

# Some similarity but not a minimum degree of similarity?: Are narrowly defined levels of abstraction in the similarity of goods-test contrary to EU trade mark law policy?<sup>1</sup>

By Gustav Gierlöff

## ABSTRACT

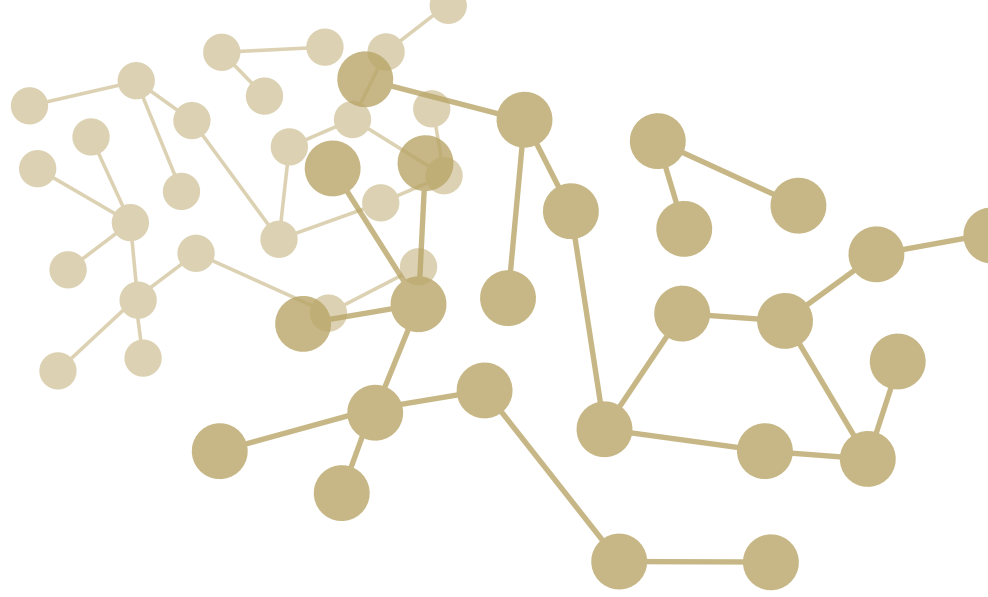
*A minimum degree of similarity among goods (and services) is required for a global appreciation of likelihood of confusion to be carried out under EU trade mark law. The CJEU clarified already back in the 1990's what factors could be relevant when the similarity-test is carried out, but has never really further elaborated on the similarity-test. The assessment of whether similarity is present is dependent on the preceding assessments of how similar the goods must be for them to be deemed similar at a minimum degree. The article argues that trade mark law policy requires that such preceding assessments must take into account such circumstances which the relevant public may come to rely upon, when making up their mind as to whether the goods come from the same commercial origin. Origin confusion considerations may therefore play an important role already at the stage of the likelihood of confusion-test when the similarity of goods-test is carried out.*

## 1. INTRODUCTION

The two essential components of a trade mark registration are the representation of the trade mark and the list of the goods covered by the registration. Together they determine the basis for the scope of protection of a trade mark.<sup>2</sup> The fact that the trade mark rights conferred upon the trade mark proprietor are limited to the registered goods is usually referred to as the *principle of speciality*. The principle seeks to reconcile the rights conferred by a trade mark with the principle of free movement of goods.<sup>3</sup> It requires that the rights conferred by the trade mark are defined with precision in order to limit those rights to the actual function of a trade mark.<sup>4</sup> The principle has therefore been described as a corollary to the trade mark's essential function of guaranteeing the commercial origin of goods bearing the trade mark.<sup>5</sup> Under the principle, any third party may use an identical mark for goods that fall outside the scope of protection defined by the trade mark registration. However, a stringent application of the

principle would mean that the scope of protection of a trade mark would be limited to only goods identical to those described in the registration. While that is clearly not the case under the enhanced protection for reputed marks, where the principle has clearly been abandoned, the principle's effect has also been limited under the likelihood of confusion provisions. This is evident by the fact that the scope of protection under the likelihood of confusion provisions extends also to similar goods.<sup>6</sup> However, invoking the protection against likelihood of confusion is precluded if the goods are deemed to be dissimilar, as a global appreciation of likelihood of confusion is not to be carried out in those cases.<sup>7</sup>

To most people familiar with trade mark law and its history, an inclusion of also similar goods under the confusion provisions may be taken as a given. However, little attention seems to have been given towards why that is. The reason why the confusion provisions cover similar signs, and not just identical signs, is arguably more straight forward. For example, the average consumer is deemed to have an imperfect recollection of signs, and the trade mark proprietor has no possibility in practice to register all conceivable relevant variations of a sign, to properly protect the origin function of their specific mark. However, a party applying for a trade mark registration can, to a greater extent, freely choose among the goods for which protection is desired. Still, the CJEU has asserted that it is common ground that the trade mark proprietor's exclusive rights extends also beyond the registered goods, as a risk of origin confusion may arise also from the use of an identical sign affixed to goods different than those listed in the trade mark registration.<sup>8</sup> The statement of the CJEU indicates that the reason for why the confusion protection extends to also similar goods is because it is necessary for the origin function of a trade mark to be properly protected. This is consistent with earlier national trade mark law in some EU Member States, such as Germany and Sweden, where protection against likelihood of confusion extended to similar goods, based on the underlying interest of protecting the origin function.<sup>9</sup> This is also in line with arguments presented in the old well-known article *The Rational Basis of Trademark Protection* from 1927, by Frank I Schechter, through which the concept of dilution first gained widespread atten-



tion.<sup>10</sup> Already in that article Schechter claimed that in order to protect the primary function of a trade mark, its distinctiveness, it may be necessary to protect a mark also for “related” goods.<sup>11</sup> This indicates that while the principle of speciality serves to balance trade mark rights with the principle of free movement of goods, by limiting the scope of protection to the registered goods, a stricter application of the principle is unacceptable if the origin function is to be properly protected. The trade mark proprietor’s rights has to prevail to the extent that the origin function is not jeopardised also when a mark is used for goods that are similar enough to risk causing origin confusion. Origin confusion considerations have consequently come to affect the scope of protection and the application of the principle of speciality, to the extent that also similar goods are considered relevant under the protection against likelihood of confusion. However, this raises the question whether origin confusion considerations also have come to affect the similarity assessment itself.

The similarity of goods test is carried out through the perception of the average consumer.<sup>12</sup> Therefore, once it has been established what type of goods a registration covers, the relevant public and the average consumer in relation to those goods has to be defined. This is followed by the question whether the average consumer considers the goods to be identical, similar or dissimilar.<sup>13</sup> While all

types of goods belong to a class of goods under the Nice Classification System, the system is used for administrative purposes only and the mere fact that two types of goods can be found in the same or different classes is never decisive for the similarity assessment.<sup>14</sup> The classes often contain a large variety of goods which are not necessarily sufficiently interlinked in a relevant way.<sup>15</sup> As the legislation does not provide any guidance as to what factors are relevant when assessing similarity, the request for a preliminary ruling to the CJEU in *Canon*<sup>16</sup> gave the CJEU the opportunity to elaborate on the test. The CJEU held that the comparison of goods should be made by taking all the relevant factors related to the goods into account. Those factors were held to include, inter alia, their nature, their intended purpose, their method of use and whether they are in competition with each other or are complementary.<sup>17</sup> The CJEU seems to have found inspiration for the factors listed in *Canon* from the prevailing test for goods similarity in the UK *British Sugar* case and the factors argued before the court by the UK and France.<sup>18</sup> The CJEU however never further elaborated on why those factors are relevant ones, whether they all have some underlying common rationale, and more specifically, they never explained why those factors would be relevant to an average consumer.

<sup>1</sup> The article is based on the 2020 Lewis Gaze Memorial Scholarship awarded thesis Origin confusion considerations in the similarity of goods-test.

<sup>2</sup> AG’s opinion C-307/10 *IP Translator* para 52.

<sup>3</sup> *Ibid.* para 56.

<sup>4</sup> *Ibid.* para 56.

<sup>5</sup> AG’s opinion C-418/02 *Praktiker* para 47.

<sup>6</sup> EUTMR Art. 8.1b, Art. 9.2b; Art. 8.5, Art. 9.2c; AG’s opinion C-252/07 *Intel* para 8-13.

<sup>7</sup> CJEU C-234/06 *P Bainbridge* para 48; CJEU C-106/03 *P Vedral* para 51; CJEU C-142/14 *P Sunrider II* para 108; CJEU C-224/17 *P Hernandez Zamora* para 7-8.

<sup>8</sup> CJEU C-9/93 *IHT* para 16.

<sup>9</sup> Wessman, Richard, *Varumärkeskonflikter: Förväxlingsrisk och anseendeskydd i varumärkesrätten*, Norstedts Juridik, 1 ed., 2002 [cit. Wessman] p. 31-32, 222.

<sup>10</sup> Fhima, Ilanah, *Trade Mark Dilution in Europe and the United States*, Oxford University Press, 1 ed., 2011 [cit. Fhima (2011)] p. 4.

<sup>11</sup> *Ibid.* p. 5.

<sup>12</sup> Muyldermans, Paul & Maeyaert, Jeroen, *Likelihood of Confusion in Trade Mark Law: A Practical Guide to the Case-law of EU Courts*, Wolters Kluwer, 1 ed., 2019 [cit. Muyldermans & Maeyaert] p. 98.

<sup>13</sup> Muyldermans & Maeyaert p. 98.

<sup>14</sup> EUTMR Art. 33(7).

<sup>15</sup> CJEU C-597 *Isdin* para 27.

<sup>16</sup> CJEU C-39/97 *Canon*.

<sup>17</sup> *Ibid.* para 23.

<sup>18</sup> AG’s opinion C-39/97 *Canon* para 44-47; Fhima, Ilanah, Gangjee, Dev S., *The Confusion Test in European Trade Mark Law*, Oxford University Press, 1 ed., 2019 [cit. Fhima & Gangjee] p. 106.



## 2. WHY ARE THE RELEVANT SIMILARITY FACTORS RELEVANT?

As expressed in *Tritton*, while the guidance provided by the CJEU in *Canon* is helpful, the factors are difficult to apply without any reference to an underlying benchmark principle for whether goods and services are similar or not.<sup>19</sup> This further applies to the fact that the list of factors mentioned by the CJEU is non-exhaustive, which raises the question what additional factors may be relevant and why.

It has been claimed that the CJEU's approach meant that the focus of the similarity assessment shifted away from the good's physical nature. The shift would mean that also circumstances under which the goods are used and sold were deemed relevant, due to origin confusion considerations, while still being related to the goods themselves. Such a shift would allow for a more appropriate assessment as to whether there are such links between the goods and their surrounding circumstances that may lead consumers to be confused as to the origin of the goods.<sup>20</sup> Consequently, as stated in *Tritton*, "one is tempted to say" that the benchmark principle for whether goods are similar or not should be origin confusion, in the sense that the relevant public would risk believing that an undertaking making the one product would also be involved in the making of the other.<sup>21</sup> As the CJEU has repeatedly held that the underlying interest of the likelihood of confusion provision is to protect the trade mark proprietor's interest, in the sense that trade marks must be able to fulfil their origin function, such a conclusion is also

coherent with underlying trade mark law rationale.<sup>22</sup> Furthermore, in *IHT*, the CJEU has stressed that a relevant risk of confusion amongst consumers may arise from marks used also on products which are

*"sufficiently close to induce users to incorrectly conclude that the products come from the same undertaking".<sup>23</sup>*

Further support for this line of argument is found in EUTMR's recital 11:

*"protection should apply also in cases of similarity between the mark and the sign and the goods or services. An interpretation should be given for the concept of similarity in relation to the likelihood of confusion".*

The recitals in earlier versions, as well as the CJEU, has also stated that it is indispensable to interpret the concept of similarity in relation to likelihood of confusion.<sup>24</sup> This is also consistent with earlier national trade mark law in some EU Member States, such as Germany and Sweden, where the focus of the assessment of similarity of goods test was not put on how alike the goods are but whether they are similar enough for origin confusion to arise.<sup>25</sup> Similarly, the WIPO Intellectual Property Handbook state that, as a general rule, goods are similar if the public is likely to believe that the goods come from the same source if they are offered for sale under an identical mark.<sup>26</sup> This also appears to be the reason for why such additional factors as *shared distribution channels and usual origin* have been held to be relevant, as a consumer may perceive goods as sharing the same commercial origin based on such factors.

## 3. THE LEVEL OF ABSTRACTION ASSESSMENT AND CHALLENGES

When goods are compared under the relevant factors, separate benchmarks are needed also for when assessing similarity under each of those factors individually. However, the assessment of what benchmark is to be applied generates challenges related to the level of abstraction. The level of abstraction being the abstract frame in which two goods must both fit to be deemed similar.

<sup>19</sup> Davis, Richard; St Quintin, Tom; Tritton, Guy, *Tritton on Intellectual Property in Europe*, Sweet & Maxwell, 5 ed., 2018 [cit. Tritton] p. 372

<sup>20</sup> Fhima, Ilanah (ed.), *Trade Mark Law and Sharing Names*, Edward Elgar Publishing, 1 ed., 2009 [cit. Fhima (2009)] p. 116.<sup>21</sup> Tritton p. 372.

<sup>22</sup> CJEU C-20/14 *BGW* para 26; CJEU C-705/17 *Hansson* para 35.

<sup>23</sup> CJEU C-9/93 *IHT* para 16.

<sup>24</sup> CJEU C-705/17 *Hansson* para 43.

<sup>25</sup> Wessman p. 31-32, 222.

<sup>26</sup> WIPO Intellectual Property Handbook, WIPO Publication, 2nd ed. 2004 [cit. WIPO handbook] p. 86.

<sup>27</sup> EUIPO Guidelines for Examination of EUTMs, 2020 [cit. EUIPO Guidelines] C.2.2, 3.2.1 Nature; Muyldermans & Maeyaert p. 102.

<sup>28</sup> EUIPO Guidelines C.2.2, 3.2.1 Nature; Muyldermans & Maeyaert p. 102.

<sup>29</sup> EUIPO-TMG 2020, C.2.2, 3.2.2 Intended purpose.

<sup>30</sup> GC T-85/02 *Castello*.

<sup>31</sup> GC T-505/12 *Longines*.

<sup>32</sup> GC T-130/03 *Alcon* para 57; GC T-483/04 *Armour Pharmaceutical* para 70; EUIPO Guidelines C.2.2, 5.1.2 Pharmaceuticals versus pharmaceuticals; Fhima & Gangjee p. 107-108.

<sup>33</sup> GC T-175/06 *Mezzopane*; GC T-584/10 *Yilmas*.

For example, the nature of the goods is defined based on the essential qualities or characteristics by which the good is recognised, which are often the ones used to usually define under what type of product or category the product belongs to.<sup>27</sup> The EUIPO Guidelines state that the nature of the goods can be established by asking: *what is it?*<sup>28</sup> The Guidelines provides the examples that yoghurt is a milk product, a car is a vehicle, and a body lotion is a cosmetic product. However, the response to what a yoghurt, a car or a body lotion is could just as well be answered under a more narrow level of abstraction – that a yoghurt is a yoghurt, a car is a car and a body lotion is a body lotion – as the physical nature, composition and function of e.g. a yoghurt differs from that of a cheese, even though they both are made from milk and thus are both milk products.

As established above, the similarity assessment should be carried out from the perspective of the average consumer and only factors related to the goods themselves are relevant. But the relevant factors listed in *Canon* shows that it includes such circumstances surrounding the goods that the average consumer may come to rely upon, when making up their mind as to whether the goods are sufficiently interlinked to induce them to believe that those goods may come from the same commercial origin. Based on those considerations, the relevant level of abstraction should arguably also be decided in the same light of origin confusion considerations. If there is a significant risk that the average consumer would think that a yoghurt and milk share the same commercial origin, because they both share the essential quality/characteristics of being milk products, the choice of abstraction level should not be as narrow that it would preclude a finding of a similar nature, simply because they differ in more specific qualities or characteristics. Still, it is not apparent from case-law that such origin confusion considerations are decisive, or even taken into account, when the level of abstraction is decided. The EUIPO Guidelines state in relation to more than one relevant factor that the level of abstraction must be sufficiently narrow.<sup>29</sup> The Guidelines do however not explain how narrowly the level should be defined or give any reason as to why the level must be narrow. Nevertheless, cases concerning e.g. the beverage, fashion and pharmaceutical sectors show that the level of abstraction chosen appears to differ greatly depending on the type of goods concerned.

#### Examples:

##### **Milk vs. Cheese [Deemed to be similar goods]<sup>30</sup>**

They have a similar nature (both are milk products), are in competition (both serve the purpose of meeting calcium needs), share relevant distribution channels (both can be found in the same section of a supermarket), and have the same usual origin (they are perceived by the relevant public as usually being produced under the control of the same undertaking).

##### **Watches vs. Sunglasses [Deemed to be dissimilar goods]<sup>31</sup>**

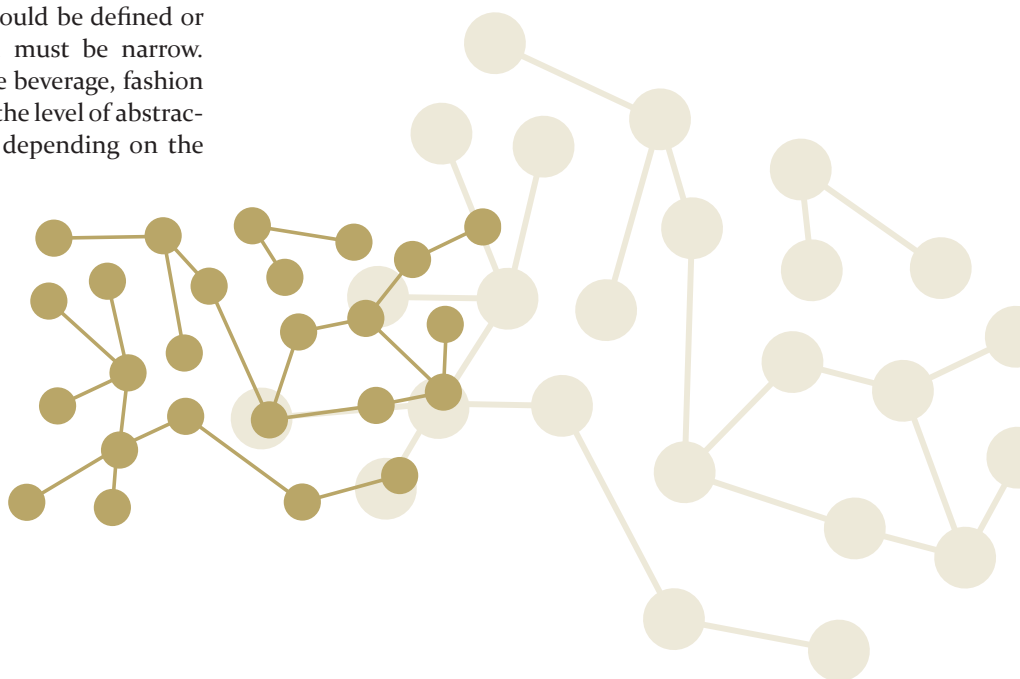
They do not have the same nature (they don't share the same raw materials), do not have the same purpose (watches tell time and sunglasses protect the eyes) are not in competition (people don't choose between buying watches and buying sunglasses), are not complementary (a watch is not important for using sunglasses or vice versa), do not share relevant distribution channels (they are sold in specific places where you don't find the other; supermarkets, department stores and in different specialist stores)

##### **Any pharmaceutical vs. Any other pharmaceutical regardless of indication [Deemed to be similar goods]<sup>32</sup>**

They have the same nature (pharmaceutical products), have the same purpose (treatment of health problems), have the same consumers (medical professionals and patients) share relevant distribution channels (typically pharmacies).

##### **Beer vs. Wine (also Beer vs. Tequila) [Deemed to be dissimilar goods]<sup>33</sup>**

They do not have the same nature (different ingredients, manufacturing process, taste, smell and colour) do not have the same purpose (beer quenches thirst and wine is to be savoured), do not share relevant distribution channels (not placed on the same shelves in the store) do not have the same usual origin (beer producers do not usually produce wine and vice versa)



While it has been claimed that all goods are similar at some level, it is argued that the relevant level of abstraction chosen should be the broadest level that the relevant public is likely to use when they are making up their mind as to whether goods come from the same commercial origin. Similarity of goods and a likelihood of confusion can therefore never arise if there is no common denominator among the goods that the average consumer would come to rely upon when considering the commercial origin of the goods. The level of abstraction would therefore never be so broad that all goods may be considered similar. This means that the circumstances in the well-known old UK landmark case *Kodak*<sup>34</sup> would not amount to similar goods. In that case, bicycles and cameras were held to be sufficiently similar for there to be a likelihood of confusion, as a likelihood of confusion was imminent due to the prominent reputation of the Kodak mark if both goods were branded with the same mark. Under EU trade mark law, such goods would lack a common denominator, related to the goods themselves, that the average consumer would come to rely upon when reflecting on the commercial origin of the goods.

One approach to determining the proper level of abstraction would be to assume that two goods subject to a comparison are both branded with an identical trade mark. The assessment would then start at the broadest level and by asking whether the average consumer would both find that level rational and use any common denominator at that level to make up their mind as to whether there is a shared commercial origin among the goods. As the perception of a common origin also includes indirect confusion, where the relevant public might believe that the goods come from economically-linked undertakings, the relevant public's possible perception of the goods being produced under the control of the trade mark proprietor, e.g. under a license agreement, should also be taken into account. It is argued that the risk of the average consumer being victim to such indirect confusion may arise at a broader level of abstraction than direct confusion, as that degree may still be able to cause the relevant public to at least find it likely that the trade mark proprietor has branched out into neighbouring markets in some way. If that level is deemed too broad under such origin confusion considerations, the assessment can proceed by applying a

narrower level of abstraction and repeating the inquiry. As an illustration, that would mean that when assessing such relevant factors as *nature of the goods, intended use and shared distribution channels* factors, when comparing alcoholic and non-alcoholic beverages, the starting point could be the questions whether the average consumer would classify both goods as beverages, intended for drinking and mixing, and as being sold in stores that sell beverages. If so, it must be asked if the average consumer might use those broad common denominators when making up their mind about whether the goods share a commercial origin, if branded with an identical trade mark. If the average consumer were to find it unusual that a producer of alcoholic beverages would also produce non-alcoholic beverages and vice versa, the question must be asked if there is a risk that the average consumer might at least believe that an identical mark indicates that the one is produced under the control or supervision of the other, taking into consideration the circumstances mentioned above. Such a risk could arguably exist also despite the average consumer not being aware of a common practice of such license agreements in the sector concerned. If such a risk exists, that should arguably be reflected in the level of abstraction chosen.

However, considering the examples from case-law presented above and the statement in the EUIPO Guidelines, this approach is seemingly in conflict with current practices. It can only be assumed that the reason is related to policy considerations concerning the principle of speciality, as it seeks to reconcile the trade mark rights with competition interests and the principle of free movement of goods. However, as established above, the purpose of the principle has been to limit the exclusive rights conferred by the trade mark to the actual function of the trade mark, serving as a corollary to the essential function of the trade mark. The principle has consequently, as accounted for above, not been applied in its strictest form under the protection against likelihood of confusion due to origin confusion considerations. The principle should therefore not be used as a justification for an approach to the assessment of the level of abstraction that might risk being detrimental to that origin function. That would be contrary to what the provision aims to protect, if the scope of protection is narrowed down past the point of goods

<sup>34</sup> UK case *Eastman Kodak Co v Kodak Cycle Co* [1898] 15 R.P.C. 105.

<sup>35</sup> CJEU C-328/18 P *Equivalenza Manufactory*; AG's opinion C-328/18 P *Equivalenza Manufactory* para 79-82.

<sup>36</sup> AG's opinion C-328/18 P *Equivalenza Manufactory* para 80.



that do share some common element at a broad level. Narrowing the scope of protection in this way may come to adversely affect the trade mark's origin function, as it may preclude a finding of a likelihood of confusion, as it prevents a global appreciation of likelihood of confusion from being carried out.

While the argued approach could lead to more cases where a minimum degree of similarity among goods is found, it is still arguably in line with underlying trade mark law rationale. This is especially so in light of that the concept of similarity should be interpreted in relation to the likelihood of confusion, and that the CJEU has held that it is the trade mark proprietor's interest - protection of the origin function - that should prevail when assessing the scope of protection under likelihood of confusion. The application of the factors under the similarity of goods test should therefore not be used as a way to counter that prevailing interest, by at times seemingly taking competition interests into account when the assessments of those factors and their level of abstraction are carried out. It is argued that the level of abstraction should never be defined so narrowly that it risks prejudging a likelihood of confusion, if the goods share a common denominator and the case may amount to a likelihood of confusion if the trade mark proprietor were given the opportunity to have all relevant factors taken into account. While a vague similarity would still often be a decisive factor for a finding of a lack of likelihood of confusion under the global appreciation, that may not always be the case if all other relevant factors can be taken into account. This is arguably also in line with the policy considerations under the similarity of signs test. The following quote, by the Advocate General in *Equivalenza Manufactory*, provides a concluding summary:<sup>35</sup>

*“The condition of similarity of the signs should remain a minimum prerequisite in order to access [the likelihood of confusion] protection, and that condition should not, except in cases of a manifest failure to comply, be used to cut short any debate on that likelihood of confusion.”*<sup>36</sup>



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Gustav holds a master's degree in law from Stockholm University since 2019, with the thesis *Det varumärkesrättsliga förväxlingsriskskyddet för varuformer med funktionella inslag* (Likelihood of confusion among shape marks with functional elements), which he followed up with the LL.M programme in European IP Law at Stockholm University. He received the 2020 MARQUES' Lewis Gaze Memorial Scholarship award

for his LL.M thesis *Origin confusion considerations in the similarity of goods-test*. Gustav now looks forward to pursuing a career in IP at a law firm and is also interested in writing a PhD within the field of trade mark law.

