protection of trade marks with a reputation and thus also protection against dilution or detriment to the repute is not required. Rather, the market shares, sales figures, etc. have to be taken into account in addition to the degree of reputation. As regards dilution, it has to be set out that the trade mark having a reputation has a unique position, if possible. However, it is not required that the trade mark has an absolute unique position across all industries. Pursuant to the German law, it was not required to adduce proof for the change in the economic behaviour of the average consumer in respect of the products for which the trade mark with a reputation is registered, as the “Intel” decision obviously requires now. In our opinion, it should also be sufficient in future if the owner of the trade mark with a reputation sets out that there is “a serious likelihood” that dilution will occur in the normal course. Stricter criteria should not be defined also on account of the effective protection of the advertising value of trade marks.

Zusammenfassung:

In Deutschland existiert der Terminus „Verwässerung“ nicht. „Verwässerung“ wird mit der Beeinträchtigung der Unterscheidungskraft im Sinne von § 14 Abs. 2 Nr. 3 MarkenG gleichgesetzt. Im deutschen Recht wird – ebenso wie im Recht der Europäischen Union – „bekanntem“ Marken Schutz nicht nur gegen Verwässerung, sondern auch gegen die unlautere Beeinträchtigung oder Ausnutzung der Wertschätzung (des Rufes) gewährt. Ein fester Bekanntheitsgrad wird für den Schutz bekannter Marken und damit auch den Schutz gegen Verwässerung oder Rufschädigung nicht gefordert. Vielmehr sind neben dem Bekanntheitsgrad auch Marktanteile, Umsätze etc. zu berücksichtigen. Bei der Verwässerung ist darzulegen, dass die bekannte Marke möglichst Alleinstellung genießt. Eine absolute Alleinstellung quer durch alle Branchen ist nicht erforderlich. Ein Nachweis der Beeinflussung des wirtschaftlichen Verhaltens von Durchschnittsverbrauchern der Produkte, für welche die bekannte Marke registriert ist, wie ihn jetzt offenbar die „Intel“-Entscheidung fordert, war nach deutschem Recht nicht erforderlich. Es sollte nach unserer Auffassung auch in Zukunft ausreichen, wenn der Inhaber der bekannten Marke darlegt, dass beim normalen Ablauf eine Verwässerung „greifbar nahe liegt“. Strengere Voraussetzungen sollten auch wegen des effektiven Schutzes des Werbewerts von Marken nicht gestellt werden.

Résumé

En Allemagne, le terme « dilution » n'existe pas. La « dilution » est identifiée avec l'atteinte au caractère distinctif au sens d'article 14, paragraphe 2, point 3 du MarkenG. Autant que la loi communautaire, la loi allemande accorde une protection aux marques « ayant acquis une renommée » non seulement contre la dilution, mais aussi contre l'atteinte indue à ou l'exploitation indue de la renommée (la réputation). Un degré de connaissance fixe n'est pas requis pour la protection des marques ayant acquis une renommée et donc pour la protection contre la dilution ou contre la diffamation non plus. Il faut plutôt qu'on prenne en compte aussi les parts de marché et les chiffres d'affaires en plus du degré de connaissance. Relatif à la dilution il faut qu'on expose que la marque ayant acquis une renommée jouit au mieux d'une position isolée. Une position isolée absolue dans toutes les branches n'est pas nécessaire. La preuve d'une influence sur le comportement économique du consommateur moyen des produits pour lesquelles la marque antérieure est enregistrée, comme la décision « Intel » apparaît de l'exiger maintenant, n'était pas nécessaire selon la loi allemande. À notre avis il devrait aussi suffire à l'avenir, si le titulaire de la marque ayant acquis une renommée exposait qu'une dilution était « tangiblement probable » en cas de déroulement normale. En raison de la protection effective de la valeur publicitaire (« selling power ») des marques, il ne faut pas qu'on exige des conditions plus strictes.