



"Due cause" as a mechanism to safeguard fundamental rights under EU trade mark law

**A research focusing on the extent to which the negative condition
"without due cause" can be interpreted and applied to safeguard
fundamental rights of third parties under EU trade mark law**

Til Todorski

Stockholm University - Department of Law

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Supervisor: Prof. Dr. Eleonora Rosati

Abstract

Trade mark rights enjoy fundamental rights protection under Art. 17(2) CFREU and Art. 1 of the Protocol to the ECHR. As a result, a tension arises with the fundamental rights of third parties, which they rely on to justify the use of the trade mark. As neither the fundamental rights of the trade mark proprietor nor those of the third party enjoy absolute protection, but rather limit each other reciprocally, national courts must strike an appropriate balance between them taking into account all relevant circumstances of the individual case. This is particularly relevant in the context of trade marks with a reputation, which enjoy extended protection against tarnishment, dilution and free-riding of their distinctive character and repute under the EUTMR and EUTMD. In order to be able to enforce the rights conferred by the trade mark with a reputation, a number of positive requirements must be met, as well as ensuring that the third party uses the trade mark “without due cause”. In this respect, however, the third party bears the burden of proof to demonstrate whether it is using the trade mark with a reputation with “due cause”. At this point, this thesis takes up the issue and discusses the extent to which the undefined legal concept of “due cause” constitutes a mechanism to protect the fundamental rights of third parties under EU trade mark law. Whether the fundamental rights of third parties can be considered as “due cause” and on the basis of which criteria an appropriate balance can be struck with the fundamental rights interests of the trade mark proprietor has not yet been determined in the EU trade mark law system. It is therefore not surprising that the CJEU was called upon by a Belgian national court in May 2023, to provide its interpretation of the undefined legal concept of “due cause” with regard to a third party’s freedom of expression. Precisely because the CJEU has not yet reached a decision on the matter, the aim of this thesis is to give the negative condition “without due cause” a face by discussing not only the questions referred to the CJEU, but also the extent to which the fundamental rights of third parties can generally be safeguarded by the undefined legal concept of “due cause” and how an appropriate balance can be found with the fundamental rights interests of the trade mark proprietor.

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Abbreviations

AG	Advocate General
Art.	Article
BCJ	Benelux Court of Justice
BGH	German Federal Court of Justice
CADP	Cour d'appel de Paris
CFREU	Charter of Fundamental Rights of the European Union
CJEU	Court of Justice of the
DMCC	Danish Maritime and Commercial Court
EC	European Commission
EP	European Parliament
ECHR	European Convention on Human Rights
EGC	General Court
EU	European Union
EUIPO	European Union Intellectual Property Office
EUTMR	Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark, OJ L 154, 16 June 2017
EUTMD	Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks, OJ L 336, 23. December 2015
EWHC	High Court of England and Wales
InfoSoc	Directive (EU) 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, OJ L 167, 22 June 2001
INTA	International Trademark Association
P.	Page
Para.	Paragraph
TEU	Treaty on European Union
TFEU	Treaty on the Functioning of the European Union

1 Introduction

1.1 Premise

In view of the ever-increasing trade mark awareness of consumers, trade marks are nowadays one of the most important and valuable marketing instruments. They represent the quality and image of a product and serve as indicators to distinguish the goods and services of one undertaking from those of another undertaking, what is known as the function of commercial origin. Trade marks represent an enormous economic value as they are an intellectual property right recognised and protected as a fundamental right under Art. 17(2) CFREU and Art. 1 of the Protocol to the ECHR.

However, the right to a trade mark is not absolute. The exercise of the trade mark proprietor's right to protect his specific interests must be balanced with the interests of third parties being able to use the trade mark in the context of their very own fundamental rights. Such fundamental rights interests of third parties exist especially in the context of their freedom of expression and the freedom of the arts pursuant to Art. 11, 13 CFREU and Art. 10 ECHR, but also with regard to their freedom to conduct a business pursuant to Art. 16 CFREU. However, unlike EU copyright law, EU trade mark law does not provide for specific limitations or exceptions that are based on fundamental rights considerations of third parties. Therefore, third parties need to become more creative and find other mechanisms in EU trade mark law which they may interpret in such a way that they are able to invoke their fundamental rights to justify the use of the affected trade mark.

Especially trade marks with a reputation are exposed to such use by third parties due to their great power of attraction and image among the consumers.¹ In this context, it is not only other market players who would rely on their freedom to conduct a business under Art. 16 CFREU to benefit from the power of attraction of the trade mark with a reputation, but often also artists or other persons who primarily have non-commercial intentions, invoke their freedom of expression and freedom of the arts under Art. 11, 13 CFREU and Art. 10 ECHR to justify their use. Under the extended protection for trade marks with a reputation, this can be argued primarily on the basis of the undefined legal concept of "due cause". Art. 9(2)(c) EUTMR

¹ Michal Bohaczewski, 'Conflicts Between Trade Mark Rights and Freedom of Expression Under EU Trade Mark Law: Reality or Illusion?' (2020) 51 IIC, p. 872.

resp. Art. 10(2)(c), (6) EUTMD and Art. 8(5) EUTMR resp. Art. 5(3)(a) EUTMD provide cumulative conditions under which the proprietor of a trade mark with a reputation may prohibit third parties from using the trade mark. Among other conditions, it is particularly required that a situation is present,

*[...] where use of that sign **without due cause** takes unfair advantage of [...] the repute of the EU trade mark.*

Consequently, the trade mark proprietor can only prohibit the use if the third party is unable to provide "due cause". Third parties recognise this as an opportunity to argue that the specific use of the trade mark with a reputation falls within the scope of protection of their fundamental rights and that they are therefore acting with "due cause". However, the fundamental rights of third parties are themselves not absolute either and may be limited in return for the protection of the reputation and rights of the trade mark proprietor, respectively, the rights conferred by the trade mark. This means, the rights conferred by a trade mark can be limited by "due cause" and the latter can in turn be limited by the rights conferred by a trade mark. It is therefore necessary to assess the conflicting fundamental rights interests and to strike an appropriate balance between them. However, the extent to which fundamental rights of third parties can actually be invoked as "due cause" and the conditions and criteria to be taken into account in order to strike a balance between the fundamental rights interests affected, are still completely unclear in the context of the EU trade mark system.

It is therefore not surprising that a national court from Belgium also called upon the CJEU in May 2023 to shed light on the matter.² In this case, a Belgian political party used the well-known trade marks of the Swedish furniture company *IKEA* for its national election campaign to attract the attention of the Belgian population to its political views and, in the best case, to gain more votes. The case is a textbook example of the unresolved conflict between the rights arising from a trade mark with a reputation and the fundamental rights of a third party and was therefore one of the main incentives for choosing the thesis topic. In view of the importance of finding an appropriate balance between the conflicting fundamental rights interests, this thesis researches

² Request for a preliminary ruling from the Dutch Enterprise Court in Brussels, Belgium - pending at the CJEU under *Inter IKEA Systems*, C-298/23.

the extent to which the undefined legal concept of “due cause” constitutes a mechanism for safeguarding and balancing the affected fundamental rights of all parties.

1.2 Research framework

In order to determine to what extent “due cause” is able to safeguard fundamental rights under EU trade mark law and to strike a fair balance between the fundamental rights affected, it is essential to firstly examine how fundamental rights and EU trade mark law are interacting. Subsequently, it is required to frame the place of “due cause” in the EU trade mark system and how a fair balance can be achieved between fundamental rights of third parties and the rights and interests of the trade mark proprietor in the context of “due cause”. Therefore, this thesis aims to answer the following key research question:

How can the undefined legal concept of "due cause" be interpreted and applied to safeguard fundamental rights under EU trade mark law?

To answer the key research question, the following sub-questions are answered along the chapters of this thesis:

1. *How do fundamental rights and trade mark law interact with each other under EU law?*

Within the EU, fundamental rights are protected by the institutions of the CFREU and the ECHR (see 2.2). Even if the latter is not part of EU law, its provisions and the case law of the ECtHR must nevertheless be taken into account when interpreting EU law. In the context of trade mark law, fundamental rights are relevant in several respects. On the one hand, the rights conferred by a trade mark are protected by the fundamental right of ownership of the trade mark proprietor, but on the other hand, they also have to give way to the fundamental rights of third parties, provided that the latter outweigh the former (see 2.3 and 2.4). However, it should be noted here that the CJEU in *Funke Medien*³ and *Spiegel Online*⁴ determined for EU copyright law that the fundamental rights of third parties cannot be invoked directly, but only where EU copyright law itself opens up the possibility of invoking them (see 2.5). This case law can also be applied to EU trade mark law and leads to the fact that third parties can only justify the use of a trade mark on the basis of their fundamental rights where EU trade mark law itself provides for corresponding mechanisms that allow the fundamental rights of third parties to be taken into account (see 2.6).

³ C-469/17 *Funke Medien* EU:C:2019:623.

⁴ C-516/17 *Spiegel Online* EU:C:2019:625.

2. *What role does "due cause" play under EU trade mark law?*

The key chapter of this thesis analyses the undefined legal concept of "due cause" in more detail and discusses the extent to which it is suitable as a mechanism for safeguarding the fundamental rights of third parties and, more generally, how fundamental rights interests in general can be balanced in the context of the assessment of "due cause". However, it is important to note that the assessment of a "due cause" is only relevant in the context of the extended protection of trade marks with a reputation. As a result, the scenario in which the interpretation of the legal concept must take place is already influenced to the extent that the protection objective extends beyond the origin function of a trade mark to the image, respectively, the investments that the trade mark proprietor undertakes to build and maintain the image and reputation of a trade mark (see 3.2). In this context, "without due cause" is a negative condition that must be fulfilled in addition to several other positive conditions to constitute a *prima facie* infringement (see 3.3). Which fundamental rights interests can ultimately constitute a "due cause" and which criteria must be taken into account when balancing these interests has not yet been sufficiently clarified at the EU highest court level and therefore represents a decisive element in the extent to which this thesis contributes to the increasing fundamental rights debate under EU trade mark law (see 3.4).

3. *Is there a need for a legislative reform to better reflect the safeguarding role of "due cause" within the EU trade mark law system?*

In order to answer this question, it is necessary to take a look at the intentions of the EU-legislator regarding the current legislative institutions of the EUTMR and EUTMD (see 4.2). Coupled with the influences of unfair competition law (see 4.3) and the general role of the CJEU (see 4.4), a legislative reform seems not necessary when it comes to balancing the fundamental rights of third parties with the fundamental rights of the trade mark proprietor in the context of "due cause".

It is therefore the clear aim of this thesis to provide an understanding of how fundamental rights interests can be weighed up in the context of the so far undefined legal concept of "due cause". Above all, this should serve to bring more clarity to a rather unclear relationship between trade mark law and the fundamental rights of third parties. In this respect, the research should also serve as an incentive to further research the relationship between trade mark law and the fundamental rights of third parties beyond the undefined legal concept of "due cause", respectively, beyond the extended protection of trade marks with a reputation.

1.3 Delimitations

As previously indicated, this thesis deals with an in-depth analysis of the undefined legal concept of "due cause" the extent to what it is suitable to constitute a mechanism to safeguard fundamental rights under EU trade mark law. The research framework is, however, limited to the fundamental rights of third parties to freedom of expression and freedom of the arts under Art. 11, 13 CFREU and Art. 10 ECHR as well as the freedom to conduct a business under Art. 16 CFREU. This does not preclude other fundamental rights of third parties from being invoked as "due cause". The decision to limit the research to these three fundamental rights merely stems from the fact that, measured against the national case law found on "due cause", these three were invoked most frequently to justify the third-party use of the specific trade mark. Furthermore, the decision, to focus on these three fundamental rights, appears to be reasonable as different objectives of protection are covered. While freedom of expression and freedom of the arts are primarily invoked in cases of use in a non-commercial environment, such as in artistic trade mark parodies or political contexts, the freedom to conduct a business primarily serves competitive and thus commercial interests, such as the interest of other market participants in keeping a sign free for use.

Furthermore, due to the fact that there is very limited or almost no clarifying CJEU case law on the relationship between the fundamental rights of third parties and trade mark rights in the context of the assessment of "due cause", the interpretation and determination of the balancing factors in Chapter 3 derives mainly from national case law of the EU Member States. When selecting the national case law, the main focus was placed on ensuring that only judgements from the highest national courts are used. Where reference is made to decisions by courts of lower instances, this is indicated specifically within the reference. In doing so, the focus is largely limited to the case law of the Member States that have significantly shaped the trade mark law landscape within the EU, such as Germany, France, the Netherlands, but also the United Kingdom.

In addition, it should be noted that the assessment of "due cause" is only relevant in the context of the extended protection of trade marks with a reputation. The positive conditions necessary for a prima facie infringement of a trade mark with a reputation will therefore not be discussed in every detail but will be addressed as far as they help to further interpret the undefined legal concept of "due cause". Where it is reasonable to draw conclusions from the positive conditions, these will be included in the in-depth discussion of the negative condition "without due cause".

1.4 Methodology

In this thesis, a combination of research methods is applied. To begin with and to answer the questions, whether "due cause" may constitute a suitable mechanism to safeguard fundamental rights and what criteria are to be taken into account when balancing the fundamental rights interests involved, a legal dogmatic approach is chosen. In legal doctrine, the focus is on answering the question "*what is the law*" by systematically presenting principles, rules and concepts that apply to a particular area of law and analysing the relationship between these principles, rules and concepts in order to eliminate uncertainties and gaps in the existing law.⁵ In this way, the legal dogmatic method may help to interpret an undefined legal concept, its scope and application within a specific legal system. More specifically, the application of the dogmatic method will allow a critical analysis of the relevant materials, such as case law and relevant literature, which are the foundation for determining and interpreting the current legal situation under EU trade mark law.⁶ This methodological approach is therefore the best way to find an answer to the key research question of this thesis regarding the application and interpretation of the undefined legal concept of "due cause" from a fundamental rights perspective.

Subsequently, also an explanatory research approach is used to discuss whether EU trade mark law is in need of a legislative reform to better reflect this understanding of "due cause". This research approach therefore does not look at "what is the law", but rather at "*why something is as it is*". Therefore, the focus is on the underlying reasons, motives, background and roots of the law.⁷ Especially the EU legislator's former intentions in developing the EUTMR and EUTMD, but also the shift in trade mark law towards a system influenced more and more by unfair competition law, lead to valuable conclusions.

In sum, this thesis primarily uses a legal doctrinal research method in order to provide an answer to the research question(s). This is rounded off with an explanatory method that uses rather non-legal doctrinal criteria to determine whether further legislative changes are required.

⁵ Jason N. E. Varuhas, 'Mapping Doctrinal Methods' in Paul Daly and Joe Tomlinson (eds), *Researching Public Law in Common Law Systems* (Edward Elgar Publishing Limited 2023), p. 70-71; Jan M. Smits, 'What Is Legal Doctrine' in Rob van Gestel, Hans W. Micklitz and Edward L. Rubin (eds), *Rethinking Legal Scholarship* (Cambridge University Press 2017) p. 210.

⁶ Irene Calboli and Maria Lillá Montagnani, 'Introduction: Lenses, Methods, and Approaches in Intellectual Property Research' in Irene Calboli and Maria Lillá Montagnani (eds), *Handbook of Intellectual Property Research* (Oxford University Press 2021), p. 4; Jan M. Smits, 'What Is Legal Doctrine' in Rob van Gestel, Hans W. Micklitz and Edward L. Rubin (eds), *Rethinking Legal Scholarship* (Cambridge University Press 2017), p. 212-214.

⁷ Lina Kestemont, *Handbook on Legal Methodology* (Intersentia 2018), p. 16.

2 Fundamental rights under EU trade mark law

2.1 Introduction

According to Art. 2 TEU, the values on which the EU is founded are respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. While these values are directly codified and protected at EU level by the fundamental rights in the CFREU, it is also the ECHR that is an important institution for protecting these values across Europe beyond the EU's borders (see 2.2).

In this respect, one of the guaranteed fundamental rights under the ECHR and the CFREU, is the right to property pursuant to Art. 1 of the Protocol to the ECHR and Art. 17 CFREU. As Art. 17 (2) CFREU specifies, not only physical but also intellectual property enjoys protection as a fundamental right. Consequently, the rights that trade mark proprietors can derive from their registered trade mark also enjoy fundamental rights protection under EU law. However, the fundamental rights protection of trade marks is not absolute and is specifically subject to limitations where (other) fundamental rights of third parties must be observed. In this respect, an increased potential for a collision with trade mark rights exists with regard to the fundamental rights of freedom of expression and freedom of the arts pursuant to Art. 11, 13 CFREU and Art. 10 ECHR. Among other factors, this results from the fact that trade marks, especially those with a reputation, are often used by parodists, caricaturists or critics in a polemical manner.⁸ Furthermore, in addition to the freedom of expression and the freedom of the arts, the freedom to conduct a business pursuant to Art. 16 CFREU is also frequently invoked by other market players, who have a commercial interest in using the trade mark. However, the freedom to conduct a business often overlaps with freedom of expression when commercial expressions are concerned, i.e. when commercial freedom of expression is affected.⁹ Irrespective of the fundamental rights in question, the CJEU has consistently held that the national courts must always strike an appropriate balance between the conflicting interests where rights of equal rank collide, whereby all circumstances of the individual case must be taken into account.¹⁰

The following chapter will therefore first analyse the place and significance of fundamental rights in Europe and the EU and the extent to which they

⁸ Bohaczewski (n 1) 872.

⁹ Anette Kur and Martin Senftleben, *European Trade Mark Law* (Oxford University Press 2017), p. 364.

¹⁰ C-467/08 *Padawan* EU:C:2010:620 [2010], para. 43; C-145/10 *Painer* EU:C:2011:798 [2011], para. 132.

influence or conflict with EU trade mark law. Subsequently, the focus will be shifted towards the question of how the fundamental rights of third parties can be invoked against the rights of the trade mark proprietor under EU trade mark law. In this respect, it will be analysed which mechanisms exist under EU trade mark law to safeguard the fundamental rights of third parties and to ensure an appropriate balancing with the interests of the trade mark proprietor. This will serve to understand the interactions between fundamental rights and trade mark law in general and thus also form the foundation for Chapter 3, which will deal specifically with the understanding of the concept of "due cause" and its role for safeguarding fundamental rights under EU trade mark law.

2.2 Protection of fundamental rights in the EU and Europe

Within the EU, fundamental rights are primarily guaranteed by two statutes: the CFREU and the ECHR. While Art. 6(1) TEU states that the CFREU is part of the primary law of the EU, Art. 6(3) TEU states that fundamental rights as guaranteed in the ECHR and as they result from the constitutional traditions common to the Member States are part of Union law as general principles.

2.2.1 CFREU

When the Treaty of Lisbon¹¹ came into force in 2009, the CFREU and its catalogue of fundamental rights became EU law. The CFREU has the same legal status as the EU's founding treaties, the TEU and TFEU, making it a primary source of the EU law. According to Art. 51(1) CFREU, the binding addressees of the CFREU are primarily the EU institutions and bodies. Similarly, member states are also bound under Art. 51(1) CFREU as far as the "*implementation of union law*" is concerned. In its seven chapters, the CFREU covers in particular the protection of human dignity, civil liberties, equality rights, solidarity rights, citizens' rights and judicial rights. It thus gives greater visibility and clarity to fundamental rights and forms a cornerstone of legal certainty within the EU. Pursuant to Art. 19(1) TEU, the CJEU is responsible for monitoring compliance with the EU's fundamental rights as part of the general procedural framework.

In accordance with Art. 52(1) CFREU, any restriction of a fundamental right of the CFREU must be provided for by law and also comply with the principle of proportionality. As a result, restrictions may only be made if they are necessary and genuinely meet the objectives of general interest recognised by the Union or the need to protect the rights and freedoms of others. In the event of a conflict of fundamental rights, a proportionate balance must be

¹¹ OJ C 306, 17 December 2007.

struck between the fundamental rights interests affected, taking into account all the relevant circumstances of the individual case (see 2.5).

2.2.2 ECHR

The ECHR is a treaty signed by the Council of Europe in 1950 for the protection of human rights and fundamental freedoms. As the Council of Europe is not part of the European Union, it is a separate international organisation for the protection of human rights, democracy and the rule of law. As a result, the ECHR does not constitute EU law, but an international treaty separate from the EU. However, according to Art. 6(3) TEU, fundamental rights as guaranteed in the ECHR and as they result from the constitutional traditions common to the Member States are part of Union law as general principles. The supervisory body of the ECHR is the ECtHR, whose task under Art. 19(1) ECHR is to monitor the legislation, jurisprudence and administration of all signatory states for possible violations of the Convention. All 47 member states of the Council of Europe, including the 27 EU member states, are already parties to the ECHR and are therefore subject to the jurisdiction of the ECtHR. Although the EU can become a party to the ECHR in accordance with Art. 59(2) ECHR and has also undertaken to do so as a result of the Treaty of Lisbon in accordance with Art. 6(2) TEU, it has not yet happened due to the repeated failure of accession negotiations. However, the fact that the EU has not yet joined the ECHR does not mean that the Convention has no legal relevance under EU law. Currently, the ECHR (and the case law of the ECtHR) has the following two functions within the EU:

- According to Art. 52 (3) CFREU, the ECHR nevertheless functions as a minimum standard of protection with regard to the CFREU;
- The ECHR and its interpretation by the case law of the ECtHR ensure the protection of fundamental rights as general principles of Union law in accordance with Art. 6 (3) TEU.¹²

Although the ECHR does not contain an article comparable to Art. 52 CFREU, the rights under the ECHR can also be restricted if the ECHR itself provides for this or if non-absolute fundamental rights of the ECHR collide with each other. In both cases, however, a proportionality assessment is required in the same way as for the CFREU, whereby in the latter case, the two fundamental rights must be brought into an appropriate balance with each other.

¹² Website of the European Commission, 'Part I - Protecting fundamental rights within the European Union' <[web address](#)> accessed 9 May 2024.

2.2.3 Relationship between the CFREU and the ECHR

Despite what Art. 6(3) TEU provides, there is no clarity on the relationship between fundamental rights as general principles and those from the CFREU. Both CFREU and ECHR have the same legal status and there are notable overlaps in the protection afforded, as the case law of the CJEU on the general principles has been incorporated into the draft of the CFREU and as the sources of the CFREU and the general principles largely overlap.¹³ However, it can be assumed that the EU's general principles on fundamental rights are at least a guide to the interpretation of the CFREU and, moreover, an alternative way of protecting fundamental rights which are not guaranteed by the CFREU. If a provision of the CFREU codifies a fundamental right that the CJEU has already recognised as a general principle, the relevant case law should serve as a guide for the interpretation of this provision of the CFREU.¹⁴

This also means that, despite the independence of both systems, both the CFREU and the ECHR as well as the case law of the CJEU and the ECtHR will be referred to in the context of this thesis and will be decisive for analysing how fundamental rights are to be considered under EU trade mark law.

2.2.4 Interim conclusion

Even if the CFREU and ECHR thus largely protect fundamental rights in Europe in the same way, the mutual interaction of the two legal systems leads to a high level of protection of fundamental rights interests in the EU that corresponds to their democratic and social importance. The associated and guiding case law of two judicial bodies, in this case the CJEU and the ECtHR, likewise contributes to a harmonized protection, but also to a harmonized extent of permissible restrictions of fundamental rights in all EU Member States. This seems all the more important when one considers that fundamental rights are also protected at national level by the national constitutions. In this respect, however, it should be noted that in accordance with Art. 4(3) TEU, Union law and thus also the CFREU take precedence over the national (constitutional) law in the event of a conflict with EU law, respectively, the CFREU.

2.3 Protection of trade mark rights as fundamental rights

However, before discussing the potential fundamental rights of third parties in more detail, it is necessary to point out that the rights conferred by a trade mark also enjoy fundamental rights protection under Art. 17(2) CFREU and Art. 1 of the Protocol to the ECHR as they are considered aspects of

¹³ Ibid.

¹⁴ Ibid.

property.¹⁵ The property guarantee in Art. 17 CFREU and Art. 1 of the Protocol to the ECHR therefore also protects "*intellectual property*" in particular. According to the explanatory notes to Art. 17 CFREU¹⁶ it was necessary to specifically emphasise the protection of intellectual property in Art. 17(2) CFREU in view of its increasing importance, although it is already protected as property in the traditional sense under Art. 17(1) CFREU. In the explanatory notes to Art. 17 CFREU, trade mark law is also explicitly listed as a component of intellectual property. However, it should also be emphasised that the fundamental right to property and therefore also the protection of intellectual property is not absolute and may collide with other fundamental rights of third parties, so that a fair balance must be achieved between them.¹⁷

2.4 The fundamental rights of third parties

The main fundamental rights of third parties, which are invoked in trade mark law are a third party's freedom of expression, freedom of the arts and the freedom to conduct a business. Other fundamental rights of third parties may collide with the rights of the trade mark proprietor in individual cases as well, but the analysis in this thesis is mainly restricted to these three fundamental rights of freedom of expression, freedom of the arts and freedom to conduct a business (see 1.3).

2.4.1 Freedom of expression

In practical terms, the freedom of expression and information protected under Art. 11 CFREU and Art. 10 ECHR is probably the most relevant fundamental right. In the case law of both the CJEU and the ECtHR, the interpretation and application of freedom of expression and freedom of information takes place against the background of their understanding as one of the essential foundations of a democratic society.¹⁸ Generally speaking, freedom of expression protects the communication of ideas. It protects the right to have an opinion (*forum internum*) and to express it (*forum externum*), as well as the right not to express it (negative freedom).¹⁹ According to the established case law of the ECtHR and the CJEU, freedom of expression applies „*not only to "information" or "ideas" that are favourably received or regarded as inoffensive or as a matter of indifference, but also to*

¹⁵ 73049/01 *Anheuser Busch Inc. v Portugal* ECHR:2007:0111JUD007304901 [2007], para. 72.

¹⁶ Explanations relating to the CFREU, 2007/C 303/02.

¹⁷ Tobias Lock, 'Article 17 CFR', in Manuel Kellerbauer, Marcus Klamert, and Jonathan Tomkin (eds), *The EU Treaties and the Charter of Fundamental Rights: A Commentary* (Oxford University Press 2019), p. 2152, para 12.

¹⁸ C-112/00 *Schmidberger* EU:C:2003:333, para. 79; 59491/00 *United Macedonian Organisation Ilinden v Bulgaria*, ECHR:2006:0119JUD005949100, para 60.

¹⁹ Lock (n 17), 'Article 11 CFR', p. 2133, para 3.

those that offend, shock or disturb the State or any sector of the population."²⁰ In this respect, protection is afforded not only to the content of the opinion, but also to the means²¹ and manner²² in which it is expressed.

However, it should be noted that the freedom of expression and information is not guaranteed absolutely. While freedom of expression can be restricted subject to the conditions of Art. 52(1) CFREU, it should also be noted that according to Art. 10(2) ECHR²³, the exercise of freedom under Art. 10(1) ECHR is subject to duties and responsibilities and can therefore be restricted if this is provided for by law and is necessary in a democratic society to achieve certain objectives. Nonetheless, the context of the respective expression of opinion must also be taken into account. According to the ECtHR, there is hardly any room for restrictions under Art. 10(2) ECHR when it comes to expressions of opinion in political speeches in particular.²⁴ On the other hand, it is also important to consider who the expression of opinion concerns. The ECtHR draws the boundaries of permissible criticism and commentary for public figures and those who have made themselves public in other ways more broadly than for private individuals.²⁵ Among others, this includes especially politicians²⁶, journalists²⁷ and owners of reputable companies in a country²⁸.

The ECtHR draws absolute boundaries in the case of incitement to violence, armed resistance or subversion, as well as hate speech. In these cases, no protection of freedom of expression can be granted regardless of the context of the expression.²⁹ In connection with hate speech, the ECtHR has also ruled that tolerance and respect for the equal dignity of all people are the foundation of a democratic and pluralistic society and that it can be considered necessary in democratic societies to penalise or even prevent all

²⁰ C-274/99 P *Connolly* EU:C:2001:127, para. 39; 5493/72 *Handyside v The United Kingdom* ECHR:1976:1207JUD000549372, para. 49.

²¹ William A. Schabas, *The European Convention on Human Rights: A Commentary* (Oxford University Press 2015), p. 456; 3111/10 *Ahmet Yildirim v Turkey* ECHR:2012:1218JUD000311110, para. 50.

²² 19554/05 *Taranenko v Russia* ECHR:2014:0515JUD001955405, para. 64.

²³ Which, in addition to Art. 52 (1) CFREU, can also be applied as a restriction for Art. 11 CFREU in accordance with Art. 52 (3) CFREU.

²⁴ Schabas (n 21), p. 474; 48311/10 *Axel Springer AG v Germany* ECHR:2014:0710JUD004831110, para. 54.

²⁵ 22398/05 *Ümit Bilgiç v Turkey* ECHR:2013:0903JUD002239805, para. 129.

²⁶ Schabas (n 21), p. 477-478; 40454/07 *Couderc and Hachette Filipacchi Associés v France* ECHR:2014:0612JUD004045407, para. 49.

²⁷ 69857/01 *Katamadze v Georgia* ECHR:2006:0214DEC006985701.

²⁸ 10520/02 *Verlagsgruppe News GmbH v Austria* ECHR:2006:1214JUD001052002, para. 36.

²⁹ Schabas (n 21), p. 478-479; 10752/09 *Belek and Özkurt v Turkey* ECHR:2014:0617JUD001075209, para. 18.

expressions of opinion that spread, promote or justify intolerance-based hate.³⁰ In this respect, the ECtHR has also drawn absolute limits in its case law on Art. 17 ECHR and established that the advocacy of terrorism³¹ and totalitarian ideologies such as the National Socialism³², the denial of crimes against humanity³³, the denial of the Holocaust³⁴ or a global and vehement attack against an ethnic or religious group³⁵ cannot be protected under the guise of freedom of expression.

It should therefore be noted that beyond these absolute boundaries, freedom of expression under Art. 11 CFREU and Art. 10 ECHR offers an open and broad area of protection. As one of the most important pillars of our democratic society, an encroachment into this sphere of protection can only be justified under strict requirements and in consideration of all circumstances of the individual case.

2.4.2 Freedom of the arts

Closely linked to freedom of expression is the freedom of the arts. This can already be deduced from the fact that the ECHR does not provide for a separate regulation of artistic freedom, but instead considers it to be part of the freedom of expression under Art. 10 ECHR. This is particularly due to the fact that the ECHR sees artistic freedom as a concretisation of freedom of expression (*lex specialis*).³⁶ In this respect, the prior evaluations outlined in the context of freedom of expression can also be applied to the freedom of the arts. Nonetheless, freedom of the arts may be observed independently of freedom of expression. This is particularly the case if there is actually no recognisable substantive message in the use of the sign by the third party and, due to the overall circumstances, it appears to be used solely to pursue economic interests, so that the scope of protection of freedom of expression is not even opened up.³⁷

The CFREU, on the other hand, offers artistic freedom its own platform and explicitly constitutes it in Art. 13 CFREU. This is based on an open concept of art, so that artistic freedom protects not only the creation of a work of art (“*working sphere*”), but also its communication to third parties (“*effective*

³⁰ 15615/07 *Feret v Belgium* ECHR:2009:0716JUD001561507, para. 64.

³¹ 24683/14 *Roj TV A/S v Denmark* ECHR:2018:0417DEC002468314, para. 44-46.

³² Schabas (n 21), p. 479; 32307/96 *Schimanek v Austria* ECHR:2000:0201DEC003230796.

³³ 65831/01 *Garaudy v France* ECHR:2003:0624DEC006583101.

³⁴ Schabas (n 21), p. 479; 7485/03 *Witzsch v Germany* ECHR:2005:1213DEC000748503.

³⁵ 35222/04 *Pavel Ivanov v Russia* ECHR:2007:0220DEC003522204; 34367/14 *Belkacem v Belgium* ECHR:2017:0627DEC003436714, para. 33-35.

³⁶ 13470/87 *Otto-Preminger-Institut v Austria* ECHR:1994:0920JUD001347087, para. 56.

³⁷ In line with the BGH: I ZR 59/13 *Springender Pudel* 2 April 2015, para. 50.

sphere”) and both traditional and innovative forms of art.³⁸ Even though the CFREU regulates artistic freedom separately from freedom of expression, Art. 10(2) ECHR is also used as a possible restriction for artistic freedom besides Art. 52(1) CFREU.³⁹ Similarly to freedom of expression, it should be noted that the ECtHR has acknowledged the principle that Art. 10 ECHR also protects works of art that offend, shock or disturb.⁴⁰ In its case law, the ECtHR emphasises that distortion and exaggeration in particular are inherent characteristics of satire that are worthy of protection as an artistic expression.⁴¹ As previously examined with regard to freedom of expression, the ECtHR has also stated that public figures, such as politicians, must show greater tolerance towards criticism in the context of artistic expressions.⁴²

It should therefore be noted that the freedom of the arts under Art. 13 CFREU and Art. 10 ECHR also offers an open and broad scope of protection and, as a concretisation of freedom of expression, also forms an elementary component of the fundamental rights system. The justification of a restriction is therefore also subject to high standards and requires consideration of all relevant circumstances of the individual case.

2.4.3 Freedom to conduct a business

The freedom to conduct a business is a fundamental legal principle and, alongside the freedom to choose an occupation under Art. 15 CFREU and the guarantee of property under Art. 17 CFREU, constitutes a central fundamental economic right.⁴³ For this reason, the freedom to conduct a business does not enjoy any protection under the ECHR. According to the explanations to the Charter, Art. 16 CFREU is based on the provision of Art. 119(1) and (3) TFEU, according to which the Union and the Member States are "*committed to free competition*".⁴⁴ The protection granted includes the freedom to conduct an economic or business activity, in particular the freedom of contract and free competition.⁴⁵ The commencement and termination of business activities and all aspects of their realisation are therefore protected. The same applies to the way in which a company is managed and operated, in particular the disposal of economic, technical and financial resources.⁴⁶ Furthermore, the freedom to conduct a

³⁸ Lock (n 17) 'Article 13 CFR', p. 2140, para. 3.

³⁹ CFREU Explanations (n 16), Art. 11 CFREU.

⁴⁰ ECtHR (n 36), para. 49.

⁴¹ 68354/01 *Vereinigung Bildender Künstler v Austria* ECHR:2005:0630DEC006835401, para. 33.

⁴² *Ibid*, para. 34.

⁴³ C-317/00 P(R) *Invest* EU:C:2000:621, para. 57.

⁴⁴ CFREU Explanations (n 16), Art. 16 CFREU.

⁴⁵ C-283/11 *Sky Österreich* EU:C:2013:28, para. 42.

⁴⁶ Lock (n 17) 'Article 16 CFR', p. 2147, para 3.

business may overlap with freedom of expression where commercial expressions are concerned, e.g. when it comes to business or commercial advertising.⁴⁷

The freedom to conduct a business is subject to the reservation of Art. 52(1) CFREU, meaning that any restriction would require a legal basis. The restriction must comply with the principle of proportionality, whereby the CJEU has ruled that the guarantee of Art. 16 CFREU must be seen in the context of its social function.⁴⁸ Legitimate interests that can restrict the guarantee of entrepreneurial activity can be found in particular in the CFREU itself, such as the grant of intellectual property rights under Art. 17(2) CFREU⁴⁹.

In conclusion, it should be noted that the freedom to conduct a business under Art. 16 CFREU has a different direction of protection than the freedom of expression or freedom of the arts in Art. 11, 13 CFREU or Art. 10 ECHR. The fact that Art. 16 CFREU, unlike Art. 15 CFREU, contains a reference to EU law, makes it clear that the legislator often has a wide scope for regulation and that the freedom to conduct a business can be subject to a variety of interventions by public authorities.⁵⁰ Nevertheless, even in the context of the freedom to conduct a business, it is necessary that the interests affected in individual cases are balanced against each other, taking into account all relevant circumstances, and that an appropriate balance is struck.

2.4.4 Interim conclusion

Examining the fundamental rights individually, it becomes clear what influence the case law of the CJEU and the ECtHR has on the interpretation and scope of protection of fundamental rights. In particular, it also becomes clear how the CFREU and ECHR work alongside each other to ensure a harmonised understanding of the application of fundamental rights. To what extent these now collide with the rights of the trade mark proprietor, which as such also enjoy protection as fundamental rights, or rather how this collision is to be resolved, will be analysed in the following.

2.5 Invoking fundamental rights in a trade mark conflict

It should be borne in mind that fundamental rights were basically established to be applied in a vertical relationship between the state or public authority and the individual and, above all, to bind the former to these fundamental rights and to protect the latter. Individual citizens should be able to defend themselves against state measures that interfere with their fundamental

⁴⁷ Kur and Senftleben (n 9).

⁴⁸ C-544/10 *Deutsches Weintor* EU:C:2012:526, para. 54.

⁴⁹ C-70/10 *Scarlet Extended* EU:C:2011:771, para. 43.

⁵⁰ CJEU (n 45), para. 46; C-134/15 *Lidl* EU:C:2016:498, para. 34.

rights. In the context of a conflict under EU trade mark law, in which the trade mark proprietor wishes to enforce his trade mark rights protected by fundamental rights against a third party, but the latter asserts its own fundamental rights to justify their use of the trade mark, there is no superior/subordinate relationship, as both parties are on the same level as private individuals - it is therefore a horizontal relationship/conflict. When applying fundamental rights in a horizontal relationship, conceptual questions arise as to what influence the fundamental rights have on the private conflict and what rights and obligations the parties have in this respect.⁵¹

Looking first at the decisions of the ECtHR, these always take place in the context of a superior/subordinate relationship between the affected individual and the defendant state. However, it should be noted that the underlying conflict of an ECtHR decision is very much of a private nature and often takes place on a horizontal level before a national court. In these cases, one can speak of an indirect effect of fundamental rights on a horizontal level. The indirect effect of fundamental rights at horizontal level is also enshrined in the preamble and in Art. 1 and 13 of the ECHR. The preamble states that each contracting state must ensure "*to secure to everyone within its jurisdiction the rights and freedoms defined in the Convention*". A similar regulatory content can be found in Art. 1 ECHR, which states that "*The High Contracting Parties shall secure to everyone within their jurisdiction the rights and freedoms defined in Section I of this Convention*". In connection with Art. 13 ECHR, this means that all contracting states must provide the possibility in their legal system to effectively defend themselves against restrictions of their rights granted by the Convention.⁵² Conversely, this means that the legislator, the courts and the authorities of the contracting states are obliged to structure and exercise their national trade mark law in such a way that the fundamental rights granted under the Convention are adequately taken into account.⁵³ Even if the EU itself is not (yet) a member of the ECHR, its fundamental rights must also be observed by the EU institutions, such as the EU legislator or the EUIPO (see 2.2). This has even been decided by the CJEU in its case law, for example when interpreting EU directives.⁵⁴ The CJEU is therefore also responsible for providing guidelines for the interpretation of the EUTMR or EUTMD, there is also an obligation to take appropriate account

⁵¹ Wolfgang Sakulin, *Trademark protection and freedom of expression: an inquiry into the conflict between trademark rights and freedom of expression under European, German, and Dutch law* (Universiteit van Amsterdam 2010), p. 101.

⁵² Ibid, p. 102.

⁵³ Ibid, p. 104.

⁵⁴ C-479/04 *Laserdisken* EU:C:2006:549, para. 60-66.

of the fundamental rights of the ECHR.⁵⁵ Independently of the ECHR, this indirect effect of fundamental rights can also be transferred to the CFREU. It can also initially be assumed that the CFREU is primarily applied in vertical relationships between the individual and a public authority in order to protect the fundamental rights of the individual. However, since the CJEU also indirectly applies the fundamental rights of the ECHR to horizontal conflicts between private individuals, it has consequently decided in the same way for the application of the fundamental rights of the CFREU.⁵⁶

The question of whether the fundamental rights of the CFREU cannot even be applied directly at horizontal level, i.e. whether individuals can invoke the fundamental rights of the CFREU directly before national courts, is highly controversial.⁵⁷ However, this dispute will not be discussed further at this point, as the CJEU has clarified once and for all in its case law concerning EU copyright law in *Funke Medien*⁵⁸ and *Spiegel Online*⁵⁹ that the CFREU fundamental rights cannot justify any derogation from the author's exclusive rights of reproduction and communication to the public under Art. 2(a) and 3(1) InfoSoc outside of the limitations and exceptions provided for in InfoSoc.⁶⁰ The CJEU justifies this by stating that the mechanisms that make it possible to find an appropriate balance between the various (fundamental rights) interests are already contained in InfoSoc (both in the provisions and the recitals).⁶¹ These CJEU evaluations from EU copyright law are to be applied to EU trade mark law, which makes it all the more important to take a look at the mechanisms to safeguard fundamental rights (see 2.6.) that are included in the EUTMR and EUTMD, as it will ultimately only be possible to invoke CFREU fundamental rights within the framework of these safeguarding mechanisms.

As a consequence of the fact that the rights of the proprietor of a trade mark are also protected by fundamental rights under Art. 17(2) CFREU and Art. 1 of the Protocol to the ECHR, two fundamental rights of constitutional rank are thus in conflict within the framework of these safeguarding mechanisms. According to established case law of the CJEU, in the event of conflicts between rights of equal rank, the national court must always ensure an appropriate balance of the colliding interests, taking into account all the

⁵⁵ Sakulin (n 51), p. 105.

⁵⁶ For example in: C-470/03 *AGM-COS.MET* EU:C:2007:213.

⁵⁷ Sacha Prechal, 'Horizontal direct effect of the Charter of Fundamental Rights of the EU' (2020) 66 RDCE, p. 409-410; Eleni Frantziou, *The Horizontal Effect of the EU Charter of Fundamental Rights: A Constitutional Analysis* (Oxford University Press 2019), p. 69-70.

⁵⁸ CJEU (n 3).

⁵⁹ CJEU (n 4).

⁶⁰ CJEU (n 3), para. 64; CJEU (n 4), para. 49.

⁶¹ CJEU (n 3) para. 58, 62-63; CJEU (n 4), para. 43, 47-48.

circumstances of the individual case.⁶² The balance is struck in the form of a proportionality test in the narrower sense, whereby the difficulty lies in balancing rights and interests of the highest rank. The balancing is based on the idea that the greater the degree of non-satisfaction or detriment of one principle, the more important the satisfaction of the other principle must be.⁶³ The court's task is therefore one of optimisation: *both competing interests must be limited so that both can be realised as far as possible*.⁶⁴ The greater the need to protect the trade mark proprietor's rights or his intellectual property rights, the more the fundamental rights invoked by the third party must be restricted in order to protect the trade mark rights. Logically, this can also be formulated the other way round. In this respect, an increased potential for collision with the fundamental rights of third parties, such as the freedom of expression and freedom of the arts, exists with regard to trade marks with a reputation. Among other factors, this results mainly from the fact that trade marks with a reputation are more frequently used by parodists, caricaturists or critics in a polemical manner, as they are more likely to polarise due to their power of attraction and generate more public attention for their critical or artistic expression.⁶⁵

Where exactly EU trade mark law provides for mechanisms through which the fundamental rights of third parties can be taken into account and the aforementioned balance with the rights of the trade mark proprietor can take place will be analysed in the next section.

2.6 Safeguarding mechanisms under EU trade mark Law

To understand why the CJEU's responsibility with regard to its interpretation of the undefined legal concept of "due cause" is particularly significant, it is first necessary to analyse and compare all the mechanisms through which the fundamental rights of third parties can find their way into EU trade mark law and whether these are able to safeguard fundamental rights effectively. Unlike in EU copyright law, there is no clear list of limitations and exceptions in EU trade mark law that can be clearly traced back to specific fundamental rights such as freedom of expression, artistic freedom or freedom to conduct a business. In EU trade mark law, third parties therefore have to be more creative if they want to justify the use of a trade mark on the basis of their fundamental rights. The following section therefore analyses which conceivable safeguarding mechanisms exist under EU trade mark law.

⁶² CJEU (n 10) *Padawan*; CJEU (n 10) *Painer*.

⁶³ Robert Alexy, 'Balancing, constitutional review, and representation' (2005) 3 *ICON*, p. 573.

⁶⁴ Lock (n 17) 'Article 52 CFR' 2253, para 17.

⁶⁵ Bohaczewski (n 1).

2.6.1 Registrability of immoral trade marks

Although the relevant conflict between trade mark rights and fundamental rights is likely to occur primarily in opposition or infringement proceedings, it should not be forgotten that fundamental rights can also be relevant well in advance. The influence of fundamental rights can already be observed during the registration of a trade mark when it comes to determining whether absolute grounds for refusal exist. Even though this does not relate specifically to the focus of this thesis, the following analysis provides a valuable starting point to reflect on how fundamental rights, especially freedom of expression, of third parties and EU trade mark law generally interact with each other.

This interaction can be seen in particular in the case for Art. 7(1)(f) EUTMR or Art. 4(1)(f) EUTMD, according to which a sign cannot be registered as a trade mark if it is contrary to public policy or accepted principles of morality. "Public policy" is the framework of all legal provisions necessary for the functioning of a democratic society and the rule of law. In the context of Art. 7 (1) (f) EUTMR or Art. 4 (1) (f) EUTMD, public policy refers to the EU law applicable in a given territory as well as the legal order and applicable law as defined in the Treaties and EU secondary law, which show a common understanding of certain fundamental principles and values such as human rights.⁶⁶ The concept of accepted principles of morality "*refers, in its usual sense, to the fundamental moral values and standards to which a society adheres at a given time*".⁶⁷

Since the courts will tend to consider infringements of *public policy* as a fact that is sufficient per se to refuse registration without examining opposing interests, such as fundamental rights, the gateway to fundamental rights lies primarily in the second alternative of *the accepted principles of morality*.⁶⁸ However, unlike in opposition or infringement proceedings, the focus here is not on the fundamental rights of the third party, but on those of the applicant, who relies on fundamental rights, in particular the freedom of expression and freedom of the arts, in order to justify the alleged immorality of his application. Contrary, the EUIPO is of the opinion that the application of Art. 7(1)(f) EUTMR or Art. 4(1)(f) EUTMD cannot be restricted by the principle of freedom of expression pursuant to Art. 10 ECHR or Art. 11 CFREU, as the refusal of registration only means that the sign is not granted protection under trade mark law and the use of the sign, even in commercial activity, is not prohibited.⁶⁹

⁶⁶ EUIPO Guidelines 2024 Part B, Section 4, Chapter 7, 2, 2.1 *Public Policy*.

⁶⁷ C-240/18 P *Constantin Film* EU:C:2020:118, para. 39.

⁶⁸ Ilanah Simon Fhima, 'Trade Marks and Free Speech' (2013) 44 IIC, p. 297.

⁶⁹ EUIPO Guidelines 2024 Part B, Section 4, Chapter 7, 1 *General remarks*.

However, this obviously contradicts the reasoning of the CJEU in *Constantin Film*⁷⁰, in which the EUIPO also argued that the exclusive right granted by a trade mark is intended to ensure undistorted competition and not freedom of expression.⁷¹ The EUIPO's view was initially supported by the General Court's decision, as it confirmed that the protection of freedom of expression is always sought in the field of art, culture and literature, but does not exist in the field of trade mark law.⁷² In the appeal proceedings before the CJEU, the CJEU ruled differently and stated that the freedom of expression provided for in Art. 10 ECHR and Art. 11 CFREU must be taken into account when applying Art. 7(1)(f) EUTMR and Art. 4(1)(f) EUTMD.⁷³ In doing so, the CJEU followed the considerations of the AG *Bobek*, who explained in advance that the scope of application of the CFREU and the fundamental rights guaranteed therein extends to every act or omission of the institutions and bodies of the Union and that this must therefore also apply to acts and omissions of Union bodies such as the EUIPO in the trade mark area.⁷⁴ Furthermore, the AG explained that the commercial nature of an activity is not a reason to restrict or even exclude the protection of fundamental rights and also referred to the case law of the ECtHR on Art. 10 ECHR, according to which freedom of expression applies regardless of the nature of the information, even if it is commercial advertising.⁷⁵ The AG also pointed out contradictions in the EUIPO's own decision-making practice, as the EUIPO has already taken freedom of expression as such into account in past decisions in the context of Art. 7(1)(f) EUTMR and Art. 4(1)(f) EUTMD.⁷⁶ Ultimately, however, it is also emphasised once again that this does not mean that freedom of expression must outweigh the alleged immorality in the context of a subsequent balancing of interests, as there would be arguments for assigning less weight to freedom of expression in this context.⁷⁷ However, not taking it into account at all is out of the question.

Even if the absolute ground for refusal under Art. 7(1)(f) EUTMR or Art. 4(1)(f) EUTMD is barely applicable to the research focus of this thesis, the CJEU decision issued in this context can nevertheless be used to draw overall conclusions under trade mark law. With reference to the CJEU's decision in *Constantin Film*, these conclusions will be referred to again at a later stage of

⁷⁰ CJEU (n 67), para. 33.

⁷¹ Ibid.

⁷² T-69/17 *Constantin Film* EU:C:2018:27, para. 29.

⁷³ CJEU (n 67), para. 56.

⁷⁴ C-240/18 P *Constantin Film* EU:C:2019:553, Opinion of AG Bobek, para. 48.

⁷⁵ Ibid, para. 49.

⁷⁶ For example: R 495/2005-G *SCREW YOU*, para. 15; R 2889/2014-4, *DIE WANDERHURE*, para. 12; R 519/2015-4, *JEWISH MONKEYS*, para. 16.

⁷⁷ AG Bobek (n 74), para. 55-57.

this thesis (see 3.4.4.1). Even if the CJEU could certainly have elaborated more on the interplay between trade mark law and fundamental rights here, it should be noted that fundamental rights in EU trade mark law can not only conflict with trade mark rights but can also play a beneficial role in realising and confirming them.⁷⁸

2.6.2 Use in the course of trade

The "use in the course of trade" is a characteristic that applies to all infringement scenarios under the EUTMR/EUTMD. This firstly clarifies that not every third-party use of a sign that conflicts with the EU trade mark can be prohibited by the trade mark proprietor. The use is therefore limited to the course of trade, i.e. it must arise from the trade in goods or services and constitute a commercial activity intended to obtain an economic advantage.⁷⁹ According to the CJEU, a sign is already considered to be used in the course of trade if the use is made in connection with a commercial activity aimed at an economic advantage and not in the private sphere.⁸⁰ In this context, the CJEU considers that the notions of "use" and "in the course of trade" are not exclusively based on direct relationships between a trader and a consumer. Relevant use may also occur if a sign identical to the trade mark is used by another market player in the context of its own commercial communication.⁸¹

The requirement of "use in the course of trade" thus helps to safeguard uses that are characterised by fundamental rights, such as purely artistic, political or satirical uses that are free of commercial intentions, as these may not constitute an infringement in the first place. However, it becomes problematic when it comes to mixed uses that are characterised by artistic, political or satirical elements but also pursue a commercial purpose. If one considers that fundamental rights, such as the freedom of the arts, not only guarantee third parties, in particular artists, that they can not only create works, but also market and sell them to the public, it becomes clear that many trade mark uses have a mixed character and it cannot be clearly assigned whether they pursue purely non-commercial purposes or not.⁸² In particular, the use via commercial media, such as in a film or book, which at the same time also represent core forms of expression in the context of

⁷⁸ Also shown in: Alvaro Fernandez De La Mora Hernandez, 'A Counterintuitive Approach to the Interaction Between Trade marks and Freedom of Expression in the US and Europe: A Two-Way Relationship' (2022) 39 BJIL, p. 331-333.

⁷⁹ Kur and Senftleben (n 9), p. 276.

⁸⁰ C-236/08 *Google France* EU:C:2010:159, para. 50; C-206/01 *Arsenal* EU:C:2002:651, para. 40; C-17/06 *Céline* EU:C:2007:497, para. 17.

⁸¹ C-129/17 *Mitsubishi* EU:C: 2018:594, para. 39.

⁸² Martin Senftleben, 'Robustness Check: Evaluating and Strengthening Artistic Use Defences in EU Trademark Law' (2022) 53 IIC, p. 572.

freedom of expression and freedom of the arts, inevitably leads to the assumption of "use in the course of trade".

As a consequence of the fact that only a few third-party uses are completely devoid of a commercial character, the requirement of "use in the course of trade" will generally have to be interpreted in favour of the trade mark proprietor due to its low threshold value. It is therefore not suitable for striking an appropriate balance between the conflicting fundamental rights of the trade mark proprietor and the third party. This must rather be done via other mechanisms of EU trade mark law.⁸³

2.6.3 Use as a trade mark

To be able to speak of a *prima facie* infringement, in addition to "use in the course of trade", there must also be use "in relation to goods and services", which is generally considered as "use as a trade mark".⁸⁴ This requirement is based on the extensive trade mark protection and the exclusive rights granted to the trade mark proprietor to enable the protection of the specific interests as a trade mark proprietor, i.e. to ensure that the trade mark can fulfil its functions. Conversely, the exercise of these rights must therefore be limited to cases in which the use of the sign by a third party impairs or is likely to impair the functions of the trade mark and, in particular, its main function, i.e. guaranteeing the origin of the goods to consumers.⁸⁵ Thus, the use must be considered as "use as a trade mark".

According to the CJEU's established case law, an act of infringement therefore requires that the use of the infringing sign by the third party impairs or at least is likely to impair the functions of the trade mark and, in particular, its essential function of guaranteeing the identity of the origin of the goods or services and thus of guaranteeing the origin of the goods or services to the consumer.⁸⁶ In this context, the CJEU not only recognises the origin function of the trade mark as being legally relevant in the sense of the commercial guarantee of origin, but also takes into account the other economic functions of the trade mark, for which the CJEU has not provided an exhaustive list.⁸⁷ In particular, the communication function, the quality function, the advertising function and the investment function are

⁸³ Ibid, p. 573; Sakulin (n 51), p. 215, 216; Łukasz Zelechowski, 'Invoking Freedom of Expression and Freedom of Competition in Trade Mark Infringement Disputes: Legal Mechanisms for Striking a Balance' (2018) ERA Forum, p. 119.

⁸⁴ Michal Bohaczewski, *Special Protection of Trade Marks with a Reputation under European Union Law* (Kluwer Law International 2020), para. 131; Sabine Jacques, 'The EU trade mark system's lost sense of humour' (2024) 1 IPQ, p. 10, 11; Senftleben (n 82), p. 573.

⁸⁵ CJEU (n 80) *Arsenal*, para. 51.

⁸⁶ C-48/05 *Adam Opel* EU:C:2007:55, para. 21; C-487/07 *L'Oréal* EU:C:2009:378, para. 58.

⁸⁷ Ibid *L'Oréal*.

recognised.⁸⁸ Especially the advertising and investment functions justify the granting of extended protection to trade marks with a reputation in the first place, so that use can only be infringing if one of the trade mark functions is or at least could be affected. For the sake of completeness, it should also be mentioned that the application of these principles to the extended protection of reputation is quite controversial, but in view of the scope of this thesis, it will not be discussed further at this point.⁸⁹

In conclusion, fundamental rights considerations can also be made in the context of the requirement of "use as a trade mark". The requirement could, in principle, serve primarily as a filter to exclude claims that are not related to the identification and differentiation of goods and services.⁹⁰ However, instead of incorporating such a filter, the CJEU opted for a much more flexible application of the requirement of "use as a trade mark". Instead, the CJEU has increasingly weakened the general requirement for protection by considering, among other things, use to inform the public about the repair and maintenance of original goods⁹¹, use to inform the public about compatibility with original goods⁹² or use in comparative advertising⁹³ as actionable trade mark uses. However, this broad interpretation by the CJEU has led to the result that the requirement of "use as a trade mark" has in practice been deprived of its function as a barrier to excessive trade mark protection.⁹⁴ Therefore and similar to the requirement of "use in the course of trade", the requirement of "use as a trade mark" does not help to safeguard fundamental rights nor to achieve an appropriate balance between the conflicting fundamental rights interests due to its broad and flexible scope of application.

2.6.4 Art. 14 EUTMR / EUTMD

In addition to the above-mentioned mechanisms, which can all be located within the requirements for registration or infringement, it follows from the very nature of the matter that fundamental rights are likely to be invoked where EU trade mark law provides for specific limitations and exceptions to trade mark rights. The following section will therefore specifically analyse the

⁸⁸ Lionel Bently, Brad Sherman, Dev Gangjee and Phillip Johnson, *Intellectual Property Law* (6th edn, Oxford University Press 2022), p. 1141-1144; Justine Pila and Paul Torremans, *European Intellectual Property Law* (2nd edn, Oxford University Press 2019), p. 380.

⁸⁹ Contrary view: Bohaczewski, (n 84), para. 135.

⁹⁰ Senftleben (n 82), p. 573; Zelechowski (n 83).

⁹¹ C-63/97 *BMW* EU:C:1999:82, para. 42

⁹² C-228/03 *Gillette* EU:C:2005:177, para. 33-34.

⁹³ C-533/06 *O2 Holdings* EU:C:2008:339, para. 36; CJEU (n 86) *L'Oréal*, para. 53.

⁹⁴ Senftleben (n 82), p. 578; Zelechowski (n 83), p. 120.

extent to which Art. 14 EUTMR/EUTMD can contribute to safeguard fundamental rights under EU trade mark law.

2.6.4.1 Own name or address

According to Art. 14(1)(a) EUTMR/EUTMD, every natural person has the right to use his or her name or address in the course of trade. The legislative restriction to names and addresses of natural persons has rendered the former case law of the CJEU⁹⁵ obsolete, according to which Art. 14(1)(a) EUTMR/EUTMD also covered trade and company names. Recital 21 EUTMR/27 EUTMD explain in this respect that the same conditions had to be created for trade names and EU trade marks in the event of conflicts and, for this purpose, the use of trade names should only include the use of the personal name of the third party against the background that these are regularly granted unlimited protection against younger trade marks. For the same reasons, stage names and pseudonyms of natural persons are also excluded from the privilege, as these can also be changed at will.⁹⁶ In addition to the name, the use of one's own address is also favoured. This includes city and postcode as well as street name, house number and, if applicable, other information to identify the place of residence of a natural person. However, only the use of the complete address is favoured, not the use of individual elements only.⁹⁷

The extent to which fundamental rights can be relevant in this context is shown in particular by a decision of the EWHC in the case *Sky*⁹⁸. In this case, the freedom to conduct a business under Art. 16 CFREU, the right to property under Art. 17 CFREU, the principle of equality before the law under Art. 20 CFREU and the principle of anti-discrimination under Art. 21 CFREU were invoked to establish that the new legislative restriction of Art. 14(1)(a) EUTMR/EUTMD to a natural person's own name and address is contrary to EU law.⁹⁹ However, even before the recent EU trade mark law reform, it was the intention of the legislator to apply protection exclusively to natural persons, but was interpreted incorrectly by the CJEU in the decision in *Anheuser Busch*¹⁰⁰ to the extent that legal persons (e.g. private entities) were also covered. The EU legislator has corrected this misinterpretation by expressly restricting the exception in Art. 14(1)(a) EUTMR/EUTMD to natural persons only. In other words, the EU

⁹⁵ C-245/02 *Anheuser-Busch* EU:C:2004:717, para. 80-81.; CJEU (n 80) *Céline*, para. 31.

⁹⁶ Ulrich Hildebrandt and Olaf Sosnitza, *Unionsmarkenverordnung: UMV* (CH Beck 2021), Art. 14 para. 4.

⁹⁷ *Ibid*, para. 7.

⁹⁸ *Sky* [2017] EWHC 1769.

⁹⁹ *Ibid*, para. 23.

¹⁰⁰ C-245/02 *Anheuser-Busch* EU:C:2004:717.

legislator has merely amended the law to bring it back to its original state. This not only enables an appropriate balance to be struck between the fundamental rights interests of the trade mark proprietor and the third party, but also with regard to safeguarding the fundamental rights interests of consumers in avoiding confusion or other distortions in market decisions.¹⁰¹

2.6.4.2 Non-distinctive / Descriptive use

Art. 14(1)(b) EUTMR/EUTMD allows the third party to use a sign identical or similar to the EU trade mark if it is devoid of any distinctive character or if it constitutes an indication of the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or of other characteristics of the goods or service. The defence is specifically aimed at enabling all economic operators to use descriptive terms and in this respect represents a form of the requirement of availability.¹⁰² In principle, it is intended to prevent a trade mark proprietor from prohibiting competitors from using a descriptive concept or concepts that are part of his trade mark to refer to characteristics of their own goods. However, the wording of Art. 14(1)(b) EUTMR/EUTMD is by no means limited to this case, so that third parties can also use a trade mark if this use consists of making a statement about the kind, quality or other characteristics of the goods marketed by the third party, provided that the said use is in accordance with honest practices in industrial or commercial matters.¹⁰³ The extension to signs without distinctive character is based on the idea that the general interests underlying the grounds for refusal of Art. 7(1)(b) and (c) EUTMR are also to be regarded as equally important in the area of limitations.¹⁰⁴

From a fundamental rights perspective, Art. 14(1)(b) EUTMR/EUTMD can be relevant in an artistic context, but also in a competition law context. Firstly, it can be argued that this defence can play an important role if, for example, work titles or other signs with cultural significance are registered as trade marks. For example, a photo of a well-known actress - assuming that it has been successfully registered as a trade mark - may constitute a descriptive indication of product characteristics for books, magazines, photographs, posters, CDs, DVDs, music performances and film productions. On the basis of the defence of descriptive use, the use of the portrait photo as an indication of film, book or poster features therefore remains permissible even if the trade mark rights are acquired through use in the course of

¹⁰¹ Zelechowski (n 83), p. 125.

¹⁰² C-102/07 *Adidas* EU:C:2008:217, para. 46.

¹⁰³ CJEU (n 86) *Adam Opel*, para. 42-43.

¹⁰⁴ Max Planck Institute for Intellectual Property and Competition Law, *Study on the Overall Functioning of the European Trade mark System*, para. 2.256.

trade.¹⁰⁵ In this respect, the defence could then be seen as an expression of the freedom of expression and freedom of the arts under Art. 11 and 13 CFREU. Similar to descriptive signs, which still contain remnants of their original descriptive character that can be freely used by others even after they have been registered and have acquired distinctive character, inherently non-distinctive signs never become the "sole property" of the trade mark proprietor, but must leave room for use by others that relates only to the sign in its original, non-distinctive capacity.¹⁰⁶ Thus, it becomes clear that non-distinctive use can also fulfil an important function in obtaining trade mark protection for literary and artistic works.¹⁰⁷

Furthermore, it should be noted that the CJEU defines the public interest underlying the lack of distinctiveness as being based on the interests of consumers in ensuring that trade marks properly fulfil their essential function of guaranteeing the origin of goods and services to them, and not on the interests of competitors in having access to the commercial exploitation of non-distinctive signs.¹⁰⁸ It can therefore reasonably be argued that at least the restriction on the use of non-distinctive and descriptive signs should currently be interpreted from the outset in a broader perspective of all interests involved, including the interests of consumers and also competitors, who should not be confronted with the obstacle of an unnecessary market barrier preventing them from using non-distinctive or descriptive signs.¹⁰⁹ This understanding is based on fundamental rights considerations in connection with the freedom to conduct a business enshrined in Art. 16 CFREU and thus may constitute an effective mechanism to safeguard specific fundamental rights.

2.6.4.3 Referential use

According to Art. 14(1)(c) EUTMR/EUTMD, the EU trade mark proprietor does not have the right to prohibit a third party from using the EU trade mark for the purpose of identifying or referring to goods or services of the trade mark proprietor, in particular in the case of designations as accessories or spare parts. This should generally exempt the so-called "referential use", i.e. the use of the trade mark that identifies the designated goods or services as those of the trade mark proprietor. Prior to the most recent reform of EU trade mark law, referential use only protected use that was necessary to

¹⁰⁵ Senftleben (n 82), p. 583.

¹⁰⁶ Annette Kur, 'Yellow Dictionaries, Red Banking Services, Some Candies, and a Sitting Bunny: Protection of Color and Shape Marks from a German and European Perspective' in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks: Critical Perspectives* (Oxford University Press 2018), p. 101.

¹⁰⁷ Senftleben, Robustness Check, p. 584.

¹⁰⁸ C-329/02 SAT.1 EU:C:2004:532, para. 36.

¹⁰⁹ Zelechowski (n 83), p. 126.

indicate the intended purpose of a product or service, in particular use in connection with accessories or spare parts¹¹⁰. The latter is now listed as an example of referential use in Art. 14(1)(c) EUTMR/EUTMD. Another example of referential use is *comparative advertising*, which is covered under the CJEU's ruling on double identity pursuant to Art. 9(2)(a) EUTMR / Art. 10(2)(a) EUTMD. However, the directive¹¹¹ relevant for the permissibility of use in comparative advertising was integrated into the infringement offence by Art. 9(3)(f) EUTMR / Art. 10(3)(f) EUTMD, so that comparative advertising no longer plays a role in the context of Art. 14(1)(c) EUTMR/EUTMD.

In addition, as part of the negotiations on the most recent reform of EU trade mark law, the EP proposed further cases that would constitute referential use. Among others, these include the promotion of a legitimate alternative to the goods or services bearing a trade mark of the proprietor or use for parody, artistic expression, criticism or commentary.¹¹² In its adopted form, Art. 14(1)(c) EUTMR/EUTMD ultimately only contains the "indication of the purpose" as an exception, but the wording is not exhaustive, so that other cases of referential use can also be taken into account, even if they are not expressly mentioned.¹¹³ The defence of referential use thus offers space for the development of fundamental rights of third parties, in particular freedom of expression, artistic freedom and freedom to conduct a business. Referential use can therefore be used in particular to strike an appropriate balance between the rights of the trade mark proprietor and the fundamental rights of third parties. Art. 14(1)(c) EUTMR/EUTMD can therefore be understood in particular as an open and flexible expression of the principle declared in recital 21 EUTMR and 27 EUTMD that the EUTMR and EUTMD should be applied in such a way that fundamental rights and freedoms, in particular the right to freedom of expression, are fully respected.¹¹⁴

2.6.4.4 Honest Practices

According to Art. 14(2) EUTMR/EUTMD, the limitation provisions of Art. 14(1) EUTMR/EUTMD only apply if the use by the third party is in accordance with honest practices in industrial or commercial matters. According to established case law of the CJEU, the criterion of "*honest practices*" corresponds to the obligation not to act unfairly against the

¹¹⁰ CJEU (n 92), para. 32.

¹¹¹ Directive 2006/114/EC.

¹¹² EP, Legislative resolution of 25. February 2014, OJ C 285/262, Amendments to Art. 14.

¹¹³ Zelechowski (n 83) p. 127; Senftleben (n 82) p. 581.

¹¹⁴ Zelechowski (n 83) p. 127; Kur and Senftleben (n 9), p. 428-429.

legitimate interests of the trade mark proprietor.¹¹⁵ Use of the trade mark is not in accordance with honest practices in industrial or commercial matters in particular if (i) *it is made in such a way as to suggest that a commercial relationship exists between the third party and the trade mark proprietor*, (ii) *it is detrimental to the value of the trade mark by taking unfair advantage of its distinctive character or repute*, (iii) *it disparages or discredits the trade mark* or (iv) *the third party presents its goods as imitations or replicas of the goods bearing the trade mark of which it is not the proprietor*.¹¹⁶ Whether and to what extent this is given in the individual case must be assessed by the respective national court on the basis of a comprehensive balancing taking into account all relevant circumstances.¹¹⁷

The honest practices thus constitute a barrier and serve as an important counterweight to the limitations provided for in Art. 14(1) EUTMR/EUTMD. As such, honest practices are also mentioned in Recitals 21 EUTMR and 27 EUTMD and are thus part of the "fairness" rule for balancing the conflicting fundamental rights involved.

2.6.5 Without due cause

Contrary to the defences of Art. 14(1) EUTMR / EUTMD, the requirement of "without due cause" constitutes a negative condition of infringement at the offence level of the extended protection of reputation provisions of Art. 8(5), 9(2)(c) EUTMR as well as Art. 5(3)(a) and Art. 10(2)(c), (6) EUTMD.

As the concept of "due cause" will be examined and discussed in detail in the following Chapter 3, reference is made at this point to the comprehensive assessment there. Nevertheless, it can already be emphasised that due to the fact that trade marks with a reputation are often used in a polemical manner for caricatures, satirical works or criticism,¹¹⁸ "due cause" is a particularly important instrument for the protection of freedom of expression and freedom of the arts and is therefore of great relevance for EU trade mark law in terms of fundamental rights.¹¹⁹ Furthermore, current case law shows that, in addition to freedom of expression and freedom of the arts, freedom to conduct a business can also be opposed in the context of "due cause" to justify the trade mark use (see 3.4.2.1).

2.7 Conclusion

Overall, it can be concluded that EU trade mark law and fundamental rights under the CFREU, but also under the ECHR, are in a permanent state of

¹¹⁵ C-93/16 *Ornua* EU:C:2017:571, para. 44.

¹¹⁶ CJEU (n 92), para. 49.

¹¹⁷ CJEU (n 80) *Céline*, para. 35; CJEU (n 92), para. 46; CJEU (n 115).

¹¹⁸ Bohaczewski, (n 1).

¹¹⁹ Kur and Senftleben (n 9), p. 360.

tension. The interests of the trade mark proprietor, which in turn enjoy protection as fundamental rights under the CFREU and ECHR, often collide in several respects with the fundamental rights of third parties and their interest in being able to use the protected trade mark freely. In particular, the freedom of expression and freedom of the arts of third parties are of significant relevance when dealing with trade mark rights. However, competition law considerations must also be taken into account, which are subordinate to the objective need for fair and free competition, which is also guaranteed to a third party by the fundamental right of freedom to conduct a business. According to established CJEU case law, in the event of such conflicts between rights of equal rank, the national courts must always ensure that a fair balance is struck, taking into account all the circumstances of the individual case. At the same time, however, in analogous application of CJEU case law from EU copyright law, it must be noted that EU trade mark law itself must provide the conditions for the necessary balancing of interests. The courts cannot make use of instruments outside the legislative elements of EU trade mark law, in this case the EUTMR and EUTMD. The balancing of interests must therefore take place within the scope of the EUTMR and EUTMD.

Looking at the previously discussed mechanisms of the EUTMR and EUTMD, it should be noted that the infringement requirements of "use in the course of trade" and "use as a trade mark" do not offer sufficient space to cover all conceivable fundamental rights considerations and bring them into balance with the rights of the trade mark proprietor. However, the situation is different in the context of the limitations and exceptions set out in Art. 14 EUTMR/EUTMD, whereby referential use in particular can offer flexible space to cover the relevant fundamental rights considerations. Nevertheless, it should be mentioned in this context that, none of the mechanisms discussed provide a clear picture when it comes to the invocation of fundamental rights under EU trade mark law. Although the existing mechanisms can, in principle, be interpreted in a way that favours fundamental rights of third parties, this interpretation still remains at the discretion of the national courts. Therefore, a respective guidance by the governing EU institutions, mainly by the CJEU, regarding the invocation of fundamental rights to justify the use of trade marks seems all the more desirable.

This need for more legal certainty was also the main incentive for this thesis, whereby the clear focus lies on the negative condition "without due cause", so that its interpretation and application is decisive for answering the key research question. Based on the findings of this chapter, the following chapter will take a closer look at the negative condition of "without due

cause". In particular, it will be analysed whether "due cause" constitutes an effective safeguarding mechanism for fundamental rights and how a balance can be achieved with regard to the rights of the trade mark proprietor.

3 “Due cause” and its place under EU trade mark law

3.1 Introduction

The negative condition “without due cause” is initially to be subordinated to the extended protection of trade marks with a reputation. In this context, a “due cause” must not only be taken into account in the context of infringement proceedings under Art. 9(2)(c) EUTMR or Art. 10(2)(c), (6) EUTMD, it can also be invoked under Art. 8(5) EUTMR or Art. 5(3)(a) EUTMD by the applicant of a trade mark in opposition proceedings before the EUIPO in order to enforce a registration despite possible similarity with an already registered trade mark with a reputation. Even if a “due cause” can therefore be relevant in different contexts, the undefined legal term must be interpreted and applied uniformly under EU law.

To understand, how the undefined legal concept of “due cause” can actually be interpreted and applied in such a way that an appropriate balance can be found between the (fundamental) rights and interests of the trade mark proprietor and the fundamental rights of third parties, a general analysis of the place of “due cause” in the extended protection of trade marks with a reputation is required. To this end, the rationale behind the need for extended protection of reputation and the positive requirements for the protection of reputation are briefly discussed. This chapter then takes an in-depth look at the negative condition of “without due cause”. This will be introduced with an examination of the legislative historical development of the negative condition, the CJEU case law to date and the most recent request for a preliminary ruling in *IKEA*, C-298/23. With reference to further national case law of the EU Member States, it is then analysed what can actually constitute a “due cause”, with a particular focus on the fundamental rights of third parties. Following on from this, it will be analysed in detail how the balance between fundamental rights of third parties and the (fundamental) rights of the trade mark proprietor can be achieved, respectively, which criteria must be taken into account and to how they relate to each other. Finally, the findings are put into practice by assessing the implications of their application to the national case underlying the preliminary ruling proceedings in *IKEA*, C-298/23.

3.2 Protection of trade marks with a reputation

The basic concept of trade mark protection is generally limited to protection against identical use or against likelihood of confusion in the sense of confusion of commercial origin. This protection naturally ends where there is no likelihood of confusion, in particular due to a lack of similarity between the goods and services for which the trade mark enjoys protection and the goods and services for which the competing sign is used. This basic concept

of trade mark protection proves to be inadequate as the trade mark becomes increasingly well-known. With increasing reputation, the trade mark becomes detached to a certain extent from the goods and services for which it originally enjoys protection. Due to an investment of the trade mark proprietor that goes beyond origin, the sign itself becomes increasingly independent of the originally protected goods and services and becomes a valuable asset that is open to independent economic exploitation.¹²⁰ It is therefore no longer just about the origin function of a trade mark to distinguish the goods and services of one undertaking from those of another, but rather about the use of the trade mark as a means of communication and carrier of a general marketing message.¹²¹ In this respect, the trade mark is intended to convey an image of the trade mark proprietor and the goods and services offered to the consumer and thus to advertise for the trade mark proprietor. As a result, a special protection for reputation is required, which also extends to the investments made and the economic expenditure incurred by the trade mark proprietor to obtain and maintain the image and the reputation of the trade mark itself.¹²²

The extended protection of trade marks with a reputation is also based on the realisation that the reputation and distinctiveness of the trade mark is not only worthy of protection, but also in need of special protection. Trade marks with a reputation are particularly exposed to attempts at both taking unfair advantage of and detriment to them, which is naturally based on the fact that their exploitation promises to be highly rewarding. At the same time, reputation and distinctiveness are trade mark characteristics which, due to their dependence on public perception, represent particularly fragile results of competitive performance and are therefore particularly vulnerable to detriment. The special protection worthiness and need for protection thus justify the codification as an infringement under EU trade mark law, so that the trade mark proprietor no longer has to rely on general trade mark protection under competition or tort law.

In this respect, EU trade mark law requires both positive and negative conditions, which must be cumulatively fulfilled in order to be able to speak of a trade mark infringement. The positive conditions are prerequisites that precede the proof of the types of infringement of the reputable trade mark, whereas negative criteria are only taken into account as soon as a *prima-facie* infringement has been established from the outset. For this reason, the

¹²⁰ Kur and Senftleben (n 9), p. 339.

¹²¹ C-252/07 *Intel* EU:C: 2008:370, Opinion of AG Sharpston, para. 13.

¹²² C-323/09 *Interflora* EU:C:2011:604, para. 89; CJEU (n 86) *L'Oréal*, para. 58.

former must be demonstrated by the trade mark proprietor, while the burden of proof for the latter lies with the defending third party.¹²³

3.3 The positive conditions for *prima facie* infringement

Under the extended protection of trade marks with a reputation, the trade mark proprietor must therefore demonstrate (i) *use in the course of trade*, (ii) *identity or similarity of the signs*, (iii) *identity, similarity or dissimilarity of the goods and services*, (iv) *reputation of the trade mark* and (v) *unfair advantage taken of, or detriment to, the distinctive character or repute of the trade mark*.

3.3.1 Use in the course of trade / Use as a trade mark

The "use in the course of trade" is a characteristic that applies to all infringement scenarios under the EUTMR and EUTMD. As already mentioned in Chapter 2 (see 2.6.1), this firstly clarifies that not every third-party use of a sign that conflicts with the EU trade mark can be prohibited by the trade mark proprietor. The use is limited to the course of trade, i.e. it must arise from the trade in goods or services and constitute a commercial activity intended to obtain an economic advantage.¹²⁴ According to the CJEU, a sign is already considered to be used in the course of trade if the use is made in connection with a commercial activity aimed at an economic advantage and not in the private sphere.¹²⁵ In this context, the CJEU considers that the notions of "use" and "in the course of trade" are not exclusively based on direct relationships between a trader and a consumer. Relevant use may also occur if a sign identical to the trade mark is used by an economic operator in the context of its own commercial communication.¹²⁶

Furthermore, it should be noted that even if a sign is used in the course of trade, it is only "used" if it can infringe a trade mark right, i.e. it is used "for goods or services", i.e. "as a trade mark". According to the CJEU's established case law, an act of infringement therefore requires that the third-party use affect or at least is likely to affect the functions of the trade mark and (also see 2.6.3).¹²⁷ This means particularly that the sign must be used to designate goods or services and to link them to a commercial origin by distinguishing them from other goods or services.¹²⁸ It follows that third party uses can only infringe the trade mark proprietor's rights if they are carried out for the

¹²³ Bohaczewski (n 84), para. 125.

¹²⁴ Kur and Senftleben (n 9), p. 276.

¹²⁵ CJEU (n 80) *Google France*, para. 50; CJEU (n 80) *Arsenal*, para. 40; CJEU (n 80) *Céline*, para. 17.

¹²⁶ CJEU (n 81) *Mitsubishi*.

¹²⁷ CJEU (n 86) *Adam Opel* and *L'Oréal*.

¹²⁸ Bohaczewski (n 84), para. 131.

purpose of distinguishing goods or services, i.e. for use as a trade mark.¹²⁹ Since the advertising and investment functions primarily justify the extended protection of trade marks with a reputation, one could also assume that the third-party use is considered an infringement if at least one of these trade mark functions is actually or likely to be affected. Among legal scholars, however, some authors also argue that "use as a trade mark" is not a requirement for the extended protection of trade marks with a reputation.¹³⁰ However, as the focus of this chapter is to provide a general understanding of the infringement situation relating to trade marks with a reputation under the EUTMR and EUTMD, which will also be the foundation for the subsequent interpretation of the negative condition "without due cause", the discussion on the "use as a trade mark" in the context of the extended protection of reputation will not be further elaborated here (see 1.2).

3.3.2 Identity or similarity of signs

The extended protection of trade marks with a reputation exists both in relation to signs identical to the trade mark with a reputation and to similar signs. However, in contrast to the goods and services in question (see 3.3.3), the protection of trade marks with a reputation does not extend as far as granting this protection even if the signs are dissimilar. This follows logically from the fact that if the two signs are absolutely dissimilar, neither an unfair advantage nor a detriment to the earlier sign is conceivable.¹³¹ However, it is still not mandatory to require the same degree of similarity between the signs as it would be necessary to establish a likelihood of confusion under Art. 8(1)(b), 9(2)(b) EUTMR / Art. 5(1)(b) or 10(2)(b) EUTMD. In its established case law, the CJEU makes a clear distinction between a similarity of signs that gives rise to a likelihood of confusion and the degree of similarity of signs that is sufficient for the protection of trade marks with a reputation.¹³² Nowadays, the CJEU formulates it as follows: *"The infringements [...] are the consequence of a certain degree of similarity between the mark and the sign, by virtue of which the relevant section of the public makes a connection between the sign and the mark, that is to say, establishes a link between them without confusing them"*.¹³³ As the wording shows, the "establishment of a link" is the functional equivalent of the likelihood of confusion, i.e. the result of an overall assessment of all relevant factors, which also takes into account the degree of similarity of the signs. However, the degree of similarity of the signs is not the only decisive factor. On the one hand, the CJEU expressly

¹²⁹ Bohaczewski (n 84), para. 134.

¹³⁰ Bohaczewski (n 84), para. 137.

¹³¹ C-603/14 *El Corte Inglés* EU:C:2015:807, para. 39.; C-552/09P *Ferrero* EU:C:2011:177, para. 51.

¹³² Ibid *El Corte Inglés*, para 41.

¹³³ CJEU (n 86) *L'Oréal*, para. 36; CJEU (n 102) *Adidas*, para. 41.

states that the degree of similarity does not have to be as great as to give rise to a likelihood of confusion.¹³⁴ On the other hand, even if the signs are identical, the link between them may still be denied.¹³⁵

As a result, the similarity of signs is to be understood on the one hand as a minimum requirement, which excludes cases of absolute dissimilarity, and on the other hand it is to be seen in a functional context with the possibility of detriment and thus to be determined differently than under Art. 8(1)(b), 9(2)(b) EUTMR / Art. 5(1)(b) or 10(2)(b) EUTMD. Nonetheless, similarity of signs is assessed from the perception of the public to which the identical or similar sign is addressed. If this relates in particular to goods and services intended for all consumers, the CJEU equates the relevant public with the "*average consumer who is normally informed and reasonably attentive and circumspect*".¹³⁶

3.3.3 Identity, similarity or dissimilarity of goods and services

Prior to the EUTMR and EUTMD, the wording of the previously applicable trade mark law directives and regulations was limited to use of the infringed sign only for goods and services that are not similar to those for which the trade mark enjoys protection.¹³⁷ However, it was generally recognised that a need for protection for trade marks with a reputation that goes beyond the elements of double identity and likelihood of confusion can also arise in the area of similar goods and services, for example because there is no use of the trade mark in the sense of an indication of origin (likely to be the case with regard to trade mark parodies). As a result, the CJEU ruled already back in 2003 that the member states must also grant the extended protection to the distinctive character and repute of trade marks with a reputation in the area of similar goods and services.¹³⁸ As part of the most recent reform of EU trade mark law, this case law was subsequently codified in the EUTMR and EUTMD, stating that the extended protection of trade marks with a reputation applies regardless of whether the infringing sign is used for goods and services that are similar to those of the trade mark with a reputation or not.

3.3.4 Reputation of a trade mark

A trade mark has a reputation if it is known to a significant part of the public "*concerned*" by the goods or services covered by that trade mark.¹³⁹ The CJEU does not define the conditions under which a trade mark is known to a

¹³⁴ C-408/01 *Adidas-Salomon* EU:C:2003:582, para. 31.; CJEU (n 131), para 41.

¹³⁵ C-252/07 *Intel* EU:C:2008:655, para. 45.

¹³⁶ CJEU (n 86) *Adam Opel*, para. 23.

¹³⁷ Art. 5(2) of the Directive 89/104/EEC of 21 December 1988; Art. 5(2) of the Directive 2008/95/EC of 22 October 2008.

¹³⁸ C-292/00 *Davidoff* EU:C:2003:9, para. 30.

¹³⁹ C-375/97 *General Motors* EU:C:1999:408, para. 26.

significant part of the relevant public but obliges the national courts to take into account "*all the relevant circumstances of the case*". As the CJEU itself points out, the relevant public may vary depending on the nature of the goods covered by the trade mark, i.e. "*the public at large or a more specialised public, for example traders in a specific sector*".¹⁴⁰ It is therefore conceivable that an EU trade mark is well known in the legal sense but is not necessarily perceived as such by the general public. The relevant circumstances leading to reputation in individual cases are, in particular, the market share of the trade mark, the intensity and geographical extent and duration of use as well as the investments made.¹⁴¹ In addition, the CJEU has consistently held that a trade mark can only be considered to have a reputation if it is known in a substantial part of the territory of the EU in the aforementioned sense, whereby this part may possibly correspond to that of an individual Member State.¹⁴² This also applies in principle if the EU trade mark is known in a Member State other than the Member State of the infringement, as long as a "*commercially significant part*" of the relevant public knows the trade mark and establishes a link, whereby the trade mark must not be completely unknown in the conflicting territory.¹⁴³ In terms of time, it should be noted that the trade mark must be known at the time at which the allegedly infringing use took place.¹⁴⁴

As a result, it can be said that the reputation can be determined primarily by quantitative, but also by qualitative criteria, whereby territorial and temporal circumstances must also be taken into account in the assessment.

3.3.5 Unfair advantage or detriment

As part of the positive conditions for a *prima facie* infringement, the trade mark owner must also be able to claim that the use by the third party constitutes an unfair advantage or detriment to the distinctive character or repute of the trade mark with a reputation.

Detriment to the distinctive character ("*blurring*") occurs when the ability of the trade mark to identify the goods or services for which it is registered and used as originating from the proprietor of that trade mark is weakened because the use by third parties leads to the dissolution of the identity of the trade mark and its reputation among the public, which is particularly the case when the trade mark with a reputation, which establishes a direct link with the goods and services it covers, is no longer capable of doing so.¹⁴⁵ However,

¹⁴⁰ Ibid, para. 24; C-301/07 *PAGO* EU:C:2009:611, para. 22.

¹⁴¹ Ibid *PAGO*, para. 25; CJEU (n 139) *General Motors*, para. 27.

¹⁴² Ibid *PAGO*, para. 29; C-125/14 *Iron & Smith* EU:C:2015:539, para. 19.

¹⁴³ Ibid *Iron & Smith*, para. 29-30.

¹⁴⁴ Bohaczewski (n 84), para. 59.

¹⁴⁵ CJEU (n 135) *Intel*, para. 29, 76; CJEU (n 122) *Interlora*, para. 76.

the CJEU has limited this to cases in which it can be proven that the economic behaviour of the average consumer of the goods and services for which the trade mark is registered has changed as a result of the third party use or that there is a serious risk of future change.¹⁴⁶ Such a blurring effect can be seen, for example, in the fact that a third party uses the designations *MAC Dog* and *MAC Cat* for dog and cat food, thus creating a negative association in the minds of consumers with the products of McDonald's restaurants, whose product range is labelled with generic terms of a combination of the well-known sign components *Mc* or *Mac*.¹⁴⁷

Detriment to reputation ("*tarnishment*") occurs when the goods and services for which the identical or similar sign is used by third parties may have an effect on consumers in such a way that the power of attraction of the trade mark with a reputation is reduced. This applies in particular if these goods or services have "*characteristics or qualities which are liable to have a negative impact on the image of the mark*".¹⁴⁸ This was confirmed, for example, when a third party sold chocolate bars of a trade mark with a reputation in a specially made package together with a condom and a disparaging advertising slogan (see 3.4.5.5).¹⁴⁹

Taking unfair advantage of the distinctive character or repute ("*free-riding*") refers in particular to the advantage that the third party derives from the use of the identical or similar sign. It occurs if there is a clear advantage of the trade mark with a reputation due to the transfer of the image of the trade mark or the characteristics conveyed by it to the goods labelled with the identical or similar sign.¹⁵⁰ The unfairness lies in the infringer's attempt to enter the area of the "pull effect" of the trade mark with a reputation in order to profit from its power of attraction, reputation and prestige and thereby take advantage of the trade mark proprietor's efforts to establish and maintain the image without any consideration or effort.¹⁵¹ For example, in the case of a jumping poodle, which clearly imitated the reputed trade mark sign of the sportswear manufacturer Puma, a jumping puma, and which was also used for clothing goods, it was decided that the third party was trying to take unfair advantage of Puma's reputation (see 3.4.5.1).¹⁵² In this context, subjective elements, in particular the intentions of the third party, can also be taken into account in the assessment, e.g. if the similarity of the signs has been deliberately sought in order to create a link to "*facilitate the marketing*"

¹⁴⁶ CJEU (n 135) *Intel*, para. 77.

¹⁴⁷ BGH I ZR 268/95 *MacDog* 30 April 1998.

¹⁴⁸ CJEU (n 86) *L'Oréal*, para. 40.

¹⁴⁹ BGH I ZR 79/92 *Mars* 10 February 1994.

¹⁵⁰ CJEU (n 122) *Interflora*, para. 74; CJEU (n 86) *L'Oréal*, para. 41.

¹⁵¹ CJEU (n 122) *Interflora*, para. 89; CJEU (n 86) *L'Oréal*, para. 49.

¹⁵² BGH (n 37) *Springender Pudel*, para. 38, 39

of the goods and services bearing the identical or similar sign and the third party has deliberately “*ride on the coat-tails of that mark in order to benefit from its power of attraction*”.¹⁵³ Due to the independence of the various forms of detriment, it is not necessary for the unfair advantage to be accompanied by a disadvantage on the part of the trade mark proprietor.¹⁵⁴ The direction of protection thus clearly differs from the cases of detriment to distinctiveness and reputation, where, conversely, it is not a question of the third party gaining an advantage.

Whether there is unfair advantage or detriment in the aforementioned sense must ultimately be determined from the perception of the public to which the goods and services of the identical or similar sign are directed, which in case of doubt is once again the “*normally informed and reasonably attentive and circumspect average consumer*”, taking into account all relevant circumstances of the individual case. However, it should be noted that for the assessment of detriment to distinctive character and repute, the public addressed by the trade mark with a reputation is relevant, whereas for the assessment of taking unfair advantage, the public addressed by the identical or similar sign of the third party is relevant.¹⁵⁵

3.3.6 Interim conclusion

Before looking in more detail at the negative condition “without due cause”, it can be concluded that proving the positive conditions for the existence of a *prima facie* infringement does not pose a serious challenge for the trade mark proprietor, provided that the reputation of the trade mark affected can be proved. A comprehensive balancing of interests may only apply to the positive condition of unfair advantage or detriment to the distinctive character or repute of the trade mark if its examination is merged with the examination of “due cause”, as AG Kokott suggested in her opinion in *Leidseplein*¹⁵⁶ (see 3.4.5.2). Apart from that, however, it has to be concluded that the positive conditions for a *prima facie* infringement are rather rigid minimum conditions that must be fulfilled in order to arrive at a comprehensive balancing of the overall circumstances in the context of the “due cause” assessment. From a fundamental rights perspective, it can therefore be said that the “due cause” serves as a “catch-all” for the interests of third parties that could not, or at least not sufficiently, be taken into account in the context of the positive conditions for a *prima facie* infringement.

¹⁵³ CJEU (n 122) *Interflora*, para. 89; CJEU (n 86) *L’Oréal*, para. 47,49.

¹⁵⁴ CJEU (n 86) *L’Oréal*, para. 43.

¹⁵⁵ CJEU (n 135) *Intel*, para. 35, 36.

¹⁵⁶ C-65/12 *Leidseplein* EU:C:2013:196, Opinion of AG Kokott, para. 37.

3.4 The negative condition: “without due cause”

In addition to the positive conditions for a prima facie infringement, the EU legislator has also added a negative condition to the provisions on the extended protection of trade marks with a reputation under the EUTMR and EUTMD. Thus, a prima facie trade mark infringement can only take place if a situation is present,

*[...] where use of that sign **without due cause** takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the EU trade mark.*

This is a negative condition specially developed for the protection of trade marks with a reputation, which is intended to prevent the extended protection from becoming too extensive, which is also why it is not the trade mark proprietor but the alleged third party who bears the burden of proof, i.e. must prove that he is using the affected trade mark with "due cause".¹⁵⁷

3.4.1 Background

The origin of the concept of "due cause" can be traced back to the law of the Benelux countries.¹⁵⁸ As early as 1975, the BCJ gave the concept of "due cause" its first coat of paint and ruled that the alleged third party must prove such a need or individual right to use the infringing sign that it could not reasonably be expected to refrain from such use or that the trade mark proprietor's right would have to give way.¹⁵⁹ Based on this, the negative condition also found its way into the first EU Directive on trade mark law, the EU Directive 89/104, where the Member States were left the option of incorporating it into national law under Art. 4(4)(a) of the Trade Mark Directive 89/104. Even if the wording of today's Art. 5(3)(a) or 10(2)(c) EUTMD still largely coincides with the former Art. 4(4)(a) of the Trade Mark Directive 89/104, the Member States are now bound by the wording of the EUTMD provisions to regulate the negative condition "without due cause" at national level.

Even though the concept found its way into EU legislation quite early on, "due cause" was for a long time an untouched legal term that was rarely taken into account both in the literature and in practice.¹⁶⁰ The reason for this probably lies primarily in the fact that the introduction of the extended protection of reputation by the Trade Mark Directive 1989/104 represents

¹⁵⁷ Bohaczewski (n 84), para. 169.

¹⁵⁸ Kur and Senftleben (n 9), p. 360.

¹⁵⁹ BCJ A74/1 *Claeryn* 1 March 1975.

¹⁶⁰ Bohaczewski (n 84), para. 183.

one of the most important legislative changes in the recent past of EU trade mark law and therefore the focus was primarily on the positive conditions, i.e. the conditions aiming for the extension of trade mark protection. The fact that the extended protection of reputation also includes the negative condition "without due cause" was probably overlooked, as the predominant intention was to extend rather than restrict trade mark protection.¹⁶¹ It is therefore not surprising that the CJEU has already provided fairly clear guidelines for the positive conditions of "reputation", "unfair advantage" or "detriment to distinctive character and repute".¹⁶² It was only in the recent past that the concept of "due cause" was frequently referred to the CJEU or that the CJEU considered it appropriate to devote a few words to the concept in its decisions (see 3.4.2). This tendency has not diminished to this day, but rather has become even stronger, so that the CJEU has now been confronted with a whole catalogue of questions to determine the undefined legal concept of "due cause". The Dutch Enterprise Court, Brussels, has referred a request for a preliminary ruling pursuant to Art. 267 TFEU (see 3.4.3) and asked the CJEU to provide guidance whether the freedom of expression of a third party can constitute a "due cause" under the EUTMR/EUTMD (see 3.4.4) and, if so, how an appropriate balance between the freedom of expression of a third party and the rights of the trade mark proprietor can be achieved (see 3.4.5).¹⁶³

These new developments are particularly linked to the fundamental rights considerations already discussed in Chapter 2. The fact that EU trade mark law does not contain any unambiguous limitations and exceptions which are clearly attributable to fundamental rights values, leads ultimately to third parties having to rely on other limitations and exceptions under EU trade mark law which must be formulated openly enough to adequately take into account the fundamental rights interests. It is precisely this open-ended wording, which results in national courts having to determine and interpret the extent to which "due cause" is to be applied in individual cases. Especially in view of the many artistic, but also political and polemical uses as well as increasing uses in the context of newly developed areas such as the metaverse¹⁶⁴, the fundamental rights of third parties are of substantial importance and need to be balanced appropriately with the rights of trade mark proprietors (see 2.5). However, in line with the EU law principle of

¹⁶¹ Vincenzo Di Cataldo, Some remarks on the negative condition: without due cause, p. 2.

¹⁶² In particular: CJEU (n 86) *L'Oréal*, CJEU (n 135) *Intel*.

¹⁶³ Request for a preliminary ruling from the Dutch Enterprise Court in Brussels, Belgium - pending at the CJEU under *Inter IKEA Systems*, C-298/23.

¹⁶⁴ Jacques (n 84), p. 1-2, where S. Jacques refers to a trade mark use such as a McDonald's themed metaverse spoof eatery offering non-fungible tokens (NFTs) taking inspiration from McDonald's food chain menu.

effet utile, it must be ensured that the EUTMR and EUTMD are interpreted in such a way that they achieve the greatest possible useful effect in terms of their purpose and ensure the functioning of the Union.¹⁶⁵ It is precisely for this reason that the new developments regarding the negative condition "without due cause", especially the request for a preliminary ruling in *IKEA*, C-298/23, are more than welcome to ensure a unitary interpretation of the mechanisms of EU trade mark law that provide the potential to safeguard fundamental rights appropriately.

These developments are therefore discussed in more detail below. By first addressing the previous case law of the CJEU as well as the request for a preliminary ruling in *IKEA*, C-298/23, the subsequent section analyses what rights can ultimately constitute "due cause" and which criteria are decisive for achieving an appropriate balance between the fundamental rights of third parties and the (fundamental) rights of the trade mark proprietor.

3.4.2 Previous CJEU case law

As mentioned before, the CJEU was rather silent on the concept of "due cause" for a long time. More recently, however, there have been several CJEU decisions in which the negative condition of "without due cause" has become more relevant. In the following, a closer look is taken at what can be considered to be the most relevant CJEU decisions on the undefined legal concept of "due cause" and why there is still insufficient legal certainty around its concept.

3.4.2.1 *Interflora*, C-323/09

The first time the CJEU had the opportunity to rule on "due cause" was in *Interflora*¹⁶⁶. The case concerned the word mark "*Interflora*", which is a protected and very well-known trade mark of the global flower delivery service Interflora. This was opposed by the British competitor *Marks & Spencer*. The latter had the word "*Interflora*", variants of this word and expressions containing the word "*Interflora*" reserved by Google as keywords for adverts (*adwords*) as part of Google's AdWords referencing service. Consequently, whenever internet users entered one of the adwords as a search term in the Google search engine, an advert from *Marks & Spencer* appeared. The flower delivery service Interflora considered this to be an infringement of its trade mark rights and took legal action. Due to the reputation of the trade mark, the CJEU also considered the possibility of *free-riding* on the part of *Marks & Spencer*. The Court ruled that *free-riding*

¹⁶⁵ Markus Klamert and Bernhard Schima, 'Article 19 TEU', in Manuel Kellerbauer, Marcus Klamert, and Jonathan Tomkin (eds), *The EU Treaties and the Charter of Fundamental Rights: A Commentary* (Oxford University Press 2019), p. 179, para 14.

¹⁶⁶ CJEU (n 122) *Interflora*.

could occur if, "without due cause", adwords are selected that are identical or similar to another trade mark with a reputation. According to the CJEU, this can be assumed if advertisers offer imitations of the trade mark proprietor's products.¹⁶⁷ Conversely, however, it was also emphasised that use by third parties with "due cause" can take place if the advertising displayed on the internet on the basis of a keyword corresponding to a trade mark with a reputation offers an alternative to the goods or services of the trade mark proprietor and is not merely an imitation that blurs, tarnishes the reputation or constitutes a detriment to the functions of the trade marks.¹⁶⁸

Even though the CJEU did not refer to the judgement of the BCJ in the *Claeryn* case, it clearly departs from the narrow interpretation of the latter and comparatively expands its boundaries, in particular suggesting that where use is made in the context of fair competition, it can be understood as "due cause".¹⁶⁹ Since fair and free competition can also be considered part of the fundamental right to freedom to conduct a business under Art. 16 CFREU (see 2.4.3), it can therefore also be concluded that the CJEU indirectly recognised fundamental rights considerations as "due cause" under the EUTMR/EUTMD. However, as neither the CJEU nor the competent AG Jääskinen made any further comments, the concept of "due cause" remains a blank slate and it is still unclear how "due cause" can be interpreted and applied under EU trade mark law beyond the individual case at issue in *Interflora*.

3.4.2.2 Leidseplein, C-65/12

A few years later, the CJEU once again had to deal with the concept of "due cause". In *Leidseplein*¹⁷⁰, the CJEU commented in particular on the role of the concept of "due cause" under EU trade mark law. Like the *Claeryn* case, this decision is also based on a legal dispute from the Benelux countries, where the plaintiffs were *Red Bull GmbH* and *Red Bull Nederland BV*¹⁷⁹ (hereinafter referred to as "*Red Bull*") and the defendant was *Leidseplein Beheer BV* and *Mr De Vries* (hereinafter referred to as "*De Vries*"). The dispute concerned in particular the use of the word and figurative mark "*Red Bull Krating-Daeng*" registered by Red Bull on 11 July 1983. Whereas De Vries is the owner of the word and figurative marks "*The Bulldog*" (registered on 14 July 1983) and "*The Bulldog Energy Drink*" (registered on 15 June 2000) and the word mark

¹⁶⁷ Ibid, para. 89-90.

¹⁶⁸ Ibid, para. 91.

¹⁶⁹ Ilanah Fhima, 'Due cause' (2017) 12 JIPLP 11, p. 901.

¹⁷⁰ C-65/12 *Leidseplein* EU:C:2014:49.

"*The Bulldog*" (23 December 1999).

The trade marks of both parties are each registered in the Benelux for goods in class 32, non-alcoholic beverages and beer. *Red Bull* argued that the use of the sign "*The Bulldog*", as long as it contained the

element "*Bull*", constituted an unlawful infringement of its trade mark rights. However, *De Vries* argued that he was using the sign with "due cause", as he had already used it in good faith before 1983 for merchandising and as a designation for catering services (primarily the sale of drinks), among other things and thus before the registration of Red Bull's trade mark.¹⁷¹ In view of the fact that in its *Interflora* decision, the CJEU deviated from the previous Benelux understanding of "due cause" from the *Claeryn* decision, the Hoge Raad der Nederlanden (Supreme Court of the Netherlands), which was responsible for the *Leidseplein* case, considered itself compelled to refer the matter to the CJEU. The CJEU was therefore asked to clarify the interpretation of the directive as to whether a "due cause" may exist where an identical/similar sign was used by a third party in good faith before the trade mark with a reputation was even registered.¹⁷²



In its decision, the CJEU first stated that it is a general objective of the trade mark directive to establish a balance of interests. This concerns, on the one hand, the interests of the proprietor of the trade mark in protecting its functions and, on the other hand, the interests of third parties in the availability of signs in the course of trade.¹⁷³ According to the CJEU, the subjective interests of third parties must also be taken into account, meaning that an interpretation based purely on objectively overriding reasons is not possible. This would not interfere with the rights of the proprietor, as the third party is not entitled to any rights as the proprietor of a trade mark with a reputation. There is no transfer of rights to the third party, but "merely" an obligation to tolerate the third party's use is imposed on the trade mark proprietor.¹⁷⁴ With regard to the specific question under which conditions a use prior to registration of the trade mark can constitute "due cause", the CJEU sets out two aspects to be considered. The first aspect concerns the reputation of the sign used in trade and the reputation it enjoys among the affected public. The greater this reputation is, the more likely it is that the use has been made with "due cause".¹⁷⁵ The second aspect is based on the

¹⁷¹ Ibid, para. 12.

¹⁷² Ibid, para. 19.

¹⁷³ Ibid, para. 41.

¹⁷⁴ Ibid, para. 45-46.

¹⁷⁵ Ibid, para. 54-59.

intention of the third party. In this respect, particular attention must be paid to „the degree of proximity between the goods and services for which that sign has been used and the product for which that mark was registered, as well as to have regard for when that sign was first used for a product identical to that for which that mark was registered, and when that mark acquired its reputation“.¹⁷⁶ In this respect, the CJEU also follows the opinion of AG Kokott, who had previously argued in her opinion that the criteria to be taken into account should be in line with those already applied when examining whether the use takes unfair advantage of the distinctive character or repute of the trade mark.¹⁷⁷ This seems only reasonable, especially in light of a general unitary interpretation of the conditions for the extended protection of trade marks with a reputation.

The CJEU has thus opted for a broader interpretation and also allows subjective interests of the third party to be considered as "due cause".¹⁷⁸ According to the Court, this is the only way to balance the interests between the rights of the trade mark proprietor and those of third parties. Going further than in *Interflora*, the *Leidseplein* decision offers a first approach as to what may constitute a "due cause" and which criteria must be considered generally when balancing "due cause" and the rights of the trade mark proprietor. Even though the *Leidseplein* decision contains no reference to fundamental rights itself, the established criteria for finding a balance are also of significant relevance for balancing the fundamental rights of third parties and trade mark rights (see 3.4.5).

3.4.2.3 Tsujimoto, C-85/16 P

In 2018, the CJEU reaffirmed its position on the concept of "due cause" set out in *Leidseplein* in its decision in *Tsujimoto* ¹⁷⁹. However, it should be noted that this decision was not a request for a preliminary ruling under Art. 267 TFEU, but an appeal under Art. 56 of the Statute of the CJEU. Thus, the court was limited to assessing whether the decision of the previous instance contained any legal errors. What makes this decision worth mentioning is the fact that, unlike in *Leidseplein*, a different subjective interest of the third party was at issue.

In the case at hand, *Kenzo Tsujimoto*, as the appellant, and the EUIPO, as the defendant, are in dispute. The proceedings are based on the fact that *Kenzo Tsujimoto* had applied for the word mark "*KENZO ESTATE*" for goods class 33,

¹⁷⁶ Ibid, para. 55, 56.

¹⁷⁷ AG Kokott (n 156), para. 37.

¹⁷⁸ Nathan Smith, 'Red Bull v The Bull Dog: 'due cause' in trade mark infringement' (2014) 9 JIPLP 8, p. 623.

¹⁷⁹ C-85/16 P *Tsujimoto* EU:C:2018:349.

wines; alcoholic fruit drinks; western liqueurs (general), against which the reputed French fashion label *Kenzo* filed an opposition on the basis of Art. 8(5) EUTMR. Although the opposition was rejected at first instance, the appeal lodged by *Kenzo* was upheld by the Second Board of Appeal of the EUIPO¹⁸⁰, whereupon *Kenzo Tsujimoto* brought an action before the General Court¹⁸¹, which dismissed the action in its entirety. *Kenzo Tsujimoto* then appealed to the CJEU. In particular, he argued that the Board of Appeal and the General Court had erred in law by failing to take sufficient account of the fact that the element "*Kenzo*" was the appellant's forename and that he was therefore acting with "due cause". In the appealed judgment, the General Court held that the use of the appellant's forename was not sufficient to constitute "due cause".¹⁸²

In its decision, the CJEU pointed out again that it has already interpreted the concept of "due cause" to the extent that it may include not only objectively overriding reasons, but can also refer to the subjective interests of a third party.¹⁸³ It was also emphasised that the possibility of invoking a "due cause" is an expression of the general objective of the EUTMR/EUTMD to strike a balance between the interest of the proprietor of a trade mark in preserving its essential function and the interest of a third party in using such a sign in the course of trade to designate the goods or services it commercialises.¹⁸⁴ Nonetheless, the CJEU came to the conclusion that the General Court had not erred in law in deciding that *Kenzo Tsujimoto* used the protected sign "without due cause". In doing so, the CJEU followed the reasoning of AG Sharpston, who argued that if the fact that Mr Tsujimoto's forename is *Kenzo* were given more weight than the harm caused to the proprietor of the registered EU trade mark, the protection granted by the EUTMR would be significantly impaired. To automatically classify such use of a sign as a use with "due cause" would result in depriving earlier trade marks containing a name of their essential functions.¹⁸⁵

It should therefore be noted that the CJEU generally does not accord too much importance to the right to a name per se in the overall balancing of interests in order to constitute a "due cause". At least in the case at hand, the CJEU ruled in favour of the trade mark proprietor to protect the reputation of the trade mark with a reputation from being taken unfair advantage of and to give less value to the interests, in particular the name

¹⁸⁰ EUIPO, R 333/2012-2 *Tsujimoto* 22 May 2013.

¹⁸¹ T-414/13 *Tsujimoto* EU:T:2015:923.

¹⁸² *Ibid*, para. 58.

¹⁸³ CJEU (n 179), para. 86.

¹⁸⁴ *Ibid*, para. 90.

¹⁸⁵ AG Sharpston, (n 121), para. 38.

rights, of the third party. Similar to the *Leidseplein* decision, conclusions as to how to strike a balance between fundamental rights of third parties and the rights of the trade mark proprietor can nevertheless be drawn from the way in which a balance is struck between the right to a name and trade mark rights.

3.4.2.4 Interim conclusion

The existing case law of the CJEU on the negative condition of “without due cause” is thin and by no means fully developed. Nevertheless, it can be seen from the cited decisions that the CJEU is defining the concept of “due cause” more and more broadly, using the open wording of the law and shifting away from a restrictive understanding. However, there are still no guidelines as to when third parties act with “due cause” on the basis of their fundamental rights. Even though the CJEU has already made unfair competition law considerations in *Interflora* which can be subordinated to the freedom to conduct a business under Art. 16 CFREU, there is a particular lack of such legal guidance for the fundamental rights of freedom of expression or freedom of the arts under Art. 11, 13 CFREU and Art. 10 ECHR. Although the CJEU's reasoning from its previous case law, in particular in *Leidseplein*, can be used for further interpretation, it is far from sufficient to ensure either harmonised EU-wide protection of a third party's fundamental rights nor a unified extent to which these may be restricted by the trade mark proprietor's fundamental right to property. It is therefore not surprising that a Belgian national court has referred these open questions to the CJEU in a request for a preliminary ruling. How exactly this came about will be presented in the following section.

3.4.3 Request for a preliminary ruling in *IKEA*, C-298/23

On the national level, fundamental rights have already been considered several times as a “due cause”, so it was only a matter of time before the CJEU would be able to deal with the concept of “due cause” in a proper fundamental rights context of a request for a preliminary ruling - as it has now occurred in *IKEA*, C-298/23.¹⁸⁶ In view of the CJEU's limited case law on the concept of “due cause”, it is also not surprising that the referring national court specifically addressed the interpretation of the concept of “due cause” and asked the CJEU for guidance on how to achieve a balance between the colliding fundamental rights of the third party and those of the trade mark proprietor. However, as it has already been indicated and will also be discussed in more detail later, the CJEU's decision may have much more

¹⁸⁶ Request for a preliminary ruling from the Dutch Enterprise Court in Brussels, Belgium - pending at the CJEU under *Inter IKEA Systems*, C-298/23.

far-reaching consequences than simply providing a guidance for how to achieve an appropriate balance of interests.

The request for a preliminary ruling itself was initiated by the Dutch Enterprise Court, Brussels. This national court has to decide in a case which, according to the plaintiff, here *Inter IKEA Systems BV* (hereinafter referred to as "*IKEA BV*"), relates to the infringing use of the well-known trade marks of the Swedish furniture company *IKEA* and the *IKEA* corporate identity by the political party *Vlaams Belang* or also known as *Vrijheidspartij* (hereinafter referred to as "*VB*"). Specifically, it relates to the Benelux word marks "*IKEA*", the Benelux word and figurative trade mark, for a very broad description of goods and services, and the EU word mark *IKEA*, registered for a very broad description of goods and services.¹⁸⁷



Affected Benelux word/figurative trade mark

On 14 November 2022, VB, a Flemish nationalist political party in Belgium, presented its "*IKEA-plan*" to the press and the public. "*IKEA*" is supposed to be an abbreviation for "*Immigratie Kan Echt Anders*", which translates as "*Immigration Really Can Be Different*". The party proposed a "*Swedish package*" of immigration measures, which it presented as a playful and parodic allusion to the reputed trade marks of *IKEA BV*. The package was presented as an *IKEA* construction kit or manual, in the style of the well-known *IKEA*-manuals, with 15 policy proposals for use by the Belgian government. The package was publicised and disseminated at a half-hour press conference at which the VB spokesperson made an oral renunciation:

*"So here, today, as Vlaams Belang, we present our IKEA PLAN. Our IKEA PLAN does not stand for Ingvar Kamprad Elmtaryd and Agunnaryd – my Swedish is far from perfect – that is what IKEA actually stands for. For us, IKEA does not stand for the Swedish manufacturer of handsome furniture; no, for us, IKEA stands for: "Immigratie Kan Echt Anders". [...]"*¹⁸⁸

An extended version of the package is also available on the VB website and contains among others the following illustrations:



¹⁸⁷ CJEU, *Summary of the request for a preliminary ruling pursuant to Article 98(1) of the Rules of Procedure of the Court of Justice*, C-298/23 *Inter IKEA Systems*, para. 1.

¹⁸⁸ *Ibid*, para. 3.

On 22 November 2022, *IKEA BV* filed an action against *VB* before the Dutch Enterprise Court, Brussels, requesting “a declaration in law that the defendants, by using the sign *IKEA* in their material, are unlawfully infringing the applicant’s trade mark rights [...]”.¹⁸⁹ In particular, *IKEA BV* claims that its trade mark rights have been infringed pursuant to Art. 2(20)(c) of the Benelux Treaty on Intellectual Property¹⁹⁰ and Art. 9(2)(c) EUTMR. *IKEA BV* argues that the use of its reputed trade marks in a politically right-wing conservative campaign takes unfair advantage of the reputation of the *IKEA* trade marks or at least causes detriment to their image. Since *VB* do not deny this either, it becomes clear that “due cause” is their last resort. *VB* argues in this context that their freedom of expression under Art. 11 CFREU and Art. 10 ECHR constitutes “due cause” for the use of the *IKEA* trade marks in a political parody.¹⁹¹

It is therefore for the Belgian national court to assess whether or not *VB* has used the trade marks of *IKEA BV* with “due cause”. Therefore, the court must strike an appropriate balance between the rights and interests at stake. A balance must be achieved between the intellectual property rights of *IKEA BV* as the trade mark proprietor, which are protected as a fundamental right under Art. 17(2) CFREU and Art. 1 of the Protocol to the ECHR, and the freedom of expression/freedom of the arts of the political party *VB*, which are also protected as a fundamental rights under Art. 11, 13 CFREU and Art. 10 ECHR. In cases of conflict between two fundamental rights, the CJEU has consistently held that the national court must strike a “fair balance” between the two rights¹⁹² and take into account “all the circumstances of the case”¹⁹³. However, in order to determine whether *VB*’s freedom of expression can constitute a “due cause” and ultimately outweigh the interests of *IKEA BV*, the national court asked the CJEU for a preliminary ruling pursuant to Art. 267 TFEU and referred the following questions of interpretation:

„Can freedom of expression, including the freedom to express political opinions and political parody, as guaranteed by Article 10 of the European Convention for the Protection of Human Rights and Fundamental Freedoms and Article 11 of the Charter of Fundamental Rights of the European Union, constitute ‘due cause’ for using a sign identical or similar to a well-known trade mark within the meaning of Article 9(2)(c) of Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark as well as Article

¹⁸⁹ Ibid, p. 1.

¹⁹⁰ Constitutes the Belgian implementation of Art. 10(2)(c) EUTMD with identical wording.

¹⁹¹ CJEU (n 187), para. 5.

¹⁹² CJEU (n 10) *Padawan*; CJEU (n 10) *Painer*.

¹⁹³ C-201/13 *Deckmyn* EU:C:2014:2132, para. 28.

10(2)(c) and Article 10(6) of Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks?

If so, what are the criteria to be taken into account by the national court in assessing the balance between those fundamental rights, and the importance to be attached to each of them?

In particular, can the national court take into account the following criteria, and/or are there additional criteria:

- the extent to which the expression has a commercial character or purpose;*
- the extent to which competitive motives are at play between parties;*
- the extent to which the expression has a public interest, is socially relevant or opens a debate;*
- the relationship between the above criteria;*
- the degree of reputation of the trade mark invoked;*
- the extent of the infringing use, its intensity and systematic nature and the extent of its distribution, by territory, time and volume, also taking into account the extent to which this is proportionate to the message that the expression is intended to convey;*
- the extent to which the expression, and circumstances accompanying that expression, such as the name of the expression and its promotion, are detrimental to the reputation, distinctive character and image of the trade marks invoked (the 'advertising function');*
- the extent to which the expression exhibits its own original contribution and the extent to which an attempt has been made to avoid confusion or association with the trade marks invoked, or the impression that there is a commercial or other connection between the expression and the trade mark proprietor (the 'origin function'), also taking into account the manner in which the trade mark proprietor has built up a certain image and reputation in advertising and communication?"¹⁹⁴*

Using these questions as a starting point, this thesis will subsequently examine whether and, if so, what fundamental rights and interests of third parties may constitute a "due cause" (see 3.4.4) and how an appropriate

¹⁹⁴ CJEU (n 187), p. 2-3.

balance can be achieved with the rights and interests of the trade mark proprietor (see 3.4.5). What practical implications these findings would have on the Belgian national case between *IKEA BV* and *VB* will also be discussed at the end of this chapter (see 3.4.6).

3.4.4 What may constitute a “due cause”?

Although the EUTMR and EUTMD provisions governing the extended protection of reputation stipulate that the third party must use the trade mark “without due cause”, they do not contain any more detailed explanations on what may constitute “due cause”. This makes it particularly difficult to harmonise the application and interpretation of the protection of reputation within the Member States.¹⁹⁵ The EU legislator thus deliberately leaves it to the CJEU to determine what may constitute “due cause”. The reference for a preliminary ruling in *IKEA*, C-298/23 is therefore a textbook example of the CJEU's duty to ensure a unitary interpretation and application of the EUTMR and EUTMD. As in the request for a preliminary ruling, the question of whether fundamental rights of third parties may constitute “due cause” at all will be discussed in the following.

3.4.4.1 Freedom of expression

Even if the referring Belgian national court questions the CJEU whether freedom of expression may constitute “due cause” at all, it must be assumed for several reasons that freedom of expression and fundamental rights in general must be fully taken into account as a “due cause” in the context of the protection of reputation. This follows primarily from Recital 21 of the EUTMR and Recital 27 of the EUTMD, which are worded as follows: “[...] *Furthermore, this Regulation should be applied in a way that ensures full respect for fundamental rights and freedoms, and in particular the freedom of expression.*”. The CJEU has also repeatedly recognised this understanding in past judgements and has taken a broad interpretation of freedom of expression.¹⁹⁶ This is also confirmed by AG *Bobek*, who clarifies in his opinion in *Constantin Film* that respect for fundamental rights, especially the freedom of expression, is a condition of the lawfulness of any EU measure and that the scope of the CFREU and the fundamental rights guaranteed therein extends to any act or omission of the institutions and bodies of the EU.¹⁹⁷

The weight that can be attributed to the freedom of expression of the third party should therefore not be underestimated and must also be assessed in

¹⁹⁵ Kur and Senftleben (n 9), p. 363.

¹⁹⁶ CJEU (n 67), para. 56; C-236/08 *Google France* EU:C:2009:569, Opinion of AG Poiares Maduro, para. 102-103; CJEU (n 86) *L'Oréal*, para. 45.

¹⁹⁷ AG Bobek (n 74), para. 48.

light of the case law of the ECtHR (see 2.4.1). Conflicts are particularly likely to arise when infringing signs are used as trade mark parodies, satire or criticism, which fall within the scope of protection of fundamental rights of communication, such as freedom of expression, but also fundamental rights of freedom of the arts (see 2.4.2). According to the ECtHR, the technique of satire or parody also enjoys very far-reaching protection in this respect, as it is a *"form of artistic expression and social commentary which, by its inherent features of exaggeration and distortion of reality, naturally aims to provoke and agitate. Accordingly, any interference with the right of an artist – or anyone else – to use this means of expression should be examined with particular care"*.¹⁹⁸ The national case underlying the request for a preliminary ruling in *IKEA*, C-298/23 is probably one of the most recent examples of a (political) trade mark parody in which the fundamental rights of the parties involved collide and must be balanced appropriately under the negative condition of "without due cause".

3.4.4.2 Freedom of the arts

Due to the nature of the matter, use in the name of freedom of expression is often accompanied by an artistic expression, in the context of which the third party can then also invoke its freedom of the arts protected under Art. 13 CFREU and Art. 10 ECHR (see 2.4.2). Similar to the freedom of expression, the freedom of the arts collides with the fundamental rights of the trade mark proprietor under Art. 17 (2) CFREU, especially when it comes to trade mark parodies. Recitals 21 of the EUTMR and 27 of the EUTMD also refer to "artistic expression" and state that *"[...] Use of a trade mark by third parties for the purpose of artistic expression should be considered as being fair as long as it is at the same time in accordance with honest practices in industrial and commercial matters. [...]"*. Coupled with the close connection to freedom of expression, it can therefore also be assumed that the freedom of the arts of a third party can be invoked as "due cause" and must be taken into account as part of the balancing of interests.

3.4.4.3 Freedom to conduct a business

As a protected fundamental right, it can also be assumed that the freedom to conduct a business under Art. 16 CFREU can be invoked as a "due cause". In the context of trade mark infringement proceedings, the freedom to conduct a business can quickly overlap with the freedom of expression (see 2.4.3). This is also recognised by the CJEU in *Interflora*, where the CJEU has already ruled that a "due cause" can exist if it can be assumed that the use is fundamentally subject to healthy and fair competition in the area of

¹⁹⁸ 26118/10 *Eon v France* ECHR:2013:0314JUD002611810, para. 60.

the goods and services in question (see 3.4.2.1). In addition, the CJEU also takes unfair competition law considerations into account when it states that the purpose of the legislative framework of EU trade mark law is „*generally to strike a balance between the interest of the proprietor of a trade mark to safeguard its essential function, on the one hand, and the interests of other economic operators in having signs capable of denoting their products and services*“.¹⁹⁹ This objective interest of third parties in the availability of signs to designate their goods and services can be clearly attributed to the interest in free competition and thus to the freedom to conduct a business under Art. 16 CFREU. As a result, the freedom to conduct a business can also constitute "due cause" and must be balanced with the rights of the trade mark proprietor.

3.4.4.4 Other subjective interests

To ensure a comprehensive balance of interests, the CJEU stated that the concept of "due cause" does “*not only include objectively overriding reasons but may also relate to the subjective interests of a third party using a sign which is identical or similar to the mark with a reputation*”.²⁰⁰ "Due cause" is therefore not only conceivable in cases in which the interests of a third party must objectively prevail in order to safeguard fundamental rights, but also in cases where the use is made for subjective reasons, taking into account the individual situation of a third party.²⁰¹

Such a subjective interest on the part of the third party exists in particular if the third party has already used the sign in good faith prior to the registration of the trade mark with a reputation, as it was the case in *Leidseplein* (see 3.4.2.2). The fact that the third party itself is associated with the sign used by a significant part of the relevant public may also constitute a noteworthy subjective interest.²⁰² Furthermore, a legitimate subjective interest can also be based on long-established market habits, such as the decades-long custom of detailed miniature replicas of vehicles carrying the car manufacturer's original logos.²⁰³ Even if these interests bear less reference to fundamental rights, the CJEU's decision in *Leidseplein* has shown that the balancing of these subjective interests and the rights of the trade mark proprietor can also be used to draw useful conclusions for balancing the fundamental rights of third parties and the rights of the trade mark proprietor. Thus, decisions in which no fundamental rights but other

¹⁹⁹ C-145/05 *Levi Strauss* EU:C:2006:264, para. 29.

²⁰⁰ CJEU (n 170) *Leidseplein*, para. 45.

²⁰¹ *Kur and Senftleben* (n 9), p. 361.

²⁰² C-252/12 *Specsavers* EU:C:2013:497, para. 49.

²⁰³ BGH I ZR 88/08 *Opel Blitz II* 14 January 2010, para. 30; BGH I ZR 86/22 *DACHSER* 12 January 2023, para. 44.

subjective interests are invoked are also of relevance for the following analysis of how a balance can be struck between the fundamental rights interests of a third party and those of the trade mark proprietor.

In sum, it can therefore be concluded that above all fundamental rights which are of objective importance for the society as a whole, but also other subjective interests of the third party, must be taken into account as a "due cause" to ensure an appropriate balance of interests with the rights of the trade mark proprietor. However, whether the fundamental rights or subjective interests of the third party ultimately outweigh the rights and interests of the trade mark proprietor stands on a different sheet of paper and always requires an overall assessment taking into account all circumstances of the individual case. The criteria that can be applied in this assessment to balance the (fundamental rights) interests will be discussed in the following sections.

3.4.5 Balancing trade mark rights and "due causes"

The protection of reputation in the EU trade mark system has a wide scope of application, extends to all types of goods and services and ranges from blurring and tarnishment to taking unfair advantage by free-riding (see 3.3.5). The protection is particularly far-reaching due to the fact that once the trade mark received sufficient reputation, the consumer only has to establish a link without directly confusing the allegedly infringing sign with the trade mark (see 3.3.3).²⁰⁴ Against this background, it is essential to have an open, flexible counterweight in order to keep the scope of protection within reasonable limits. "Due Cause" offers this flexible counterweight and serves as a basis for preventing excessive restrictions for a third party's fundamental rights, in particular the freedom of expression, freedom of the arts and freedom to conduct a business.

Nevertheless, how and on the basis of which criteria an appropriate balance can be struck between the fundamental rights interests of the trade mark proprietor and those of the alleged infringer in the context of "due cause" is still largely unanswered in practice and in the literature. Even on the national level this question is answered, if at all, only inconsistently throughout the case law of the individual Member States. The following sections therefore examine and discuss various criteria that can contribute to a unitary balancing of interests. The extent to which these criteria can be relevant for the establishment of an appropriate balance of interests will be discussed along the lines of the questions referred to the CJEU in the request for a preliminary ruling in *IKEA*, C-298/23 and beyond.

²⁰⁴ Kur and Senftleben (n 9), p. 360.

However, before discussing the individual criteria, it is important to note that this thesis does not apply a restrictive interpretation of these criteria. Due to the fact that the negative condition "without due cause" is a condition that restricts trade mark rights, one could certainly assume that the criteria that must be taken into account in the context of "due cause" must be interpreted restrictively from the outset. For instance, the General Court in particular applies a flexible but above all restrictive interpretation of "due cause" in its case law.²⁰⁵ However, this is not convincing and a broader and more open understanding of the negative condition "without due cause" will therefore be applied in the following sections. This approach is also reflected in particular in the case law of the CJEU in *Leidseplein* where the CJEU confirmed that "*the concept of 'due cause' cannot be interpreted as being restricted to objectively overriding reasons*".²⁰⁶ Precisely because of the ability to take into account the fundamental rights of third parties in the context of "due cause", a restrictive interpretation of this negative condition is prohibited as a matter of principle.²⁰⁷ Especially the systematic position of "due cause" as a negative condition of the opposition/infringement provision and not as a separate limitation or exception, as for example regulated in Art. 14(1) EUTMR/EUTMD, emphasises this understanding.²⁰⁸ However, at the same time, the fundamental rights of third parties do not have a higher value than the rights of the trade mark proprietor, as these also enjoy protection as fundamental rights. This also applies in particular to freedom of expression, which, despite its overriding importance for a democratic society, also comes with limits and cannot be regarded as predominant from the outset.²⁰⁹

3.4.5.1 Commercial character

Whether and to what extent the use has a commercial character is an essential criterion for determining whether the fundamental rights of the third party can justify the use of the trade mark. However, a distinction must certainly be made between the individual fundamental rights, as the commercial character must be assessed differently in the context of freedom of expression and freedom of the arts than it is in the context of freedom to conduct a business (see 3.4.5.2).

Commercial use of a trade mark with a reputation does not a priori mean that the third party can invoke his fundamental rights to freedom of

²⁰⁵ T-201/14 *The Body Shop* EU:T:2016:148, para. 65.; T-85/16 *Shoe Branding Europe* EU:T:2018:109, para. 56.

²⁰⁶ CJEU (n 170) *Leidseplein*, para. 48.

²⁰⁷ Lauterkeitsrechtliche Erwägungen, Ohly Kur, p. 469.

²⁰⁸ So auch: Vincenzo Di Cataldo, some remarks on the negative condition, p. 5.

²⁰⁹ Bohaczewski (n 84), para. 204.

expression and freedom of the arts only to a limited extent. Rather, the freedom of expression and freedom of the arts must apply regardless of the type of information, even if it is a commercial expression, like commercial advertising.²¹⁰ This principle is also confirmed once again by the opinions of AG Fenelly in *Germany*²¹¹ and *Imperial Tobacco*²¹². Even though these concern the question of the validity of the Directive on comparative advertising of tobacco products, 98/43 EC of 6 July 1998, the general reasoning of the AG can be applied analogously to EU trade mark law. Admittedly, AG Fenelly initially stated that commercial use or expression "*does not contribute in the same way as political, journalistic, literary or artistic expression do, in a liberal democratic society, to the achievement of social goods [...]*".²¹³ Nonetheless, the AG also stated that fundamental rights are not only recognised because of their instrumental, social function, but also because they are necessary for the autonomy, dignity and personal development of the individual, so that „*the individuals' freedom to promote commercial activities derives not only from their right to engage in economic activities and the general commitment, in the Community context, to a market economy based upon free competition, but also from their inherent entitlement as human beings freely to express and receive views on any topic, including the merits of the goods or services which they market or purchase.*"²¹⁴ Even if these principles should be observed with regard to commercial expressions, it can be seen from national case law in particular that purely commercial uses lead to a situation where, in the overall balance between trade mark rights and the freedom of expression and freedom of the arts of the third party, freedom of expression and freedom of the arts are rather superseded and cannot justify the use.

One such case was the German *Lila Postkarte* case before the BGH, which involved a purple-coloured postcard.²¹⁵ The case involved postcards from a third party that contained a poetically formulated and satirical text in German that read: "*Über allen Wipfeln ist Ruh, irgendwo blökt eine Kuh. Muh!*"²¹⁶. This text was presented on a purple-coloured background, reminiscent of the colour of the reputed chocolate manufacturer *Milka* and

²¹⁰ AG Bobek (n 74), para. 49; 55153/12 *Dor v Romania* ECHR:2015:0825DEC005515312, para. 43.

²¹¹ C-376/98 *Germany* EU:C:2000:544.

²¹² C-74/99 *Imperial Tobacco* EU:C:2000:547.

²¹³ C-376/98 *Germany* EU:C:2000:324, Opinion of AG Fenelly, para. 154.

²¹⁴ Ibid.

²¹⁵ BGH I ZR 159/02 *Lila Postkarte* 3 February 2005.

²¹⁶ Can be translated as: "*Above all treetops is peace, somewhere a cow bleats. Moo!*"

was also signed by the fictitious person “*Rainer Maria Milka*”, which was intended as a reference to the well-known German author *Rainer Maria Rilke*.



The chocolate manufacturer *Milka* took legal action against the third party, a postcard distributor, as they considered their trade mark rights to have been infringed by the postcard design. In its decision, the BGH found that the opposing fundamental rights of the trade mark proprietor, in this case *Milka*, collide with the freedom of the arts of the postcard distributor and must be balanced.²¹⁷ As a result, the BGH was able to find a balance within the framework of the negative condition of "without due cause" and found that the specific use constituted a humorous and witty design, which ultimately led to the freedom of the arts of the third party prevailing. However, the reasoning is particularly interesting in this respect, as the BGH argued that as long as the consumer does not remain unaware of the critical engagement with the trade marks and advertising appearances of the trade mark proprietor, the protection of the freedom of the arts takes precedence over the protection of the trade mark proprietor's freedom of ownership despite the primarily commercial intentions of the third party. Conversely, if the third party pursues exclusively commercial purposes, which was not the case here, the freedom of the arts could not prevail.²¹⁸ It can be deduced from this that the more the commercial character comes to the fore and the critical artistic element is lost, the less account can be taken of the third party's fundamental rights to freedom of expression and freedom of the arts.

This was also confirmed again by the BGH in a later decision, which concerned a jumping poodle with a considerable similarity to the well-known logo of the sporting goods manufacturer Puma.



²¹⁷ BGH (n 215) *Lila Postkarte*, para. 32-33.

²¹⁸ *Ibid*, para. 34-35.

Here, the BGH came to the conclusion that the decisive motivation for the use of the accused trade mark infringement was the commercial interest in creating an original, easily marketable design that the public would find funny and therefore buy because of its obvious reference to a trade mark with a reputation. The trade mark proprietor must not prevail over this commercial interest of the third party.²¹⁹ In this case, the BGH even questioned whether the scope of protection of freedom of expression is even open in such a case, in which the third party is pursuing exclusively commercial purposes.²²⁰ The national decisions in the *Mars*, *Nivea* and *Adidas* cases are also comparable in this respect but will be discussed separately within the next sections (see 3.4.5.5).

These two judgements by the BGH also make it clear once again why the criterion of "use in the course of trade" can only insufficiently contribute to establishing an appropriate balance between the fundamental interests in individual cases of mixed commercial and non-commercial forms of expression. Contrary, "due cause" thus becomes a "catch-all" for the fundamental rights of third parties to be observed and is of crucial importance to ensure an appropriate balance between the conflicting fundamental rights. Therefore, it can be concluded from the above that the third party's freedom of expression and freedom of the arts prevail all the more if the third party does not pursue any or no primary economic interests, in particular not in the core business field of the trade mark proprietor. This applies all the more if the owner of the trade mark with a reputation has given rise to a critical engagement with the trade mark and thus generates a public interest / social relevance (see 3.4.5.3).

3.4.5.2 Competitive motives of the parties

By their very nature, competitive motives of the parties are already closely linked to the previous criterion of commercial character. However, a distinction must again be made between the fundamental rights of freedom of expression/freedom of the arts and the freedom to conduct a business. While in the context of critical, artistic or politically motivated uses of a trade mark, it is primarily the fundamental rights of freedom of expression and freedom of the arts that will be affected, in the context of competitive or commercial motives, it is primarily the fundamental right of freedom to conduct a business that is affected, although this may overlap with the third party's commercial freedom of expression (see 2.4.3). This can be derived in particular from *Interflora* (see 3.4.2.1), in which the CJEU ruled that the trade mark proprietor cannot prevent a competitor from using a sign identical to the trade mark for goods and services identical to those for which the trade

²¹⁹ BGH (n 37) *Springender Pudel*, p. 20-21.

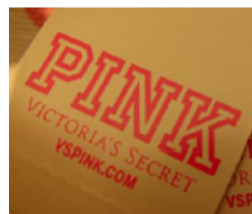
²²⁰ BGH (n 37) *Springender Pudel*, p. 23-24.

mark is registered, provided that such use is in line with fair competition and the trade mark's function of indicating origin is preserved.²²¹ This is particularly the case if "*advertisements displayed by competitors on the basis of keywords corresponding to that trade mark, which put forward – without offering a mere imitation of the goods or services of the proprietor of that trade mark, without causing dilution or tarnishment and without, moreover, adversely affecting the functions of the trade mark with a reputation – an alternative to the goods or services of the proprietor of that mark*".²²² In this respect, the latter can be understood not only as an expression of freedom to conduct a business, but also of the competitor's commercial freedom of expression.²²³

In her opinion in *Leidseplein*, AG Kokott sees the necessary balancing in the context of "due cause" closely linked to the balancing of whether the use of a sign takes unfair advantage of the distinctive character or the repute of the trade mark (see 3.3.5). In line with the CJEU judgements already handed down in *Intel*²²⁴ and *L'Oréal*²²⁵ she suggests that the degree of proximity of the goods and services affected must be taken into account, among other things.²²⁶ In its final decision, the CJEU also followed this approach.²²⁷ This criterion is particularly relevant if the trade mark proprietor and the third party are competitors, since in such cases a higher degree of similarity, if not even identity, of the affected goods and services is pre-programmed. In this respect, a national case law example is the *PINK*²²⁸ decision of the EWHC, which applied the findings of the CJEU in *Leidseplein* and assessed the fact that the trade mark proprietor, in this case *Thomas Pink Ltd*, and the third party, in this case *Victoria's Secret UK Ltd*, were competitors and offered a highly similar range of goods as contributing to the conclusion that *Victoria's Secret* acted without "due cause".²²⁹



„PINK“ by Thomas Pink



„PINK“ by Victoria's Secret

²²¹ CJEU (n 122) *Interflora*, para. 64.

²²² *Ibid*, para. 95.

²²³ Zelechowski (n 83), p. 118.

²²⁴ CJEU (n 135) *Intel*.

²²⁵ CJEU (n 86) *L'Oréal*.

²²⁶ AG Kokott (n 156), para. 38.

²²⁷ CJEU (n 170) *Leidseplein*, para. 60.

²²⁸ *PINK* [2014] EWHC 2631.

²²⁹ *Ibid*, para. 201.

It can therefore be concluded that if there are competitive motives of a third party and the goods and services affected are therefore in principle highly similar, if not identical, to those of the trade mark proprietor, it is more likely that the third party acted "without due cause".

3.4.5.3 Public interest and social relevance

Insofar as the use serves a public interest, is of social relevance or is intended to open up or contribute to a social debate, this fact must be taken into account when balancing the fundamental rights affected. Contrary to the commercial character or competitive motives, a public interest or social relevance strengthens the third party in its use and can ultimately contribute to acting with "due cause" on the basis of the fundamental right to freedom of expression or freedom of the arts. This already follows from the converse conclusion of the reasoning in the opinion of AG *Fenelly* in *Germany* and *Imperial Tobacco* (see 3.4.5.1). Here, the AG states that the expression of political views in particular serves extraordinarily important social interests, whereas economic or commercial expressions or information, on the other hand, have no social function.²³⁰ This is also generally in line with ECtHR case law, according to which freedom of expression under Art. 10 ECHR must be guaranteed the highest possible level of protection when it comes to statements in a political context (see 2.4.1). In addition to the European case law, there are also various national court decisions from EU member states that show that third-party uses that reflect a public interest or criticise the trade mark proprietor on specific occasions deserve greater protection and may lead to establish "due cause" for the specific use on the basis of freedom of expression or freedom of the arts.

This includes especially a decision from France by the CADP regarding a trade mark infringement dispute between the mineral oil company *Esso* and the environmental organisation *Greenpeace*.²³¹ In this case, *Esso* sought an injunction to prevent Greenpeace from displaying the reputed "ESSO" logo in the form "E\$\$O" on its website.



Trade mark protected "Esso" sign



„E\$\$\$O“ by Greenpeace

²³⁰ AG *Fenelly* (n 213), para. 158.

²³¹ CADP [2003]. ETMR 867 *Esso* 16 November 2005.

However, the French court rejected the request, primarily on the grounds that it was clearly recognisable to the public that this use could not have originated from *Esso* itself and that *Greenpeace* was entitled to express their criticism as part of their freedom of expression regarding *Esso*'s activities that allegedly harm the environment.²³² Particularly in view of global climate change and the ever-increasing environmental awareness of the world's population, *Greenpeace* is serving a public interest of social relevance with its use, which means that they use the protected trade mark for criticism with "due cause".

Comparable decisions have also been made in Germany, not directly on trade mark law, but in relation to unfair competition law, and their assessments can also be applied, at least by analogy, to the balancing of fundamental rights in the context of "due cause" - also due to the close connection to trade mark law (see 4.3). In a first case, the BGH had to decide, similar to the CADP, whether the environmental organisation *Greenpeace* may continue to refer to the dairy products of the German dairy company *Müller* as "*Gen-Milch*"²³³, even if these dairy products themselves are not genetically modified.²³⁴ *Greenpeace* labelled the products as "*Gen-Milch*" because they wanted to protest against the use of genetically modified animal feed for cows. In its decision, the BGH therefore had to find an appropriate balance between *Greenpeace*'s freedom of expression and the entrepreneurial personal rights of the dairy company *Müller*. In the end, the BGH came to the conclusion that *Greenpeace* is allowed to continue labelling the dairy products as "*Gen-Milch*", as the freedom of expression outweighed the right of entrepreneurial personality in this case.²³⁵ The BGH made it clear that criticism may also be formulated in a sharp, exaggerated or even abusive manner and that there is only a limit where the focus is no longer on a factual debate but on mere defamation.²³⁶ Criticism is a contribution to the intellectual battle of expressing opinions on an issue that is of major importance to the public, for which catchy and strong formulations are also permissible in order to attract attention. This is especially the case in times of today's sensory overload.²³⁷ By using genetically modified animal feed, the *Müller* dairy group had also generated an occasion, so that the criticism was not completely unfounded.²³⁸

²³² Ibid, p. 7.

²³³ In German, "Gen-Milch" refers to an abbreviation for "genetic milk".

²³⁴ BGH VI ZR 7/07 *Gen-Milch* 11 March 2008.

²³⁵ Ibid, para. 33.

²³⁶ Ibid, para. 29.

²³⁷ Ibid, para. 31.

²³⁸ Ibid, para. 33.

Another German court decision which did not make it to the BGH but is nevertheless worth mentioning due to the underlying facts of the case, originates from the Higher Regional Court of Hamburg, which also had to decide on a dispute under unfair competition law between a media agency and the mineral oil company *Shell*.²³⁹ In the specific case, the media agency had, among other things, sold T-shirts that had transformed the *Shell Group's* well-known yellow and red shell logo into a skull head, printed it on T-shirts with the subtext “*Hell*” instead of “*Shell*” and distributed them.



Trade mark protected “Shell” sign



Example of the “Hell” sign



Another design of the “Hell” sign on a T-Shirt

This was seen in particular as a protest action for the increasing environmental damage caused by *Shell's* crude oil extraction in Nigeria. In response, *Shell* requested a restraining order, arguing in particular that the media agency was exploiting the reputation of the *Shell Group* for its own commercial purposes and that the specific use constituted a defamation of the company's reputation. It was therefore also the task of the Higher Regional Court of Hamburg to find an appropriate balance between the freedom of expression and freedom of the arts of the media agency and *Shell's* commercial right of personality in the present case. In contrast to the two previous decisions, in this case the court did not prioritise the freedom of expression and freedom of the arts of the third party, as it assumed that the commercial motives were clearly in the foreground and that the specific criticism was not sufficiently supported by a public interest in Germany.²⁴⁰ In view of the aforementioned case law of the Federal Court of Justice in the “Gen-Milch” case, but also in view of the general criticism of oil companies today and their responsibility for individual environmental catastrophes, but also for climate change in general, this reasoning would probably no longer apply and the specific case would probably have to be decided in favour of freedom of expression and freedom of the arts. It is not known why *Shell* only relied on provisions of unfair competition law and not trade mark law, despite registered word and figurative marks of the *Shell* logo. Nevertheless,

²³⁹ OLG Hamburg 3 U 222/96 *Shell* 6 November 1997.

²⁴⁰ *Ibid*, para. 13-16.

it can be assumed that due to the close connection between trade mark law and unfair competition law, the Higher Regional Court of Hamburg would have come to the same conclusion in the context of trade mark law provisions.

Especially from the last case, but also from the reverse conclusion of the BGH decision in *Lila Postkarte* mentioned at the beginning (see 3.4.5.1), it becomes clear that commercial purposes and the public interest or social relevance stand in contrast to each other. While the pursuit of commercial purposes tends to indicate that the third party is acting "without due cause", the use of a trade mark that concerns a public interest or a topic of social relevance leads to the assumption that the third party is acting with "due cause" based on its freedom of expression and freedom of the arts.

3.4.5.4 Degree of reputation

In addition to the degree of similarity of the goods and services affected, the CJEU also used the degree of reputation in *Leidseplein* to determine whether the third party is using the trade mark with or without "due cause".²⁴¹ In *Leidseplein* itself, however, the CJEU applied this to the special case of "prior use" on which the decision was based and merely ruled that „*the greater the repute of the sign used, prior to the registration of a similar mark with a reputation, for a certain range of goods and services, the more its use will be necessary for the marketing of a product identical to that for which the mark was registered, a fortiori as that product is close, by its nature, to the range of goods and services for which that sign was previously used*”.²⁴² Even if not for the trade mark at issue itself, the CJEU has at least used reputation as a decisive criterion for determining a "due cause".

The judgement thus also followed the considerations made by AG *Kokott* in her previous opinion. However, AG *Kokott* had not only focused on the reputation of the sign used by the third party, but had also generally suggested that the examination of the negative condition “without due cause” should be combined with the examination of whether the use of a sign takes unfair advantage of the distinctive character or repute of the trade mark (see 3.3.5), which the CJEU had already dealt with in its *Intel*²⁴³ and *L'Oréal*²⁴⁴ decisions. According to this, a comprehensive assessment would also be required that takes into account all relevant circumstances of the individual case, whereby "*the strength of the mark's reputation*" is of particular relevance.²⁴⁵ In this respect, the CJEU has ruled that „*the stronger*

²⁴¹ CJEU (n 170) *Leidseplein*, para. 53, 54.

²⁴² CJEU (n 170) *Leidseplein*, para. 59.

²⁴³ CJEU (n 135) *Intel*.

²⁴⁴ CJEU (n 86) *L'Oréal*.

²⁴⁵ CJEU (n 86) *L'Oréal*, para. 44; CJEU (n 135) *Intel*, para. 67- 69.

*that mark's distinctive character and reputation are, the easier it will be to accept that detriment has been caused to it".*²⁴⁶ Applied to the examination of the negative condition "without due cause", it can therefore be stated that the greater the reputation of the trade mark with a reputation, the more difficult it will be for the third party to establish a "due cause".

Insofar, the ECtHR's judgements on freedom of expression must also be taken into account. In its *Steel and Morris* decision²⁴⁷ the ECtHR once again made it clear that „*it is true that large public companies inevitably and knowingly lay themselves open to close scrutiny of their acts and, as in the case of the businessmen and women who manage them, the limits of acceptable criticism are wider in the case of such companies.*“²⁴⁸ At the same time, however, the ECtHR also states that „*in addition to the public interest in open debate about business practices, there is a competing interest in protecting the commercial success and viability of companies, for the benefit of shareholders and employees, but also for the wider economic good*“.²⁴⁹ It can therefore be concluded that the greater the reputation of a trade mark, the more tolerance must be shown towards any criticism and, at the same time, the greater the reputation, the greater is also the interest in protecting the economic factors associated with the reputation.

Overall, it can therefore be concluded that the degree of reputation needs to be taken into account in several respects when balancing the fundamental rights under the assessment of "due cause". On the one hand, reputation can strengthen the existence of a "due cause", but it can also be the reason why no such "due cause" can be assumed.

3.4.5.5 Extent of detriment

The extent of detriment means the extent to which the use and circumstances accompanying that use are detrimental to the reputation, distinctive character and image of the trade marks invoked. In this respect, it can in particular be referred to cases of national case law from Germany in which the detriment to reputation, distinctiveness and the image of the trade mark was so severe that the use could no longer be justified in the context of any fundamental rights as "due cause".

In its *Mars* decision²⁵⁰, the BGH had to decide whether a single condom packaged in a kind of matchbox with the image of the well-known Mars chocolate bar infringed the trade mark rights of the chocolate manufacturer.

²⁴⁶ Ibid.

²⁴⁷ 68416/01 *Steel and Morris v The United Kingdom* ECHR:2005:0215JUD006841601.

²⁴⁸ Ibid, para. 94.

²⁴⁹ Ibid.

²⁵⁰ BGH (n 149) *Mars*.

The packaging also featured the original "MARS" lettering and the slogan "*Mars macht mobil bei Sex, Sport und Spiel*"²⁵¹, which is a modification of the original advertising slogan used by the chocolate manufacturer: "*Mars macht mobil bei Arbeit, Sport und Spiel*"²⁵².



Trade mark protected "Mars" sign



Original advertising slogan from Mars

The third party, a manufacturer of joke articles, argued in particular that the fundamental right to freedom of expression could justify the use. In its decision, however, the BGH emphasised that at least a not insignificant proportion of those who see the condom as a promotional item from the chocolate bar manufacturer will regard this as a tasteless form of advertising for chocolate items, or at least an exaggerated form of advertising striving for originality. This would be accompanied by a considerable loss of reputation and a reduction in the advertising value of the trade mark with a reputation.²⁵³ The fact that the third party, for the sole purpose of promoting the sale of its own products by using the trade mark with a reputation, deliberately accepts that the consumer will mistakenly perceive the condoms as promotional gifts from the well-known chocolate bar manufacturer and that this will have a negative impact on the reputation and image of the trade mark, constitutes an infringement.²⁵⁴ Furthermore, the third party is not expressing an opinion about the chocolate bar manufacturer and its products or advertising methods. Rather, it is a purely commercial use of the reputable trade mark in order to market an otherwise unsaleable product of their own.²⁵⁵ Justification on the basis of freedom of expression in the context of "due cause" is therefore out of the question.

²⁵¹ Which translates as: "*Mars makes you mobile during sex, sport and play*".

²⁵² Which translates as: "*Mars makes you mobile during work, sport and play*".

²⁵³ BGH (n 149) *Mars*, para. 29, 47.

²⁵⁴ *Ibid*, para. 52-54.

²⁵⁵ *Ibid*, para. 30, 31.

The judgements made in *Mars* were later confirmed by the BGH in another decision on the protection of the reputed *NIVEA* trade mark.²⁵⁶ In this case, a third party had also sold condoms that were packaged in transparent sleeves and had, among other things, stickers that corresponded to the colour and font design of the well-known *NIVEA Creme* can packaging. In addition, the condom packaging also contained a slogan that read: "*Es tat NIVEA als beim ersten Mal*".²⁵⁷



Trade mark protected "*NIVEA*" creme can



Sticker used by the third party

In its decision, the BGH confirmed its reasoning from its previous *Mars* decision and found that the use constituted an infringement.²⁵⁸ The BGH went even further in this decision and said that even if the relevant public would perceive the use as a "joke", this would not be sufficient to rule out the likelihood of the public being confused and misinterpreting the use as a tasteless advertising stunt by the well-known cosmetics manufacturer itself, thus damaging its image.²⁵⁹

A further German case before the Higher Regional Court of Hamburg, which did not make it to the BGH, but is nevertheless worth mentioning due to its illustrative facts, concerns the use of the reputed *Adidas* logo. In the context of the use, the *Adidas* logo was modified into a cannabis plant and printed together with the slogan "*Adihash - gives you speed*" on clothing, which was subsequently distributed.²⁶⁰



Trade mark protected
"*Adidas*" logo



Third party's modification
of the "*Adidas*" logo

²⁵⁶ BGH I ZR 130/92 *Nivea* 19 October 1994.

²⁵⁷ The word mark *NIVEA* was deliberately chosen because of its phonetic pronunciation, as this is identical to the two German words "*nie weher*", allowing the slogan to be understood as: "*Es tat nie weher als beim ersten Mal*", which translates as: "*It never hurts more than the first time*".

²⁵⁸ BGH (n 256) *Nivea*, para. 18-19.

²⁵⁹ *Ibid*, para. 26.

²⁶⁰ OLG Hamburg 3 U 23/91 *Adihash* 5 September 1991.

Once again, the competent court had to find an appropriate balance between *Adidas'* trade mark rights on the one hand and the freedom of expression and freedom of the arts of the third party on the other hand. In the end, the Higher Regional Court of Hamburg was not even required to resolve the case in the context of the extended protection of reputation and was able to assume a likelihood of confusion due to the identical goods and services.²⁶¹ However, even if the goods and services had not been identical or similar, the third party would have acted "without due cause" under the extended protection of trade marks with a reputation, as *Adidas* would be associated with the consumption of cannabis without any occasion and this would constitute such a great detriment to the reputation and image of the sporting goods manufacturer that the freedom of expression and freedom of the arts of the third party could not be given priority.

In summary, it can therefore be concluded that the greater the harm to the reputation, distinctiveness or image of a trade mark with a reputation and its trade mark proprietor, the more difficult it is to establish a "due cause" on the part of the third party.

3.4.5.6 Extent of own original use

The extent of an own original use or the extent to which the use has its own original contribution becomes particularly relevant when it comes to trade mark parodies, trade mark satires or trade mark caricatures in which the fundamental rights of freedom of expression and freedom of the arts play a significant role. The criterion of whether the use itself constitutes an original contribution can already be found in EU copyright law, more precisely in the CJEU decision in *Deckmyn*²⁶², where it was clarified that „*the essential characteristics of parody, are, first, to evoke an existing work, while being noticeably different from it, and secondly, to constitute an expression of humour or mockery*“.²⁶³ This copyright assessment can also be applied to trade mark parodies, so that in the context of the examination of assessing "due cause", the trade mark parody must also have its own original contribution in order to justify its use on the basis of freedom of expression and freedom of the arts.

This understanding is also reflected in national case law, such as in the German case *Lila Postkarte*, in which the BGH clarified that the design was clearly recognisable as a parody and that the postcard was witty and humorous as well as showing a satirical examination of the trade marks affected.²⁶⁴ Obvious counterexamples in this respect are the previously

²⁶¹ Ibid, para. 9-11.

²⁶² C-201/13 *Deckmyn* EU:C:2014:2132.

²⁶³ Ibid para. 33.

²⁶⁴ BGH (n 215) *Lila Postkarte*, para. 32-33.

mentioned German cases of the BGH in *Mars* or *Nivea*, where the use by the third party had no original contribution of its own, but rather only served to better market the products of the third party (see 3.4.5.5). The BGH even applied this to the case of the jumping poodle (see 3.4.5.1). A distinction must therefore be made between commercial parasitism and permitted parody or criticism in which a clear interaction with the trade mark is recognisable and the third party makes its own contribution, as also illustrated by the French decision in *Esso* (see 3.4.5.3).

It can therefore be concluded that the extent of one's own original use can be relevant in connection with the other criteria already discussed in order to determine whether a use was made with "due cause".

3.4.5.7 Extent of infringing use

In the context of the CJEU referral in *IKEA*, C-298/23 the national court further asks whether the extent of the infringing use is of relevance, referring to the intensity and systematic nature as well as the extent of the distribution, by territory, time and volume, also taking into account the extent to which it is proportionate to the message it is intended to convey. In this respect, it must be said, that the extent of the infringing use goes hand in hand with the aforementioned criteria, in particular the extent of the detriment and the balancing between commercial and interest of public or social relevance. Based on an overall assessment of all relevant criteria, the question of proportionality can ultimately be posed and resolved so that an appropriate balance can be struck between the fundamental rights involved. Of course, territorial or time aspects may also be relevant in this overall assessment. From a time perspective, particular attention must be paid to the "prior use" cases, such as in *Leidseplein* (see 3.4.2.2), whereby there is generally no fundamental rights context leading to the establishment of a "due cause". Territorially, it must also be noted that the aforementioned criteria are assessed from the perspective of the relevant public in the individual case. However, the general rules for determining the relevant public can be applied in this respect.

The criterion of the extent of the infringing use or rather an ultimate proportionality test can be well illustrated by the Danish case of the *Irma Girl*²⁶⁵. The *Irma Girl* is a well-known mascot in Denmark for the *Irma* supermarket chain, which is part of the international supermarket group *Coop*. As part of an advertising campaign, *Coop* sought contact with an artist and proposed a collaboration to develop a special campaign version of the *Irma Girl*. However, after *Coop* decided to shut down the *Irma* supermarket chain and consequently cancelled the services of the artist, the artist has

²⁶⁵ DMCC BS-30388/2023-SHR *Irma Girl* 5 December 2023.

depicted the Irma girl with a cigarette and a beer can or with a graffiti spray can, whereby the latter depiction even bears the inscription "Fuck Coop" and is designed in such a way that the viewer is supposed to think that the Irma girl has written this with the graffiti spray can.



To justify this, the artist argues in particular that he has a "due cause" to use the trade marked signs of *Coop* as part of his freedom of expression and freedom of the arts. Due to the popularity and identification of the Danish society with the *Irma* supermarket chain, the artist also argued that his motifs would relate to the closure of this chain and therefore have considerable social relevance and relate to the public interest of preserving the chain. However, the Danish National Court took a fundamentally different view and ruled that the systematic and continuous commercial exploitation was so massive that considerations of freedom of expression and social relevance could not justify the specific use.²⁶⁶ Among other things, the commercial exploitation of the motifs extended to posters, mugs, T-shirts, caps and jumpers. As a result, it can be concluded that the criticism regarding the closure of the *Irma* supermarket chain cannot be conveyed proportionately through the specific use. In the overall assessment, the extent of the infringing use is too severe.

3.4.5.8 Third-party measures to avoid association

Subjective elements can also be relevant when assessing "due cause". For example, the extent to which an attempt has been made to avoid confusion or association with the invoked trade marks or to create the impression that there is a commercial or other link between the use and the trade mark proprietor. In this respect, the case law of the ECtHR in *Casado*²⁶⁷ can be referred to in particular, in which the Court said that „for the citizen advertising is a means of discovering the characteristics of services and goods offered to him. Nevertheless, it may sometimes be restricted, especially to prevent unfair competition and untruthful or misleading advertising. In some

²⁶⁶ Ibid, p. 78.

²⁶⁷ 15450/89 *Casado Coca v Spain* ECHR:1994:0224JUD001545089.

contexts, the publication of even objective, truthful advertisements might be restricted in order to ensure respect for the rights of others or owing to the special circumstances of particular business activities and professions”.²⁶⁸ In particular, it can be deduced from this that information that does not ultimately confuse the consumer or make them think that there is a connection between the use and the trade mark proprietor is more important. To what extent this can ultimately be included in the assessment of a "due cause" remains to be seen. Based on the example of the case referred to the CJEU in *IKEA*, C-298/23, the measures taken to prevent confusion with the *IKEA* trade marks with a reputation may not be sufficient. In the underlying case, the third party had merely mentioned at a press conference that the specific use of an “*IKEA plan*” is not related to the world-famous Swedish furniture chain. However, this will probably not be sufficient to avoid confusion or the establishment of a link with the invoked trade marks or to avoid giving the impression that there is a commercial or other connection between the use and the trade mark proprietor. Such a disclaimer would have to be placed on every publicly recognisable use, which would certainly be associated with logistical difficulties and would ultimately provide only little relief. In this respect, the legitimate question would also arise as to whether the effort required to establish lawful use is still proportionate to the fact that another use, which offers less potential for infringement under trade mark law, could simply have been chosen in order to convey the desired message with the same effect.

3.4.5.9 Intention of the third party

Moreover, on the subjective side, the intention of the third party can also be used to determine whether or not the third party is using the trade mark with a reputation with "due cause". The main question here is whether the third party has acted in good faith or not. The CJEU has already ruled in *Leidseplein* that “it is necessary to examine the intention of the person using that sign”.²⁶⁹ This approach of the CJEU is also in line with its judgment in *Interflora* or *L’Oréal* regarding the assessment of whether the third party has taken an unfair advantage (see 3.3.5). Furthermore, it shows the close connection between unfair competition law and trade mark law (see 4.3).

Above all, this approach can also be found in UK case law. An illustrative judgement in this respect is the decision of the EWHC in *London Taxi*²⁷⁰, where Judge Arnold combines the examination of "due cause" with the examination of "honest practices in industrial and commercial matters".²⁷¹

²⁶⁸ Ibid, para. 51

²⁶⁹ CJEU (n 170) *Leidseplein*, para. 55, 56.

²⁷⁰ *London Taxi* [2016] EWHC 52.

²⁷¹ Ibid, para. 268.



Trade mark protected “London Taxi” design



Third party design of a “London Taxi”

Judge Arnold works through a catalogue of questions in order to determine whether the third party is acting with “due cause” respectively whether the specific use complies with “honest practices”. Among other things, he examines (i) *whether the defendant knew of the existence of the trade mark, and if not whether it would have been reasonable for it to conduct a search,* (ii) *whether the third-party knew, or should have appreciated, that there was a likelihood of confusion,* (iii) *whether there has been actual confusion, and if so whether the third-party knew this,* (iv) *whether the trade mark has a reputation, and if so whether the defendant knew this and whether the defendant knew, or at least should have appreciated, that the reputation of the trade mark would be adversely affected.*²⁷² It can be seen from the individual questions that the criteria mentioned above, such as the degree of reputation, are also considered relevant, but that the good faith of the third party in relation to the respective criterion is also always taken into account as well. Although the *London Taxi* judgement does not have a fundamental rights context, the list of questions can also be transferred or extended to a case involving fundamental rights. In this respect, it would be conceivable, for example, to ask whether the third party deliberately used the trade mark with a reputation to express its freedom of expression or freedom of the arts, or whether it knew that the use was of social relevance or pursued a public interest.

A possible pioneer in this respect could also be the decision of the BCJ in *Moët*²⁷³, which was also very much welcomed by *Senftleben*, as in his view it neutrally addresses the tension between trade mark rights on the basis of the fundamental rights affected, without giving any priority to trade mark rights.²⁷⁴ The case involved an artistic modification of the design of the well-

²⁷² Ibid, para. 272-283.

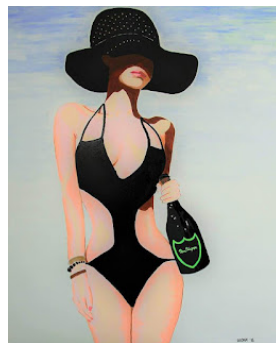
²⁷³ BCJ A 2018/1/8 *Moët* 14 October 2019.

²⁷⁴ Martin Senftleben, ‘Safeguarding Freedom of Artistic Expression in the European Union’ in Haochen Sun and Barton Beebe (eds), *Charting Limitations on Trademark Rights* (Oxford University Press 2023), p. 146, 147.

known Dom Perignon bottle design with neon colours, which the artist described as pointillism and pop art.²⁷⁵



*Trade mark protected
Dom Perignon bottle design*



*Third party's modified art works
of the Dom Perignon bottle*

What makes the decision here particularly noteworthy, is the fact that the BCJ also took into account the intention of the third party and examined whether the third party deliberately intended to harm the distinctive character or rather the reputation of the trade mark. According to the court, the third party may only invoke its fundamental right to freedom of the arts against the trade mark rights if the artistic expression is not intended to harm the trade mark or the trade mark proprietor.²⁷⁶

Therefore, the fact that an appropriate balance of fundamental rights interests must be struck when examining a “due cause”, whereby all circumstances relevant to the individual case must be taken into account, leads to the necessity of also taking into account the intentions of the third party. Especially in view of the fact that these have already been taken into account by the CJEU in the *Leidesplein* decision, it follows that this must also apply to situations in which fundamental rights are balanced against each other. In particular, the good faith of the third party can play a significant role in this regard.

3.4.5.10 Relationship between the criteria

The fundamental rights protection of trade mark rights under Art. 17(2) CFREU and Article 1 of the Protocol to the ECHR is not absolute and can be restricted where the freedom of expression, freedom of the arts or freedom to conduct a business of third parties outweigh trade mark protection, respectively, the fundamental right to property. However, as the third party's fundamental rights are not absolute either, there is an interaction between the fundamental rights affected and a balancing of the

²⁷⁵ Ibid.

²⁷⁶ BCJ (n 273) *Moët*, para. 9.

fundamental rights interests is required.²⁷⁷ This principle of interaction must therefore also be applied consistently to the criteria relevant in the context of this balancing. In line with the view of AG Kokott in her opinion in *Leidseplein* that the assessment of "due cause" is closely linked to the assessment of whether the use of a sign takes unfair advantage of the distinctive character or the repute of the trade mark, the interaction can already be derived from the CJEU decisions in *Intel* and *L'Oréal* (see 3.4.5.2). Here, the CJEU had ruled that the more directly and strongly the trade mark is evoked by the sign, the greater the risk that the current or future use of the sign takes unfair advantage of, or is detrimental to, the distinctive character or repute of the earlier trade mark.²⁷⁸ This interaction also applies with regard to the aforementioned balancing criteria in the context of "due cause". This becomes particularly evident in the relationship between commercial purposes and the pursuit of public interests of social relevance. The more the commercial use is in the foreground, the more difficult it is for the third party to argue that it is serving a public or socially relevant interest. Similarly, the greater the degree of detriment to the affected trade mark, the more substantial the third party's fundamental rights considerations must be. This interaction runs through all the criteria that must be taken into account and ultimately leads to an appropriate balancing of all circumstances relevant to the individual case.

3.4.6 Implications for the national case under *IKEA*, C-298/23

If the criteria discussed above are applied to the legal dispute between *IKEA* and the political party *VB* on which the reference for a preliminary ruling in *IKEA*, C-298/23 is based, the arguments are more likely to support the view that *VB* is acting "without due cause" when it uses the reputed *IKEA* trade marks in the context of its political communication. Generally, it should be noted that the trade marks are used in a political context and concern an interest of great social relevance, here the asylum policy of Belgium but also of the EU in general, and therefore the freedom of expression and freedom of the arts must have a special importance. However, it must be noted that *VB* as a party can clearly be categorised as belonging to the right-wing spectrum. In this respect, the specific use of *IKEA* trade marks to criticise Belgian asylum policy indicates intolerance and discrimination against refugees and migrants in general and is therefore hardly compatible with a liberal-democratic way of thinking. It is precisely in these political grey areas that the protection of freedom of expression can be restricted all the more (see 2.4.1). In addition, the fact that the consumer is misled by the use of highly similar, if not identical, signs to the extent that a link between *IKEA*

²⁷⁷ Sakulin (n 51), p. 101-102.

²⁷⁸ CJEU (n 135) *Intel*, para. 67-69; CJEU (n 86) *L'Oréal*, para. 44.

and VB is likely to be established leads to *IKEA*'s image being so severely tarnished that its use cannot be justified on the basis of fundamental rights considerations relating to VB's freedom of expression or freedom of the arts. In addition, the message that VB wants to convey by criticising Belgian asylum policy appears to be equally effective if a different title and design are invented, detached from the *IKEA* trade marks. The *IKEA* trade marks are exploited for the sole purpose of generating more attention among the Belgian population for VB's political views. In a broader sense, commercial purposes cannot be ruled out, as party funding is also promoted indirectly. What also supports the view that VB is acting "without due cause" is the fact that the use of the *IKEA* trade marks would not even be considered a justifiable parody within the meaning of EU copyright law.²⁷⁹ Although it can be assumed along the *Deckmyn* criteria²⁸⁰ that the specific use by VB is (i) reminiscent of the reputed *IKEA* trade marks, it is already highly questionable whether the use (ii) shows perceptible differences and (iii) constitutes an expression of humour or mockery. Especially the latter is hardly conceivable, as the use contains no trace of humour or mockery if the letter sequence *IKEA*, which actually stands for the initials of the founder and was just transformed into "*Immigratie Kan Echt Anders*" (translated as: "*Immigration Really Can Be Different*"). Overall, it must be concluded that VB used the *IKEA* trade marks "without due cause". A different assessment could only be made if *IKEA* itself would have given any occasion for VB to use the trade marks as part of their political campaign and in support of their political views, as it was the case with third-party use in the *Esso* or *Shell* decisions (see 3.4.5.3).

To further visualise this, reference can also be made to the Dutch case between *Marlboro* and the political association of *International Socialists*.²⁸¹

The latter had depicted the portrait of the Dutch right-wing politician, *Geert Wilders*, on the typical red and white design of a *Marlboro* cigarette packet, portraying him as an extremist and warning of his detrimental influence on society. The aim was to create an image in the consumer's mind of a



Trade mark protected
Marlboro cigarette box design



Third party's depiction
of *Geert Wilders*

²⁷⁹ Likewise: INTA *Amicus brief regarding IKEA referral C-298/23*, para. 54-55.

²⁸⁰ CJEU (n 262) *Deckmyn*, para 33.

²⁸¹ Information on this case originates from: Sakulin (n 51), p. 279.

addictive politician who does society no good with his right-wing views. Unfortunately, the case never came to court as the International Socialists stopped using the *Marlboro* design after receiving a cease and desist letter from *Philip Morris*, the owner of the *Marlboro* trade mark. Nevertheless, in accordance with the reasoning given in the *IKEA* case, it must be assumed that the International Socialists acted “without due cause”, as *Philip Morris* had given no occasion for their trade marks to be used for political campaigning. The *International Socialists* merely used the well-known *Marlboro* design to associate the right-wing politician with the unhealthy image of cigarettes, which could lead the consumer to think that *Philip Morris* was running a political campaign against the right-wing politician. Therefore, *Philip Morris*’ interest in not instrumentalising its trade marks in any political way prevails in the overall assessment.

3.5 Conclusion

As soon as a trade mark has acquired a reputation, the positive conditions of Art. 9(2)(c) or 8(5) EUTMR or Art. 10(2)(c) or 5(3)(a) EUTMD do not represent a major hurdle for the trade mark proprietor to enforce his trade mark rights. The positive conditions of the extended protection of reputation, for which the trade mark proprietor bears the burden of proof, are subject to rather lower hurdles, so that in principle one can speak of far-reaching trade mark protection for trade marks with a reputation. It is therefore all the more important and necessary that the negative condition “without due cause” provides a flexible counterweight to the broader trade mark protection of trade marks with a reputation and that the interests of third parties can also be taken into account. This becomes all the more clear when one considers the scope that the fundamental rights of third parties can have in the context of trade marks with a reputation.

In particular, the invocation of freedom of expression and freedom of the arts under Art. 11, 13 CFREU and Art. 10 ECHR, but also the invocation of freedom to conduct a business under Art. 16 CFREU are particularly relevant in the context of the extended protection of trade marks with a reputation and must be able to be sufficiently taken into account. The negative condition “without due cause” represents a flexible mechanism to safeguard the fundamental rights interests of third parties. However, it must be borne in mind that the rights of the trade mark proprietor also enjoy fundamental rights protection under Art. 17(2) CFREU and Article 1 of the Protocol to the ECHR and must therefore be appropriately balanced with the fundamental rights of the third party in the context of the “due cause” assessment. The criteria on the basis of which this balancing of fundamental rights can be achieved have not yet been decided by the highest courts at EU level, which ultimately led to the Belgian national court asking the CJEU for guidance on

precisely these balancing criteria as part of a request for a preliminary ruling in *IKEA C-298/23*.

Due to the generally open wording of the undefined legal concept of “due cause”, a wide variety of criteria may be relevant. In this respect, the commercial nature of the use or the pursuit of commercial or competitive motives in general must be taken into account. Conversely, a public interest or social relevance, which are generally not commercially orientated, must also be taken into account when assessing “due cause”. The result can also be influenced by the degree of reputation or the degree of detriment or by subjective criteria such as the intention of the third party or its good faith. This broad and open interpretation to include a variety of factors is precisely what allows the fundamental rights of third parties to be adequately taken into account. The negative condition “without due cause” thus represents a suitable mechanism under EU trade mark law to adequately protect the fundamental rights of third parties affected, while also taking into account the fundamental rights interest of the trade mark proprietor.

4 Is there a need for a legislative reform?

4.1 Introduction

In view of the previously discussed understanding of the negative condition “without due cause”, the question arises as to whether the EU legislator must take appropriate steps in EU trade mark law to reflect this understanding sufficiently at the legislative level, respectively, under the EUTMR and EUTMD. Some scholars believe that the EUTMR and EUTMD do not provide sufficient accommodation for the fundamental rights of third parties and are calling for the EU legislator to introduce new limitations and exceptions that allow the use of trade marks for the purposes of parody, artistic expression, criticism and commentary in particular.²⁸²

To be able to evaluate this demand, the following section will first discuss the EU legislator's former intentions as to why such specific limitations and exceptions based on fundamental rights considerations of third parties had not been included into EU trade mark law. On the other hand, the focus will also be placed on unfair competition law and why its influence on EU trade mark law leads to a greater balancing of fundamental rights than the EU legislator was probably originally aware of. Lastly, a look will be taken at the role of the CJEU and the extent to which it can ensure greater legal clarity and protection of fundamental rights under EU trade mark law, while at the same time eliminating the need for legislative reform.

4.2 EU-Legislator's former intention

The predecessors of the EUTMR and EUTMD, the Regulation 2009/207/EC and the Directive 2008/95/EC, did not contain any reference to the fundamental rights of third parties. This was only to change with the entry into force of the EUTMR and EUTMD, although there were quite different views on the recognition and protection of fundamental rights aspects of third parties during the reform process.

The reform process towards the EUTMR and EUTMD as we know them today began with the EC commissioning the Max Planck Institute for Intellectual Property and Competition Law in Munich in October 2009 to carry out an *overall assessment of the general functioning of the trade mark system in Europe as a whole*. Its aim was to analyse the current performance results and identify potential areas for improvement, rationalisation and future development of this overall system for the benefit of users and society as a whole. In the Study on the Overall Functioning of the European Trade Mark System, published by the Max Planck Institute in February 2011, it was recommended that, on the one hand, it would be advisable to introduce a

²⁸² Senftleben (n 274) p. 148; Jacques (n 84), p. 12-14.

flexible „fair use“²⁸³ defence, as known primarily from US trade mark law, which is intended to protect “free speech” and “artistic works” in particular. On the other hand, it has also been proposed to introduce specific limitations or exceptions for parody, criticism and commentary.²⁸⁴ These proposals obviously stem from fundamental rights considerations relating to the freedom of expression and freedom of the arts, but also other fundamental rights such as the freedom to conduct a business. However, these proposals were not included in the drafts of the new regulation and directive submitted by the EC. The drafts therefore contained no further regulatory content that could be specifically assigned to the protection of the fundamental rights of third parties.

The Max Planck Institute's fundamental rights considerations were not taken up again until the next legislative phase, in which the EP initially submitted its first assessment regarding the drafts of the EC.²⁸⁵ Specifically, the EP's Legal Affairs Committee noted in its reports on the proposal for the directive, but also on the proposal for the regulation, that they would adjust the drafts to the extent that they also provide for limitations or exceptions for the purposes of parody, artistic expression, criticism and commentary.²⁸⁶ In addition, the EP's Committee on the Internal Market and Consumer Protection suggested that both the recitals of the regulation and the recitals of the directive should clarify that *"when determining whether the main function of a trade mark is adversely affected, it is necessary to interpret this provision in light of Art. 11 CFREU and Art. 10 ECHR in order to guarantee the fundamental right of freedom of expression"*.²⁸⁷

²⁸³ Under US trade mark law, 15 U.S.C. § 1125 (3) (Sec. 43 of the Lanham Act) states: “Exclusions. - The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection: (A) **Any fair use**, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, **including use in connection with [...]** (ii) **identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.** [...]”.

²⁸⁴ Max Planck Institute for Intellectual Property and Competition Law (n 104), para. 2.262.

²⁸⁵ EP, *Impact Assessment SWD (2013) 95*, SWD (2013) 96, July 2013.

²⁸⁶ EP's Committee on Legal Affairs, *Report on the proposal for a directive of the European Parliament and of the Council to approximate the laws of the Member States relating to trademarks*, 16 January 2014; EP's Committee on Legal Affairs, *Report on the proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 207/2009 on the Community trade mark*, 12 February 2014.

²⁸⁷ EP's Committee on the Internal Market and Consumer Protection, *Opinion of the Committee on the Internal Market and Consumer Protection for the Committee on Legal Affairs on the proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 207/2009 on the Community trade mark*, 7 November 2013; EP's Committee on the Internal Market and Consumer Protection, *Opinion of the Committee on the Internal Market and Consumer Protection for the Committee on Legal Affairs on the*

As a result, the EU legislator ultimately decided to at least include a passage in recital 21 of the EUTMR and recital 27 of the EUTMD stating that both the EUTMR and the EUTMD should be applied in such a way that fundamental rights, in particular freedom of expression, are fully taken into account.

However, as discussed at the beginning of this thesis, no other provisions explicitly dedicated to the protection of fundamental rights of third parties can be found in the EUTMR or EUTMD. As *INTA* correctly concludes in its amicus brief to the CJEU from September 2023, this can be seen as a deliberate intention on the part of the legislator not to regulate the legislative changes proposed by the Max Planck Institute or the Committees, such as the introduction of a “fair use” defence or other fundamental rights-related limitations or exceptions.²⁸⁸ At the same time, however, it should also be noted that the EU legislator has designed open-ended mechanisms such as “due cause” or “referential use” in such a way that they can take full account of the fundamental rights of third parties. Consequently, this open-ended wording must also be understood as a deliberate decision by the EU legislator.

4.3 Unfair competition law and fundamental rights

Due to the EU legislator's deliberate decision not to include a “fair use” defence in the EUTMR or EUTMD, *INTA* pointed out in their amicus brief to the CJEU on the preliminary ruling procedure in *IKEA*, C-298/23, that the CJEU has a great responsibility in answering the questions referred by the Belgian national court and that the CJEU must ensure that it does not override the legislator's intentions.²⁸⁹ In exaggerated terms, *INTA* thus sees a danger that EU trade mark law would mutate into a legal system driven by CJEU case law and that the legislator's intentions or the actual wording of the EUTMR and EUTMD would be neglected. Even if one has to agree with *INTA* that the EU legislator deliberately decided not to regulate a “fair use” defence or exceptions for the purpose of parody, artistic expression, criticism or commentary, it must nevertheless be concluded, that the previously discussed understanding of the negative condition “without due cause” is at least very close to, if not equal to, a “fair use” clause for two main reasons:

The first reason can be seen in the merging of trade mark law and unfair competition law. While unfair competition law and trade mark law used to be two separate systems, the harmonisation through EU law has led to the expansion of trade mark law, which now covers areas such as the protection

proposal for a directive of the European Parliament and of the Council to approximate the laws of the Member States relating to trademarks, 7 November 2013.

²⁸⁸ *INTA* (n 279), para. 17.

²⁸⁹ *Ibid*, para. 23, 62.

of reputation that used to fall within the scope of unfair competition law.²⁹⁰ The way the EUTMR and EUTMD are structured today, there is barely any need for trade marks to be protected under unfair competition law, as trade mark law itself includes more flexible rules that are themselves based on fair competition considerations. Above all, these can especially be found in the extended protection of the reputation of trade marks, such as the negative condition “without due cause”, as this is precisely the place where an appropriate and fair balance of interests can be found, which in turn ensures fair competition, which is the core objective of unfair competition law.²⁹¹ This balance of interests should not be too narrowly defined, but rather interpreted broadly in order to safeguard the fundamental rights of third parties, which can be considered all the more relevant when third party trade marks are used in social, cultural or political discourse.²⁹² As a result of the influence of unfair competition law, EU trade mark law itself already has a flexibility that is also inherent to a “fair use” defence.

The second reason, which is generally based on the collision of fundamental rights interests, can also be derived from these findings. As already analysed at the beginning: Where fundamental rights collide, a proportionate balance must be found between the fundamental rights interests, whereby all circumstances relevant to the individual case must be taken into account (see 2.5). As a consequence, a kind of “fair use” defence already arises where fundamental rights have to be balanced against each other, respectively, by carrying out a proportionality test. As *Geiger* has already analysed in the area of EU copyright law, the fact that judges are required to interpret national laws in the light of the CFREU's fundamental rights means that they have a margin of discretion that would also be open to them in the context of a “fair use” defence.²⁹³ In conclusion, *Geiger* recognises that the “fair use” defence cannot simply be copied to EU copyright law, but argues for a re-think with regard to the consideration of fundamental rights outside the limitations and exceptions in Art. 5 InfoSoc.²⁹⁴ Coming back to EU trade mark law, this idea would be much easier to apply under the EUTMR and EUTMD, as there are already open-ended safeguarding mechanisms in place, such as the negative condition “without due cause”. A flexible and comprehensive consideration

²⁹⁰ Annette Kur and Ansgar Ohly, 'Lauterkeitsrechtliche Einflüsse auf das Markenrecht', GRUR 2020, p. 458-459.

²⁹¹ Ibid, p. 465-466.

²⁹² Likewise: Sakulin (n 51), p. 87.

²⁹³ Christophe Geiger, 'Fair Use' through Fundamental Rights in Europe: When Freedom of Artistic Expression Allows Creative Appropriations and Opens Up Statutory Copyright Limitations' in Shyamkrishna Balganesh, Ng-Loy Wee Loon and Haochen Sun (eds), *Copyright Limitations and Exceptions* (Cambridge University Press 15 January 2021), p. 181.

²⁹⁴ Ibid, p. 193, 194.

of fundamental rights, as it would also be possible within the framework of a “fair use” clause, is therefore already inherent in the EUTMR and EUTMD (at least for the extended protection of trade marks with a reputation).

In view of the considerations of unfair competition law and the associated consideration of the fundamental rights of third parties, which collide with the fundamental rights of the trade mark proprietor, it is difficult to satisfy *INTA*’s interpretation of the legislative intention not to establish a far-reaching, flexible “fair use” defence under EU trade mark law. In this respect, the understanding of a more flexible and open trade mark law is also confirmed in the most recent case law of the CJEU. In *Leidseplein* (see 3.4.2.2), the rights of the third party were extended and the negative condition “without due cause” covers not only objective overriding interests, but also subjective interests of the third party. A trend to strengthen the rights of the third party in the context of the extended protection of reputation or at least to ensure that all relevant circumstances of the individual case are fully taken into account is therefore more than apparent and should logically also apply in the context of fundamental rights considerations of freedom of expression, freedom of the arts and freedom to conduct a business. What the CJEU nevertheless has to observe in the context of the recent request for a preliminary ruling in *IKEA*, C-298/23, will be discussed in the following section.

4.4 Impact of the CJEU

The validity, applicability and interpretation of EU law arise from EU law itself, without the need to refer to the national law of the Member States. It is precisely the role of the CJEU to ensure this autonomous character of EU law by being solely responsible for interpreting EU law, but not the national law of the Member States.²⁹⁵ According to Art. 19 TEU, the task of the CJEU is „to ensure that in the interpretation and application of the Treaties the law is observed”. In this respect, the preliminary ruling procedure pursuant to Art. 267 TFEU represents a fundamental mechanism for ensuring a uniform interpretation of EU law in the EU Member States.²⁹⁶

To this extent, the reference for a preliminary ruling in *IKEA*, C-298/23 is of fundamental importance for the relationship between trade mark rights and the fundamental rights of third parties. The decision of the CJEU in this case will point the way for the future importance that can be attached to fundamental rights considerations of third parties under EU trade mark law. The open questions posed by the Belgian national court give the CJEU the

²⁹⁵ Eleonora Rosati, *Copyright and the Court of Justice of the European Union* (Oxford University Press 2019), p. 19.

²⁹⁶ Ibid.

opportunity to establish comprehensive guidelines. Based on the CJEU's decisions in *Interflora* and *Leidseplein*, where the undefined legal concept of "due cause" was already interpreted more broadly and more openly than before (see 3.4.2), the CJEU can now provide further clarification for the application and understanding of the legal concept of "due cause". In particular, it will be important for the CJEU to provide a comprehensive statement on which criteria are relevant in the context of the balancing of interests (see 3.4.5). In this respect, it is desirable that the CJEU not only analyses the criteria listed in the request for a preliminary ruling, but also clarifies whether other criteria may be relevant, such as the third party's intentions. In addition, the CJEU can also clarify the relationship between the assessment of "due cause" and the assessment of whether the use of a sign takes unfair advantage of the distinctive character or the repute of the trade mark and thus clarify why there was no further assessment of "due cause" in its decision in *L'Oréal*, although there would have been good reason to do so.²⁹⁷

It is precisely because of this wide scope for interpretation available to the CJEU that there is no need for a legislative reform of EU trade mark law. The negative condition "without due cause" is formulated in such an undefined and open manner that it is open to a broad interpretation by the CJEU and the CJEU can thus close the gap that the Max Planck Institute or some scholars wanted to close by introducing a "fair use" defence or by introducing specific limitations or exceptions for the purposes of parody, artistic expression, criticism and commentary (see 4.2). In this respect, it also appears to make more sense to keep the wording of the law open in order to ensure maximum flexibility in balancing the conflicting fundamental rights of the trade mark proprietor and the third party. Irrespective of whether a new reform of EU trade mark law could actually be implemented, a corresponding guiding interpretation of the CJEU appears to be the milder means, which nevertheless ensures legal certainty and the possibility of full consideration of the fundamental rights of third parties with equal effectiveness.

Finally, it should be emphasised once again that the latter of course applies primarily only to trade marks with a reputation and cannot simply be applied to non-reputable trade marks. Nevertheless, there is still room for similar interpretations within the framework of Art. 14 EUTMR/EUTMD relating to "referential use" or "honest practices". It remains to be seen whether the CJEU will also comment on non-reputable trade marks in its decision in *IKEA*, C-298/23, but it seems rather unlikely, as the fundamental rights of third

²⁹⁷ Likewise: Kur and Ohly (n 290), p. 465-466.

parties are primarily relevant in the context of the extended protection of trade marks with a reputation (see 2.5).

4.5 Conclusion

The question of whether a legislative reform is needed to better reflect the previously examined understanding of the negative condition "without due cause" must ultimately be answered in the negative.

Even if it is true that there is an increased need to harmonise the extent to which third parties can invoke their fundamental rights in the context of "due cause" at EU level and ultimately to ensure that these are fully taken into account, this is also possible without the introduction of new legislative limitations and exceptions. In the context of its interpretative powers in the preliminary ruling procedure in *IKEA*, C-298/23, the CJEU has the opportunity to further develop the concept of "due cause" into a flexible mechanism that not only takes full account of the fundamental rights of third parties, but also generally offers the possibility of ensuring an appropriate balance between the fundamental rights interests of the trade mark proprietor and those of the third party.

In this respect, the CJEU can consolidate, if not even expand, the flexibility already anchored in EU trade mark law itself due to the influences of unfair competition law. This is the only way to fulfil the principle of a proportionate balance of interests, which arises when two or more fundamental rights collide and in which all relevant circumstances of the individual case must be taken into account.

5 Conclusion

In the end, it always comes down to a balancing decision between the relevant interests of the parties, which is ultimately at the discretion of the national courts - and that is a good thing. The tension between the fundamental rights of third parties and the rights and interests of the trade mark proprietor will not be resolved by the EU legislator or the CJEU setting clear or strict limitations and exceptions, but by providing national courts with more guidance while retaining complete flexibility.

At least in the extended protection of trade marks with a reputation, the negative condition “without due cause” is a suitable mechanism to safeguard fundamental rights and bring them in line with EU trade mark law. On the one hand, the open wording allows maximum flexibility and the possibility of taking into account all conceivable circumstances of the individual case and, on the other hand, ensures equality of arms, as neither the fundamental rights of the third party nor those of the trade mark proprietor can outweigh those of the other from the outset. Nonetheless, even with all the positive flexibility, it is important that the tension between the fundamental rights of third parties and trade mark law is resolved uniformly among the Member States and that both the fundamental rights of third parties and those of the trade mark proprietor receive harmonised legal protection in the EU. Within the framework of the undefined legal concept of “due cause”, it is therefore necessary for the CJEU to provide guidance in the form of certain criteria to be taken into account in the balancing process. Whilst fully retaining flexibility, a more uniform legal protection can thus be guaranteed both for the fundamental rights of third parties against trade mark rights, but also vice versa for the protection of trade mark rights against the fundamental rights of third parties.

It remains to be seen whether the CJEU will share this view and resolve the tension in a similarly flexible manner in *IKEA*, C-298/23. Either way, the decision will have a major impact on the extent to which third parties' fundamental rights can be invoked in EU trade mark law. Although the decision will in principle only apply to the extended protection of trade marks with a reputation, it will also have (at least indirect) effects beyond the extended protection of trade marks with a reputation on EU trade mark law as a whole and further spark the debate on how the fundamental rights of third parties interact with EU trade mark law.

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