



Universiteit
Leiden
The Netherlands

The biggest mistake of the European Trade Mark Directive and why the Benelux is wrong again. Between the European constitution and European conscience.

Tsoutsanis, A.

Citation

Tsoutsanis, A. (2006). The biggest mistake of the European Trade Mark Directive and why the Benelux is wrong again. Between the European constitution and European conscience. *European Intellectual Property Review*, 28(2), 74-82. Retrieved from <https://hdl.handle.net/1887/18477>

Version: Not Applicable (or Unknown)

License: [Leiden University Non-exclusive license](#)

Downloaded from: <https://hdl.handle.net/1887/18477>

Note: To cite this publication please use the final published version (if applicable).

The Biggest Mistake of the European Trade Mark Directive and Why the Benelux is Wrong Again: Between the European Constitution and European Conscience

ALEXANDER TSOUTSANIS*

Alexander Tsoutsanis, Klos Morel Vos & Schaap,
Amsterdam

LT Benelux; EC law; Infringement; Trade marks

This legislative comment on the European Trade Mark Directive focuses on the trade mark infringement provision of Art.5-5. In view of the Benelux background and the European negotiating process of the Directive, it is contended that the omission of a “use in commerce” requirement in Art.5-5 is an unfortunate mistake, which extends the scope of trade mark infringement to non-trade situations and could jeopardise freedom of speech. Owing to recent developments regarding the new 2005 Benelux IP Treaty and the 2005 approval process of the European Constitution, the author proposes that the Benelux and Europe should finally confront, assess and resolve the Art.5-5 controversy and its omission of a use in commerce requirement.

The European Trade Mark Directive

The European Trade Mark Directive dates back to 1988 and is a well-known piece of legislation, both in and outside the EU.¹ The Directive aims to harmonise national trade mark laws of all EU Member States. It provides for uniform rules regarding the registrability and (un)lawful use of (registered) trade marks. Article 5 contains the rules for trade mark infringement and protects trade mark owners against (identical or similar) signs that create (a likelihood of) confusion with, are detrimental against, or take unfair advantage of (the distinctive character or reputation of) the registered trade mark.² The scope of trade mark infringement is

* Alexander Tsoutsanis is a lawyer with Klos Morel Vos & Schaap in Amsterdam and also teaches intellectual property law at Leiden University. The author would like to thank Professor William Wang, University of California, Hastings College of the Law, for helpful editorial comments.

1 First Council Directive 89/104 to approximate the laws of Member States relating to trade marks [1989] O.J. L40/1.

2 Compare the text of Art.5-1 and Art.5-2 European Trade Mark Directive. Art.5-1:

carefully defined by Art.5, and is further narrowed down by the limitations of Arts 6 and 7 of the Directive.

Trade mark infringement: the “use in commerce” requirement

Article 5 itself contains important limitations to the scope of trade mark infringement, since Art.5-1 and 5-2 require both “use in commerce” and “use as a trade mark”. Both requirements follow from the traditional conception of a *trade* mark used in the course of trade for the purpose of distinguishing goods or services. Both requirements are widely accepted, both in Art.16-1 TRIPs, Art.9-1 Community Trade Mark Regulation (“CTMR”), and in many EU Member States.³ In other words: infringing use must be “in the course of trade”.⁴

This use in commerce requirement has been interpreted by the European Court of Justice in *Arsenal v Reed* as use “in the context of commercial activity with a view to economic advantage and not as a private matter”.⁵

1988 and the erroneous exception: Art.5-5

Article 5-5 contains an exception to these obvious requirements and also allows for trade mark protection:

“against the use of a sign other than for the purposes of distinguishing goods or services, where use of that

“The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade: (a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered; (b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.”

Art.5-2:

“Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.”

3 Compare the “use in commerce” requirements in the trade mark infringement provisions of §14-2 German Trade Mark Act (*Markengesetz*) which confines trade mark infringement to “*geschäftlichen Verkehr*”; §20-1 Italian IP Code (*Codice dei Diritti di Proprietà Industriale*) which is confined to “*usare nell’attività economica*”; §14 Irish Trade Marks Act which is confined to “use in the course of trade”; and §34 of the Spanish Trade Mark Act (*Ley de Marcas*), which is confined to “*el tráfico económico*”. The same applies *mutatis mutandis* to other EU jurisdictions.

4 J. Phillips, *Trade Mark Law. A practical anatomy* (2003), para.7.38.

5 *Arsenal v Reed*, (C-206/01): ECJ November 12, 2002, at [40]. Also compare the opinion of Attorney-General Ruiz Jarabo Colomer (C-206/01, ECJ June 13, 2002) at [59], [62], [64] and his opinion for *Ansul v Ajax* (C-40/01 July 2, 2002) at [46]–[48], [57]. See for a further analysis of *Arsenal v Reed* and the question whether use “in the course of trade” is embodied in the standard of “trade mark use”: Phillips, fn.4 above, at §§7.40–7.51A, and previously Ch. Gielen and N. Hagemans, *Kort begrip van het intellectuele eigendomsrecht* (1993), p.142.

sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark”.

This is a remarkable provision, which goes beyond key limitations of trade mark infringement, because (1) Art.5-5 extends the scope of trade mark infringement to use “other than for the purposes of distinguishing goods or services”; and (2) because Art.5-5 does not mention—and is therefore not restricted to—“use in the course of trade”.

The 2003 rebuttal: why Art.5-5 is wrong

In 2003 the Dutch IP review *Bijblad bij de Industriële Eigendom* published an article which claimed that Art.5-5 of the European Trade Mark Directive was wrong, because it failed to mention the “use in commerce” requirement.⁶ This claim was based on a number of grounds, including: (1) the underlying negotiations of the Directive which showed that Art.5-5 was proposed and inspired by the Benelux; (2) the fact that the (old) Benelux provision of Art.13-A2 Benelux Trade Mark Act (“BTA”) did have a “use in commerce” requirement; (3) the remarkable difference between Art.5-1 and 5-2 of the Directive; (4) the commercial nature of trade mark (law); and (5) the potential negative impact on freedom of speech and society as a whole. These grounds will be discussed further below.

1971 and the Benelux background: trade mark infringement

The Benelux Trade Mark Act dates back to 1971 and provides uniform and unified trade mark legislation for Belgium, the Netherlands and Luxembourg. The rules for trade mark infringement were set out in Art.13 BTA, which contained two infringement provisions⁷:

“Article 13

A. Without prejudice to the possible application of ordinary civil law in matters of civil liability, the proprietor of a mark may, by virtue of his exclusive right, oppose:

1. any use made of the mark or of a like symbol for the goods or services in respect of which the mark is registered, or for similar goods or services;
2. any other use, in economic intercourse, of the mark or of a like symbol made without a valid reason under circumstances likely to be prejudicial to the proprietor of the mark.”

Under the old Benelux Trade Mark Act the “use in commerce” requirement was only mentioned in Art.13-A2 (the rather awkward official English translation refers to “use in economic intercourse”). The other infringement provision of Art.13-A1 did not have an explicit “use in commerce” requirement.⁸ Article 13-A2 is of particular importance, because it gives trade

mark owners the right to also act against *any other (infringing) use* which could be detrimental to the trade mark and therefore goes beyond the traditional scope of trade mark infringement as mentioned in Art.13-A1.⁹

1988 and the Benelux bonanza: negotiating the Trade Mark Directive

Since its establishment in 1957 the creation of a common internal market has been one of the (seven) main objectives of the European Union. This drive for economic integration is explained by the fact that the actual European Union started life as the European Economic Communities (“EEC”). It was quickly recognised that national trade mark laws could impede Europe’s goal of free movement of goods (and services) and could effectively block the creation of a common European market. It was therefore no surprise that the EU quickly focused on the harmonisation (and unification) of national trade mark laws. Although the first efforts date back to 1959, it was not until July 1986 that negotiations for the European Trade Mark Directive really took off.¹⁰ The negotiations consisted of three rounds in which proposals were reviewed and debated.¹¹

The negotiations on trade mark infringement were quite tough. Although time was running out, even after three rounds the delegations failed to reach agreement. The disagreement centred on two issues on trade mark infringement, in which the Benelux favoured (and proposed) a broad scope of trade mark infringement, which other Member States refused to accept.¹²

The first issue centred on one of the relevant criteria for trade mark infringement, which could be dubbed the “confusion/association controversy”. While other Member States were only prepared to allow trade mark infringement in the case of a *likelihood of confusion* on the part of the public, the Benelux strongly felt that mere *likelihood of association* was sufficient, and (actual or potential) confusion should not be a necessary requirement for trade mark infringement.¹³ As often in international diplomacy, both sides settled for a compromise and accepted a Benelux proposal

9 According to the Benelux doctrine examples of use “other than for the purposes of distinguishing goods or services” traditionally are, inter alia: use as a trade name, use in comparative advertising and the registration of a domain name.

10 Council Working Group July 17–18, 1986, document #8653/86 (publication date August 4, 1986).

11 Looking at the publication dates of the minutes of the meetings one could roughly say that the first reading lasted from August 4 to October 15, 1986 (Council Working Group documents #8653/86 and 9377/86). The second reading was from July 13, 1987 to October 2, 1987 (Council Working Group documents #7528/87 and 8752/87). And the third reading was conducted from October 19, 1987 to November 16, 1987 (Council Working Group documents #9049/87 and 9631/87).

12 The Dutch chief negotiators H. R. Furstner and M. C. Geuze revealed the Benelux negotiation process and strategy in their article “Beschermingsomvang van het merk in de Benelux en EEG-harmonisatie” [1988] *Bijblad bij de industriële eigendom* 215–220, which E. C. Nooteboom, “Richtlijn merkenrecht vastgesteld” (1989) 1 *Intellectuele Eigendom en Reclamerecht* 7 fn.3 describes as a “thrilling and all-revealing report of events”.

13 Council Working Group document #9185/87, at pp.5–6 (publication date October 28, 1987).

6 A. Tsoutsanis, “Robe(l)co, artikel 5 lid 5 Merkenrichtlijn en economisch verkeer: een fout in de richtlijn?” [2003] *Bijblad bij de industriële eigendom* 3–10.

7 Benelux Trade Mark Act, Trb. 1962, 58 Art.13-A1 and 2.

8 But Art.13-A1 BTA was confined to trade mark use, which was supposed to be commercial anyway: see Gielen and Hagemans, fn.5 above.

to incorporate both criteria in the same provision.¹⁴ This compromise is clearly reflected in the text of Art.5-1B of the directive.¹⁵ By putting both confusion and association in the same provision, both sides had their own interpretation of Art.5-1B: the Benelux for instance was quick to declare victory and—although Art.5-1B mentions both criteria—only implemented their association standard.¹⁶ The confusion/association controversy was finally resolved in 1997 by the *Puma/Sabel* verdict of the European Court of Justice (“ECJ”), in which it all ended in tears for the Benelux (and rightly so).¹⁷ The ECJ clearly preferred confusion over association and the Benelux implementation (of only association) proved to be wrong. Although Art.5-1B is clearly an example of an unworkable and ill-formulated compromise which should have been avoided, it is of no particular relevance here, because it was always confined to the use in commerce requirement of Art.5-1.

The second issue also pertains to the proper scope of trade mark infringement and the Benelux drive to export their broad standards into the European Trade Mark Directive. This time it was all about the 1971 Benelux provision of Art.13-A2, which went beyond the traditional scope of trade mark infringement. While Benelux trade mark protection was not limited to infringing trade mark use, and Art.13-A2 allowed trade mark owners to also act against *any other (infringing) use* which could be detrimental to the Benelux trade mark (see above), other Member States were reluctant to do so. The issue led to clear disagreements and fierce negotiations, and the delegations clashed in October 1987: a joint proposal by Belgium and the Netherlands to incorporate the Art.13-A2 provision into the Directive was quickly rejected by the other Member States and the European Commission.¹⁸ The

Belgian and Dutch negotiators were not amused and responded by threatening to withdraw their support for the pending Community Trade Mark Regulation, which also awaited approval since the 1960s.¹⁹ Despite that severe threat, the European Commission and a majority of the other delegations stuck to their initial refusal to incorporate the Benelux provision of Art.13-A2.²⁰ In October 1987 a serious deadlock in negotiations appeared to be inevitable. After four weeks of silent diplomacy, however, agreement could be reached. The delegations resumed negotiations on November 23, 1987 and it was proposed to add a new s.5 to Art.3 of the proposal (equivalent to the current Art.5-5 of the Directive), which was supposed to safeguard the Benelux doctrine of Art.13-A2 and stated that²¹:

“Paragraph 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services, where use of that sign without due cause takes unfair advantage of or is detrimental to, the distinctive character or the repute of the trade mark”.

This proposal was quickly accepted by the Belgian and Dutch delegation, the Benelux was delighted, and Art.5-5 has been part of the European Trade Mark Directive ever since.²²

recognized in most States, the right to oppose any use of the trade mark or a similar sign *in the course of trade [sic]* and without just reason under conditions which might cause prejudice to the trade mark owner, This very extensive right confers on the owner a protection under trade mark law against acts by third parties which, in the other Member States is usually conferred under the more restrictive conditions which govern civil liability or unfair competition actions. These two delegations consider this a fundamental progress in trade mark legislation, highly appreciated by their industry, are they are not prepared to give it up.

The other delegations and the Commission were not prepared to accept this development contained in the Benelux trade mark law as a general rule in the Community. On the contrary, in their view, the interests protected by this provision are more efficiently protected by the rules of civil liability and unfair competition . . .”.

19 Furstner and Geuze, fn.12 above, at p.219; Council Working Group document #9185/87, fn.13 above, at p.6:

“In the light of the position of the majority the Belgian and Netherlands delegations indicated that they had accepted Article 8 of the draft Regulation for a Community trade mark as a compromise establishing the level of protection that could be agreed for a Community right. If they were however urged to abandon national provisions in the framework of harmonization, they might be obliged to reconsider their agreement on the solution envisaged for the Community trade mark.”

20 Council Working Group document #9185/87, *ibid.*: “A tentative compromise solution by the Presidency to introduce in Article 3 the Benelux clause as an option open to the Member States was not accepted by the majority of the delegations nor by the Commission.”

21 Council Working Group document #9886/87, fn.14 above, at p.3: “(5) Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services, where use of that sign without due cause takes unfair advantage of or is detrimental to, the distinctive character or the repute of the trade mark.”

22 *ibid.*, at p.3: “The Belgian and Netherlands delegations considered that these texts would be acceptable within the framework of an overall package on all the outstanding problems in respect of the Directive.”

14 Council Working Group document #9886/87, at pp.2-3 (publication date November 24, 1987).

15 See Art5-1B:

“The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade: (b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, *there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.*”

16 See the 1996 implementation of Art.13-A1B BTA:

“Without prejudice to the possible application of ordinary civil law in matters of civil liability, the proprietor of a mark may, by virtue of his exclusive right, prohibit: (b) any use in the course of trade made of the mark or of a similar sign for goods for which the mark is registered or for similar goods where there exists *a likelihood of association* on the part of the public between the sign and the mark.”

17 *Puma v Sabel*, C-251/95 (ECJ), November 11, 1997). See the case comment by D. W. F. Verkade in [1998] N.J. 523 and R. Raas, *Het Benelux Merkenrecht en de Eerste Merkenrichtlijn: overeenstemming over verwarring* (2000).

18 Council Working Group document #9185/87, fn.13 above, at pp.5-6:

“The Belgian and Netherlands delegations made their acceptance of the approach by the Commission and the majority subject to the inclusion in Article 3 of a clause inspired by Article 13A of the Benelux law on trade marks. This law, as a result of a long judicial evolution, has recognized as rights conferred by the trade mark, further to the traditional rights

The 1988 result: Art.5-5

After this, other issues were also quickly dealt with and the European Trade Mark Directive was established on December 21, 1988.²³ The wording of the accepted proposal (see above) did not change significantly in the closing stages of the negotiating process: it was only renumbered from Art.3-5 to Art.5-5, which it still is today.

But today, and actually since the very first publication of Art.5-5, one can wonder why Art.5-5 fails to incorporate a use in commerce requirement. Especially because the analysis of the negotiating process in the preceding section clearly shows that Art.5-5 was inspired by the 1971 Benelux provision of Art.13-A2 BTA which did have a use in commerce requirement (see above). The fact that Art.5-5 was proposed and inspired by the Benelux is also acknowledged by the European Commission and Attorney-General Ruiz Jarabo Colomer in the *Robelco/Robeco* case.²⁴

Was it a deliberate choice or an unfortunate slip of the pen to omit a use in commerce requirement in Art.5-5? A deliberate choice seems unlikely, because Working Group documents and the Benelux report of Furstner and Geuze do not refer to any deliberations on this subject.²⁵ This is rather strange, because dismissing a key requirement for trade mark infringement demands some explanation or justification, if explainable or justifiable at all. With reference to the use in commerce requirement in the Benelux provision of Art.13-A2, objections should have been raised either from the Benelux or from other delegations (or members of the European Parliament) who could, or should, have pointed out that without a use in commerce requirement Art.5-5 has a virtual unlimited scope for trade mark infringement.

The doubtful discrepancy with Art.5-1 and 5-2 of the Directive

Another reason why objections should have been raised against Art.5-5 is the clear discrepancy with Art.5-1 and 5-2 of the Directive, which both require "use in commerce" for trade mark infringement. This is in accordance with other fellow provisions such as Art.16-1 TRIPs and Art.9-1 Community Trade Mark Regulation ("CTMR") in which "use in commerce" is clearly recognised as an obvious requirement for trade mark infringement. By failing to mention "use in commerce", it is obvious that Art.5-5 is in clear contradiction with Art.5-1 and 5-2, which deserves at least some justification, either in an explanatory memorandum or by the delegations involved in drafting Art.5-5.

The commercial nature of (the law of) trade marks

Even if there had been some deliberations in the negotiating process, the fundamental question arises

whether the omission of a use in commerce requirement in Art.5-5 can be justified at all, especially with regard to the commercial nature of trade mark law.

At the end of the day, trade marks are business identifiers and are all about the trade in goods or services. It is obvious that trade mark law is a *lex specialis* of trade (or competition) law, which is the reason why the harmonisation of trade mark law has been such a high priority for the European Economic Community since the 1950s.²⁶ The nature of trade mark law as a species of competition law is in fact the reason, the motive and the justification of current European trade mark legislation, as provided in the European Trade Mark Directive and the Community Trade Mark Regulation.²⁷ It is also the reason why trade marks are mentioned in the 1993 WTO TRIPs Treaty: trade marks are all about trade.²⁸ This obvious commercial nature of trade mark law is also acknowledged by the Benelux, both in the explanatory memorandum of the BTA, by Attorney-General Berger in *Tanderil* and by the Benelux Court of Justice in *KIM*.²⁹

National and European legislators are trying to express this commercial nature of trade mark law quite often by incorporating a use in commerce requirement in their trade mark legislation. This was also the case in the old Benelux provision of Art.13-A2 BTA (see above). Attorney-General Berger is right in *Tanderil* in stating that "this 'use in commerce'-requirement assigns trade mark law its place in society: trade and especially the competition in the course of trade".³⁰ The same is also acknowledged by Fezer in Germany, who states that:

"just as in competition law the 'use in commerce'-requirement in trade mark law aims to express that competition- and trade mark law is confined to commercial competition and aims to regulate the market behaviour of companies".³¹

By using a use in commerce requirement, trade mark law aims to make a clear distinction with non-commercial

26 See the 1988 Preamble to the European Trade Mark Directive and the explanatory memorandum of the BTA 1971 (Trb. 1962 no.58, Pt A, introduction, para.4).

27 See the 1988 Preamble to the European Trade Mark Directive, fn.26 above; the 1993 Preamble to the Community Trade Mark Regulation; *Hag II*, C-10/89 [1992] N.J. 743 (ECJ, October 17, 1990), at [13]; *Loendersloot*, C-349/95 [1999] N.J. 216 (ECJ, November 11, 1997), at [22]; *Merz & Krell*, C-517/99 [2002] N.J. 140 (ECJ, October 4, 2001), at [21].

28 See §§15-20 TRIPs.

29 Explanatory memorandum of the BTA 1971, fn.26 above; *Nijs v Ciba-Geigy* ("*Tanderil*"), A 82/2 [1985] N.J. 101, AA 1985/28 (Opinion of Attorney-General Berger for Benelux Court of Justice, July 9, 1984), at [10], [13]; *Philip Morris v BAT* ("*KIM*"), A 87/2 [1989] N.J. 299 (Benelux Court of Justice, November 18, 1988), at [25].

30 Unofficial translation of the opinion of Attorney-General Berger in *Nijs v Ciba-Geigy*, fn.29 above, at [13]: "Daarmee wordt deze bepaling van merkenrecht haar maatschappelijke plaats gewezen: de handel en met name in casu de concurrentiestrijd, de mededinging in het handelsverkeer" (in Dutch).

31 Unofficial translation of K.-H. Fezer, *Markenrecht* (2001), §14 MarkenG no.40: "Wie im Wettbewerbsrecht wird auch in Markenrecht mit dem Erfordernis des Handelns im geschäftlichen Verkehr zum Ausdruck gemacht, dass das Wettbewerbs- und Markenrecht sich auf den wirtschaftlichen Wettbewerb beziehen und das Marktverhalten von Unternehmen regeln" (in German).

23 Council Directive 89/104, fn.1 above.

24 *Robelco v Robeco*, (C-23/01): ECJ, November 21, 2002, at [2]; Opinion of Attorney-General Ruiz Jarabo Colomer (C-23/01, ECJ, March 21, 2002).

25 Furstner and Geuze, fn.12 above, at p.219.

situations, which obviously include, although not exclusively, the personal and private domain.

This is also acknowledged in US trade mark law, since 15 U.S.C. §1114(1), §1125 and §1127 only allow trade mark infringement in case of “use in commerce” and exempt non-commercial use from trade mark liability.³²

Society’s aim to confine trade mark law to the commercial domain is also illustrated by the framework of national and European legislation regarding (the scope of) trade mark protection, because both the (positively formulated) content of the trade mark right and the (negatively formulated) limitations thereof contain specifically designed use in commerce requirements.³³ In this respect, the omission of a use in commerce requirement in Art.5-5 does not fit in and is in clear contradiction to the commercial domain of trade mark law and its underlying rationale of only allowing trade mark protection in cases of infringing use in the course of trade.

Moreover, the need to confine trade mark law to the commercial domain is even more necessary if the scope of trade mark protection is extended to situations of infringing use “other than for the purposes of distinguishing goods or services”, which goes beyond the traditional scope of European trade mark law and TRIPs (see above). In this respect (and compared to the traditional infringement provisions of Art.5-1 and 5-2), the need to confine Art.5-5 to “use in commerce” is not less but even more necessary, which makes it so hard to comprehend why the European legislature (and the Benelux negotiators) failed to incorporate a use in commerce requirement in Art.5-5.

The potential negative impact on freedom of speech and society

Without a use in commerce requirement the current Art.5-5 of the European Trade Mark Directive effectively provides a virtual unlimited scope of trade mark infringement. It could for instance even intrude on, harass or apply to the personal and private domain, which could have a negative impact on freedom of speech and society as a whole.³⁴

32 See, e.g. *Mastercard Int'l Inc v Nader 2000 Primary Committee Inc.* 2004 WL 434404 (S.D.N.Y. March 8, 2004); *Taubman Co v Webfeats*, No.01-2648/2725 (6th Cir., February 7, 2003). Compare the statement of the US AIPPI Working Group Report on AIPPI Q 188, *Conflicts between trade mark protection and free speech* (2005), pp.2 and 4: “In federal trademark dilution claims, in contrast, classifying speech as commercial or noncommercial is crucial since noncommercial speech is expressly exempted from FTDA coverage. Mixed commercial/noncommercial speech is classified as noncommercial. *Mattel, Inc., v. MCA Records, Inc.*, 296 F.3d 894 (9th Cir. 2002).”

33 With regard to the content of the trade mark right, compare Art.5-1A and B, 5-2 European Trade Mark Directive, Art.9-1A, B and C Community Trade Mark Regulation, and Art.13-A1 A, B and C (and until 2004 13-A1 D as well) Benelux Trade Mark Act. With regard to trade mark limitations compare Arts 6 and 7 European Trade Mark Directive, Arts 12 and 13 Community Trade Mark Regulation, and Arts 13-A7, 8 and 9 Benelux Trade Mark Act.

34 Freedom of expression is protected for example in the First Amendment to the US Constitution, §7 Dutch Constitution, Art.10 European Convention for the Protection of Human Rights and Fundamental Freedoms (“ECHR”) and

There is a considerable amount of Benelux literature on the need to confine trade mark protection to infringing use in the course of trade.³⁵ A convincing example regarding artistic speech is the case *Skol/De Wijs* about a satirical song which ironically claimed that *Skol* was quite an awful beer and resulted in the artist receiving a subpoena for trade mark infringement from the *Skol* brewery immediately after his first show.³⁶ Perhaps more boring, but equally important, is educational use, which according to Van Manen does not constitute trade mark use in the course of trade.³⁷ Van Manen also mentions other examples of situations which do not constitute commercial trade mark use, stating that Andy Warhol’s litho of a can of Campbell’s soup or a flyer with the title “Shell helps Apartheid” do not constitute trade mark infringement.

A recent example of Benelux trade mark law overstepping its boundaries and applying trade mark infringement to non-trade situations surfaced in 2005 in *Super de Boer v Milieudefensie*. It was all about the Dutch supermarket giant Super de Boer receiving severe criticism from an environmental group (Milieudefensie) for selling grapes that exceeded normal levels of (poisonous) pesticides.³⁸

The Dutch supermarket giant was not amused and decided to take the case to court, which resulted, inter alia, in the environmental group receiving an trade mark injunction order, because it was held that—while reference to the name Super de Boer was acceptable—using the *Super de Boer* trade mark logo on its flyers was not necessary and constituted trade mark infringement under Art.13-A1 D BTA.³⁹

Although one can agree or disagree about the assessment that merely referring to the trade mark owner is sufficient (and fair use), and use of the trade mark

Art.19 International Covenant on Civil and Political Rights (“ICCPR”).

35 See W. C. Van Manen, “Merk en mening sinds de richtlijn” (1997) 4 *Intellectuele Eigendom en Reclamerecht* 121; D. J. G. Visser, “Merkenrecht en vrijheid van meningsuiting” (1993) 6 *Mediaforum* 62; Ch. Gielen and L. Wichers Hoeth, *Merkenrecht* (1992), nos 1177–1180; D. W. F. Verkade, “Intellectuele eigendom, mededinging en informatievrijheid” (inaugural lecture, Leiden University, 1990), p.41; R. E. Ebbink, “Ander gebruik van andermans merk in de Benelux” (1990) 1 *BMM Bulletin* 31; W. C. Van Manen, “Große Marken fangen viel Wind. Benelux Markenschutz und Meinungsäußerungsfreiheit” [1986] *GRUR Int.* 25; W. C. Van Manen, “Grote merken vangen veel wind” [1985] *Bijblad bij de industriële eigendom* 203; Pels Rijcken, “Merkenrecht en geneesmiddelen” [1985] *Bijblad bij de industriële eigendom* 229.

36 Visser, fn.35 above. See also the book by M. Langeveld, *Bucher? Proost! Merkgebruik door cabarettiers* (Otto Cramwinckel Publishers, 2004), pp.15–18, 90–92, which also gives other examples of artistic speech and discusses the issue of trade mark use by comedians.

37 Explanatory memorandum of the BTA 1971, fn.26 above, no.58, Art.13; Van Manen, “Grote merken”, fn.35 above, at p.206; Van Manen, “Große Marken”, fn.35 above, at p.30.

38 *Super de Boer v Milieudefensie* KG 04/2632 (President of the District Court Amsterdam, January 6, 2005).

39 This judgment obviously does not concur with the views of the US AIPPI Working Group Report on AIPPI Q 188, fn.32 above, at p.5, stating: “If no likelihood of confusion is present, even a defendant’s prominent appropriation of plaintiff’s trade slogan will not give rise to trademark liability. See *Mastercard Int'l Inc. v. Nader 2000 Primary Committee Inc.* 2004 WL 434404 (S.D.N.Y. March 8 2004).”

logo was not necessary to voice their environmental and public health concerns, the fundamental objection against this judgment is, however, that non-commercial use of a trade mark for environmental speech on a website, flyers and posters cannot constitute trade mark infringement in the first place.⁴⁰ Regulating non-commercial speech falls outside the jurisdiction of trade mark law, but should instead—if false, misleading, tarnishing or defamatory—only be adjudicated by general tort law and rules prohibiting defamation, libel and slander. This, however, was not the case in *Super de Boer v Milieudefensie*, since all claims about the grapes exceeding normal levels of (poisonous) pesticides were deemed to be true, factual and based on independent reliable tests.

The European Court of Justice is also aware of the delicate balance between society's general interest in freedom of speech and the use in commerce requirement in trade mark law. In his Opinion on *Arsenal/Reed* Attorney-General Ruiz Jarabo Colomer also refers to the Andy Warhol example and states that:

"It would appear that equally legitimate is the private use that someone might make of the mark BMW on a key ring, from which he gains no material advantage other than the convenience of having the keys that he habitually uses on one holder, as is the use which, in the 1960s, Andy Warhol made of the Campbell brand of soup in several of his paintings, from which, obviously, he obtained an economic benefit. A radical conception of the scope of the rights of the proprietor of the trade mark could have deprived contemporary art of some eminently expressive pictures, an important manifestation of 'pop art'. Other non-trade uses, such as those for educational purposes, also fall outside the scope of the protection afforded to the proprietor".⁴¹

The examples mentioned above illustrate the fundamental interest of freedom of speech in society's political, artistic, scientific and ideological domains.⁴² Van Manen once wrote that competition law is a minefield of limitations of freedom of speech.⁴³ In the present author's view, protecting the interest of trade mark owners against infringing use in the course of trade is and should be allowed, and legislators are right to do so, because in commercial speech (i.e. trade mark law) the public interest in avoiding consumer confusion generally outweighs the public interest in free expression.⁴⁴ But if there is non-trade mark use and non-trade use, and consumer confusion and trade mark dilution is

subsequently not an issue, trade mark infringement is consequently not applicable, because trade mark protection, as a part of competition law, is and should be confined to infringing use in the course of trade, and does not extend to non-trade situations.⁴⁵ And although this is generally safe-guarded by the existing framework of use in commerce requirements in European Trade Mark legislation (see above), it has been a huge mistake not to include a use in commerce requirement in Art.5-5 of the European Trade Mark Directive. The virtually unlimited scope of Art.5-5 basically means that (at least in the Benelux: see below) trade mark owners can sue anybody anytime for *any non-commercial use of a sign other than for the purpose of distinguishing goods or services* that might be considered to take unfair advantage of, or is detrimental to (the distinctive character or the repute of) a trade mark. And while it is obvious that an action for infringement is only allowed if all requirements of Art.5-5 are met, this does not fundamentally change the fundamental problem that without a use in commerce requirement, the scope of Art.5-5 could also extend to non-trade situations, apply to the personal and private domain and jeopardise freedom of speech.

This also means that the responsibility of protecting freedom of speech is entirely dependent on the interpretation of the other requirements incorporated in Art.5-5, such as the required *proof of (actual or potential) damage* and the requirement that the infringement must occur *without due cause*. But both requirements were not designed, and are not able, to prevent Art.5-5 from extending its scope to non-trade situations, since both requirements are also mentioned in Art.5-2 of the European Trade Mark Directive, which does contain a use in commerce requirement.⁴⁶

While it is clear that proving any (*actual or potential*) *damage* to the trade mark, depends on the facts and merits of each case, it is also clear from the text of Art.5-5 that it is not necessary to establish that the infringing use is *detrimental* against (the distinctive character or reputation of) the registered trade mark, because establishing an *unfair advantage* is sufficient, which is likely to increase rather than decrease the scope of trade mark infringement in Art.5-5.⁴⁷

45 Tsoutsanis, fn.6 above, at p.8. It should be stressed that, while (at least in the author's view) trade mark infringement should not extend to the personal and private domain, it is obvious that any behaviour in the personal and private domain remains subject to law in general, including actions of general civil tort and the rules prohibiting defamation, including libel and slander.

46 This despite the possibilities of re-interpreting the *valid reason defence* in Art.13-A1 D BTA, which has been proposed by Visser, fn.35 above, at p.65, and the proposal by Verkade to allow minor (one-time) infringements, as proposed in his lecture "Het belang van een bagatel" (Leiden, Ars Aequi Libri, 2002). Both proposals do not aim to loosen existing statutory infringement provisions (which happens with the omission of a use in commerce requirement in Art.5-5) but rather provide for a wider statutory defence of free speech, allowing for (more) freedom of (commercial) speech, even in case of a clear-cut infringement *in the course of trade*. See Tsoutsanis, fn.6 above.

47 One could also argue that this requirement of Art.5-5 makes little sense at all without a use in commerce requirement, because in case of non-trade mark use and non-trade use, any use in the meaning of Art.5-5 is (1) not able to be detrimental to the *distinctive character* of the trade mark, since it pertains to use of a sign *other than for the purpose of distinguishing goods*

40 Analysis of the *Super de Boer v Milieudefensie* verdict also raises questions regarding the legal grounds of the injunction order: how could the court grant an injunction order on the basis of Art.13-A1 D BTA (verdict, at [7]), if—according to the verdict at [11]—the plaintiff only had a Community trade mark? Perhaps the verdict failed to mention Benelux trade mark rights, but it is clear that without a registered Benelux trade mark, there is no Benelux trade mark protection, which means the verdict is flawed either way (and the injunction order on the basis of Art.13-A1 D BTA should have never been issued).

41 *Arsenal v Reed*, (C-206/01) (Opinion of Attorney-General Ruiz Jarabo Colomer for the ECJ, June 13, 2002).

42 Van Manen, "Grote merken", fn.35 above, at p.203.

43 Van Manen, "Merk en mening", fn.35 above, at p.121.

44 See, e.g. *Taubman Co v Webfeats*, fn.32 above: "The Lanham Act is constitutional because it only regulates commercial speech, which is entitled to reduced protections under the First Amendment".

The same applies to the requirement that the infringement must occur *without due cause*. Although this statutory defence aims to exempt infringements which could be justified by a *valid reason*, it can not prevent Art.5-5 from extending to non-trade situations. It is also unlikely that every free speech defence would qualify as a *due cause* within the meaning of Art.5-5 and could prevent trade mark infringement, especially if the trade mark owner submits convincing evidence that the infringing use is detrimental against or takes unfair advantage of the registered trade mark. Moreover, one should note that the Benelux interpretation of the valid reason defence is rather strict, since the Benelux Court of Justice has decided that a valid reason defence is generally only available if the defendant proves an “insurmountable necessity” to use or refer to the trade mark.⁴⁸ Owing to the strict Benelux interpretation of the valid reason defence, it is likely to increase rather than decrease the scope of trade mark infringement in Art.5-5; this also means that—at least in the Benelux—the chances of succeeding in a free speech defence are rather uncertain.⁴⁹ Above all, however, the key problem remains that Art.5-5 fails to incorporate a use in commerce requirement: if Art.5-5 did have a use in commerce requirement, 99 per cent of all non-commercial (political, ideological, scientific, artistic, private and personal) use would not fall with the scope for trade mark infringement in the first place, and the need to invoke a constitutional free speech defence would not occur.⁵⁰

or services; and (2) is not able to take (unfair) advantage of (the distinctive character or the reputation of) the trade mark, since *non-commercial use* will generally not (aim to) achieve a (commercial) advantage. In comparison: the same requirement that the infringing use must “take unfair advantage of or is detrimental to the distinctive character or the repute of the trade mark” is also used in Art.5-2 of the European Trade Mark Directive, which does not pose any problems since Art.5-2 pertains to both trade mark use and use in the course of trade.

48 *Claereyn v Klarein* [1975] N.J. 472 (Benelux Court of Justice, March 1, 1975). It is clear that it is not up to the Benelux Court of Justice, but the European Court of Justice to provide an interpretation on the meaning of “without due cause”, especially since this clause is not only mentioned in Art.5-5, but also in Art.5-2 of the European Trade Mark Directive and in Art.9-1 c of the Community Trade Mark Regulation.

49 Another drawback is that the burden of proof for freedom of speech would inevitably shift towards the defendant, while in the case of a proper use in commerce requirement it is—in order to establish (and file for) trade mark infringement—up to the trade mark owner (the plaintiff) to establish that the infringing use is *in the course of trade*.

50 This is proved by the fact that there is so little Benelux case law on the issue of free speech and trade mark litigation, since the use in commerce requirement was only deleted from the Benelux provision of Art.13-A1 D BTA after the 2004 implementation (see above): before that there was little need to invoke a free speech defence because Art.13-A1 D BTA was (until then) confined to infringing use in the course of trade. Compare the German US AIPPI Working Group Report on AIPPI Q 188, fn.32 above: “As a result of the fact that non-commercial activities are excluded from the scope of application of MarkenG (AT: the German Trade Mark Act), political or scientific statements, or activities by non-profit associations are not covered by MarkenG from the outset (e.g. KG MMR 2002, 686—*oil-of-elf*).”

1996 and 2004: the Benelux implementation

Despite the fact that Art.5-5 is obviously flawed without a use in commerce requirement, the Benelux legislature actually never noticed until 2001. While the Benelux boasted about their success in negotiating the 1988 European Trade Mark Directive (see above), they were slow to implement the Directive, since the revised Benelux Trade Mark Act (“BTA”) only came into force in 1996, three years too late.⁵¹ In the revised 1996 Benelux Trade Mark Act the old infringement provisions of Art.13-A1 and 2 were replaced by four new provisions: Art.3-A1 A, B, C and D. Article 13-A1 D BTA was intended as an implementation of Art.5-5 ETMD and as a successor to the old Art.13-A2 provision.

Surprisingly, the 1996 provision of Art.13-A1 D BTA did contain a use in commerce requirement, just like its 1971 predecessor in Art.13-A2. This initial Benelux implementation policy confirms our analysis of the negotiation process that the 1988 provision of Art.5-5 ETMD was inspired by the 1971 Benelux provision of Art.13-A2 (see above). No one actually bothered about the 1996 use in commerce requirement of Art.13-A1 D BTA. And rightly so. Since confining trade mark protection to infringing use in the course of trade is a traditional and well-established requirement of trade mark protection (see above), no questions were asked.

It was only after the 1997 *Puma/Sabel* verdict that the Benelux started to realise that only a verbatim implementation of the European Trade Mark Directive would keep them (and other Member States) on the safe side of the fence and away from further clashes with the European Court of Justice (see above).⁵² New changes to legislation were agreed upon in 2001. The 2001 Protocol to revise the Benelux Trade Mark Act included changes to Art.13-A1 D BTA, which adopted a more verbatim implementation of Art.5-5 of the Directive. As a consequence, the use in commerce requirement in Art.13-A1 D BTA was dropped, because Art.5-5 mistakenly failed to mention it. In other words: the 2001 amendments to Art.13-A1 D BTA just made things worse.

But is the Benelux to blame? At the end of the day, verbatim implementation of European directives is the only safe option for a Member State, because different, wrongful, inadequate or non-verbatim implementation of directives may result, inter alia, in *Francovich* state liability or in the directive obtaining direct effect.⁵³ In that sense, verbatim implementation of European directives is the most effective and responsible way to transpose European directives into national legislation. Responsibility also means, however, that in the case of serious doubts about the wording (or translation) of a provision, Member States should address those issues by communicating their doubts to the European

51 The implementation deadline of the 1988 European Trade Mark Directive was initially set at December 28, 1991 and later—in accordance with Art.16—postponed to December 31, 1992.

52 See the explanatory memorandum of the 1992 Protocol to revise the BTA.

53 See S. Prechal, *Directives in EC Law* (2005), pp.73, 216, 271; *Francovich v Italy*, (C-6/90 & C-9/90): ECJ, November 19, 1990.

Commission, consulting other Member States or even by addressing national or European courts.⁵⁴ This is what should have happened with Art.5-5. Instead of going for a verbatim implementation of an obviously flawed provision of the European Trade Mark Directive, the Benelux legislature should have communicated their doubts to the European Commission, especially since Art.5-5 was inspired and proposed by the Benelux. The Benelux did not do so in 1988 because the Benelux felt too victorious, and failed to do so again in 2001 because of the aftermath of the *Puma/Sabel* controversy. But that conclusion may very well be too harsh and discredit the Benelux too much, especially because one should remember that the responsibility for establishing bullet-proof European legislation is not the task of a particular Member State alone but a joint responsibility of all Member States and all European institutions, including the European Commission and European Parliament.

2005 and the Benelux IP Treaty: another missed opportunity

So are the Benelux countries really to blame? One could say not until 2003, when a leading Dutch IP review published serious criticism on Art.5-5 by this author, claiming that the omission of a use in commerce requirement was wrong, because it was in contradiction to the underlying negotiating process of that provision and could threaten freedom of speech (see above).⁵⁵ The same article also proposed several options for improvement, called for new measures by the Benelux legislator and urged members of parliament to withdraw their approval of the 2001 Protocol to revise the Benelux Trade Mark Act.⁵⁶ Instead nothing happened: and while politicians obviously do not (tend to) read IP reviews, Benelux trade mark officials clearly do, but nonetheless failed to provide any response or research into the matter. It was a missed opportunity.

Another missed opportunity surfaced in 2005, when the Benelux proposed and signed their new Benelux IP Treaty on February 25, 2005.⁵⁷ The Benelux IP Treaty was created mainly because of administrative reasons and the need to merge the Benelux Trade Marks Office with the Benelux Designs Office. While this also resulted in merging the Benelux Trade Marks Act with the Benelux Designs Act and incorporating them both in the Benelux IP Treaty, it was generally decided to keep existing provisions as they are, which basically means that there is nothing new. The existing Art.13-A1 D BTA is replaced by the virtual identical provision of Art.2.20-1A of the Benelux IP Treaty. While keeping existing provisions as they are is not necessarily a bad thing,

maintaining a provision amid serious legal allegations of being obviously flawed and unconstitutional is not the most responsible and effective way for legislators to sort things out. The Benelux legislator has clearly missed another opportunity to confront the controversy surrounding Art.5-5 ETMD and Art.13-A1 D BTA. And while solutions are not easy (especially with regard to the duty of verbatim implementation of directives), merely confronting the issue would have been a major step forward, either by addressing the controversy in the explanatory memorandum or by mentioning that the issue was being reviewed by EU and Benelux officials. This, however, did not happen: the Benelux legislator remains silent, the Benelux IP Treaty leaves Art.13-A1 D BTA unaltered in Art.2.20-1A and meanwhile society is stuck with a trade mark provision which could effectively kill freedom of speech, at least in the Benelux. Time is running out.

So what should the Benelux do? Benelux legislators should finally confront the Art.5-5 controversy and assess why Art.5-5 fails to incorporate a use in commerce requirement.⁵⁸ Since Benelux legislators have ignored the Art.5-5 controversy too long and too late, it is vital that Benelux society and their political representatives take a proactive stand towards this issue. In order to trigger legislative intervention and in the light of the pending national approval procedures of the Benelux IP Treaty, every politician in Belgium, the Netherlands and Luxembourg should withdraw their approval of the 2005 Benelux IP Treaty and object to the omission of a use in commerce requirement in Art.2.20-1A (and the fellow provisions of Art.13-A1 D BTA and Art.5-5 ETMD). Benelux society and Benelux politicians should also wonder why the Benelux countries are the only Member States to have apparently implemented Art.5-5 of the European Trade Mark Directive and why other European Member States do confine trade mark infringement to a use in commerce requirement. Compare, inter alia, the German requirement of "*geschäftlichen Verkehr*" in §14-2 German Trade Mark Act (*Markengesetz*), the Italian clause of "*usare nell'attività economica*" in §20-1 Italian IP Code (*Codice dei Diritto di Proprietà Industriale*), the Irish confinement of "use in the course of trade" in §14 Irish Trade Marks Act and the Spanish requirement of "*el tráfico económico*" in §34 of the Spanish Trade Mark Act (*Ley de Marcas*).

2005: between the European constitution and European conscience

It is vital not only for the Benelux, but also for the European Parliament to confront, assess and solve the controversy surrounding Art.5-5 of the European Trade Mark Directive, either by communicating their doubts to the European Commission or by adopting a (motion for a) resolution.⁵⁹ The need for European

54 The Benelux Court of Justice for example provides for a consultation procedure in case of conflicts or doubts about the interpretation of Benelux law: see Art.10 of the Benelux treaty on the establishment and statute of the Benelux Court of Justice, Trb. 1965/71, and A. Tsoutsanis, *Domeinnaamgeschillen: inbreuk, onrechtmatige daad en kwade trouw* (2003), p.299.

55 Tsoutsanis, fn.6 above, pp.3-10. Later confirmed by Langeveld, fn.36 above, at pp.28-29, and G. S. P. Vos and J. van den Bergh, "De geldige redder" (2003) 2 *BMM Bulletin* 81-82.

56 Tsoutsanis, fn.6 above at pp.9-10.

57 [2005] *Tractatenblad* 96.

58 And its fellow Benelux provisions of Art.13-A1 D BTA and Art.2.20-1A.

59 Although it was decided in *Robelco v Robeco*, fn.24 above, at [31] that Art.5-5 is not covered by Community harmonisation, and the ECJ also held that the interpretation of Art.5-5 is up to the implementing Member State(s) (i.e. the Benelux) to decide

Parliament to finally step in and solve the Art.5-5 controversy has increased because of the highly publicised European constitution, which was put to the vote in 2005 in several EU countries.⁶⁰ The allegation that omitting a use in commerce requirement in Art.5-5 of the European Trade Mark Directive is an unfortunate mistake which could have a negative impact on freedom of speech is not compatible with the fact that the same European legislator is boasting about

(at [35]–[36]), it is obvious that any intervention and any assessment on the wording of Art.5-5 European Trade Mark Directive (and its omission of a use in commerce requirement) must come from the EU itself, including the European Council, the European Commission and the European Court of Justice.

⁶⁰ US organisations are generally more active in protecting free speech and raising constitutional concerns, also in relation to trade mark law: see, e.g. press release of the American Civil Liberties Union, “Trademark laws must not be used to curtail first amendment”, February 17, 2005), at www.aclu.org/FreeSpeech/FreeSpeech.cfm?ID=17508&c=42.

freedom of expression in the European constitution.⁶¹ While Art.II.77-2 shows that Europe is committed to the protection of intellectual property, Art.II.71 of the very same constitution states that “everyone has the right to freedom of expression”.⁶² Either Europe genuinely cares about freedom of expression as its proposed European constitution proclaims and admits that omitting a use in commerce requirement in Art.5-5 of the European Trade Mark Directive is a mistake, or Europe has no conscience and should not have a constitution at all.

⁶¹ Agreement on the European Constitutional Treaty, October 29, 2004 [2004] O.J. C310/1.

⁶² Art.II.77 s.2 of the European constitution states: “Intellectual property shall be protected”.