



Enhanced Distinctiveness and Why “Strong Marks” Are Causing Us All Confusion

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Abstract A “strong” trade mark, one which has a high level of distinctiveness, is entitled to a greater level of protection in the European Union, the United Kingdom and the United States than other weaker marks. The psychological and marketing evidence suggests that, in fact, stronger marks are less likely to be confused by consumers. Accordingly, courts and tribunals are required to find confusion in cases involving strong marks even where the facts do not support it. The antecedence for this legal fiction (normative correction or public policy choice) is confused, it makes the law conceptually uncertain and now that marks with a sufficient reputation are entitled to protection from dilution, the fiction has become unsupportable from a normative perspective. Indeed, it appears that a neutral approach – that is not taking into account that it is a “stronger” mark during any confusion analysis – does little, if any, harm to the proprietors of strong marks and clearly benefits competitors. It is argued therefore that the rule giving more protection to strong marks (whether it is inherent or acquired strength) should be abolished.

Keywords Distinctiveness · Trade marks · Enhanced protection · Strong marks

1 Introduction

A “strong” trade mark, one which has a high level of distinctiveness, is entitled to a greater level of protection than a mark which has not reached that threshold. So, put another way, by reason of that distinctiveness courts and tribunals are required to find a likelihood of confusion in cases where otherwise they would not. This finding

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of confusion is the result of one of the legal fictions,¹ public policy choices or normative corrections² which exists in the trade mark law of the European Union, the United Kingdom,³ and the United States. However, recently the Australian High Court in *Self Care IP Holdings v. Allergan Australia*⁴ concluded that reputation should not play any role in the assessment of the likelihood of confusion at all.⁵ This ruling means that evidence showing a mark is strong neither improves nor diminishes the chances that consumers will be confused. This case presents an opportunity to re-evaluate the role of strength more widely and to assess whether it should be removed from the assessment of confusion elsewhere.⁶ The discussion here crosses the Atlantic because the rationales for the rules are sometimes more clearly stated in the United States than Europe and the mischief the rule taints both equally. The hypothesis of this article is that the enhanced protection given to “highly distinctiveness” or “strong” marks is a legal fiction which at best is a remnant of a time when rules against dilution either did not exist or had narrow scope. But the rule is now but a long and vestigial tail and it is something from which trade mark law should be cut free.⁷

2 The Statement of the Rule

The very first case on the likelihood of confusion test in the trade marks directive,⁸ C-251/95 *Sabel v. Puma*,⁹ introduced the rule that more distinctive marks (whether inherently or through acquired distinctiveness) get more protection.¹⁰ Oddly, however, enhanced protection was not even claimed or in issue in those

¹ Cohen Jehora, van Nispen and Huydecoper (2010), p. 285 (“a legal test, not a factual test”).

² Anemaet (2020a, b), pp. 187, 193. That it is a normative rule (as opposed to an empirical – or fact based – rule): see Dinwoodie (2023).

³ The law of trade marks in the United Kingdom is still essentially the same as in the European Union. So any reference here to the EU can be taken to include the UK unless otherwise indicated.

⁴ [2023] HCA 8, (2023) 408 ALR 195. The decision itself will not be considered in detail here but in summary the High Court found that: (i) reputation is uncertain so the level of protection for marks would vary and be uncertain; (ii) the register should accurately reflect what is allowed and prohibited; (iii) there are also provisions in the Australian Trade Marks Act 1995 (Cth) which specifically deal with reputation (Secs. 24, 60, 120(3), 185) and that dealing with confusion (Sec. 120(1)) is not one of them.

⁵ This goes further than merely excluding reputation from the assessment of the similarity of the signs as adopted in C-115/19 *China Construction Bank Corporation v. EUIPO*, EU:C:2020:469.

⁶ In the United States the rule has been robustly challenged by Beebe and Hemphill (2017), p. 1339.

⁷ The arguments presented here are largely positive (empirical), rather than normative, in nature. Nevertheless, it is accepted that the assessment of infringement has normative elements: for instance, the average consumer is a normative creation based, in part, on empirical evidence: Dinwoodie and Gangjee (2015), p. 339.

⁸ Directive 89/104/EEC to approximate the laws of the Member States relating to trade marks.

⁹ [1997] ECR I-6191.

¹⁰ C-251/95 *Sabel v. Puma* [1997] ECR I-6191, [24].

proceedings.¹¹ But it was in issue in C-39/97 *Canon v. MGM*¹² and it was there the now familiar enunciation of the rule originates. After the rule was linked to a recital to the Directive¹³ as well as *Sabel*, it was explained in the following terms:

... marks with a highly distinctive character, either *per se* or because of the reputation they possess on the market, enjoy broader protection than marks with a less distinctive character.

It follows that ... registration of a trade mark may have to be refused, despite a lesser degree of similarity between the goods or services covered, where the marks are very similar and the earlier mark, in particular its reputation, is highly distinctive.¹⁴

As other countries in Europe did not follow this rule in their pre-harmonised law it may have crept into European law for no reason other than the first three preliminary references on confusion to the Court were from German courts. Indeed, the principle was almost accepted without question;¹⁵ and by the time the fourth reference to the Court of Justice was heard,¹⁶ this time from a Dutch court,¹⁷ it was too late.¹⁸ The rule had become embedded. It has since been confirmed¹⁹ on many subsequent occasions²⁰ and what it means in practice is that a low degree of similarity between the trade marks or goods and services can be counterbalanced²¹

¹¹ C-251/95 *Sabel v. Puma* [1997] ECR I-6191, [AG11]; “*Springende Raubkatze*” (1996) GRUR Int 60, 62 (the decision of the referring court).

¹² [1998] ECR I-5507, [15].

¹³ See Section 3 below.

¹⁴ C-39/97 *Canon v. MGM* [1998] ECR I-5507, [18] and [19].

¹⁵ C-206/01 *Arsenal FC v. Reed* [2002] ECR I-10273, fn21 (AG Colomer); C-39/97 *Canon v. MGM* [1998] ECR I-5507, [14] (submissions of UK Government).

¹⁶ C-425/98 *Marca Mode v. Adidas AG* [2000] ECR I-4861.

¹⁷ The pre-harmonised Dutch law had taken the opposite view to Germany namely that greater familiarity with a mark made confusion less likely: *Aspirin* (1933) NJ 1702 at 1704 (“in verband met de overgrote bekendheid, welke het merk “Aspirin” niet te lande bij het geheele ubliek geniet en de grotere nauwgezetheid, welke diensvolgens bij dat publiek is te verwachten, verwarring tusschen requerante’s merk en dat van gerequesteerde niet is te duchten”).

¹⁸ There was the concept of “likelihood of association” which might have been related to reputation. For a discussion of the concept as it existed in the Benelux before harmonisation see Torremans (1998), p. 295.

¹⁹ There are some aberrations: T-311/01 *Albert Rene v. OHIM* [2003] ECR II-4625; T-185/02 *Ruiz-Picasso v. OHIM* [2004] ECR II-1739.

²⁰ C-425/98 *Marca Mode v. Adidas AG* [2000] ECR I-4861, [38]; C-235/05 *L’Oreal v. OHIM*, EU:C:2006:271, [36]; C-108/07 *Ferrero Deutschland*, EU:C:2008:234, [32]; C-398/07P *Waterford Wedgwood v. Assembled Investments*, EU:C:2009:288, [32–33]; C-579/08 *Messer Group v. Air Products*, EU:C:2010:18, [70]; C-190/15 *Fetim v. OHIM*, EU:C:2015:778, [40]; C-43/15 *BSH v. EUIPO*, EU:C:2016:837, [62]; C-766/18 *Foundation for the Protection of Halloumi v. EUIPO*, EU:C:2020:170, [70]. But it does not lead to a presumption of confusion: C-425/98 *Marca Mode v. Adidas AG* [2000] ECR I-4861, [39].

²¹ There must still be some similarity between the marks (C-254/09P *Calvin Klein TM v. OHIM* [2010] ECR I-7989, [27]; T-112/06 *Inter-Ikea Systems v. OHIM*, EU:T:2008:10, [84]) and also the goods or services (C-398/07P *Waterford Wedgwood v. Assembled Investments*, EU:C:2009:288, [34–35]).

by an earlier mark which is highly distinctive in the assessment of likelihood of confusion.²² So the more distinctive a mark becomes the wider its scope of protection expands.²³ In stark terms this means that where – in fact – there is no confusion between two marks but the earlier mark has sufficient enhanced distinctiveness, the court may have to find confusion on the basis of a legal fiction (that confusion is deemed to exist, contrary to fact, on the grounds of public policy).

It is not a rule confined to Europe, across the water in the United States the Federal Circuit of Appeals stated a similar rule in *Kenner Parker Toys Inc. v. Rose Art Indus., Inc.*:²⁴

Famous or strong marks enjoy a wide latitude of legal protection Thus, a mark with extensive public recognition and renown deserves and receives more legal protection than an obscure or weak mark.

Achieving fame for a mark in a marketplace where countless symbols clamor for public attention often requires a very distinct mark, enormous advertising investments, and a product of lasting value. After earning fame, a mark benefits not only its owner, but the consumers who rely on the symbol to identify the source of a desired product. Both the mark's fame and the consumer's trust in that symbol, however, are subject to exploitation by free riders ...

Thus, the Lanham Act's tolerance for similarity between competing marks varies inversely with the fame of the prior mark. As a mark's fame increases, the Act's tolerance for similarities in competing marks falls.

Accordingly, both sides of the Atlantic, the more distinctive or “stronger”²⁵ a mark is the more likely it is to be confused with other marks, but how did the law get to this intuitively unusual proposition?

3 Origin of the Rule

In C-425/98 *Marca Mode v. Adidas AG*,²⁶ the Advocate General²⁷ and the Court²⁸ both found the rule that more distinctive marks get greater protection to originate (or

²² C-398/07 *Waterford Wedgwood v. Assembled Investments*, EU:C:2009:288, [33].

²³ This is implicit from C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, [20] C-39/97 *Canon Kabushiki Kaisha v. MGM* [1998] ECR I-5507, [18].

²⁴ 963 F.2d 350, 351 (Fed. Cir. 1992).

²⁵ In the US, it is conventional to refer to the strength of the mark, but it is clear that strength is a synonym for distinctiveness: *McGregor-Doniger Inc v. Drizzle Inc*, 599 F.2d 1126, 1131 (2d Cir. 1979); *Frisch's Restaurant Inc v. Shoney's Inc*, 759 F.2d 1261, 1264 (6th Cir. 1985); Restatement (Third) Unfair Competition § 21, Comment (i)(1995).

²⁶ [2000] ECR I-4861.

²⁷ C-425/98 *Marca Mode v. Adidas AG* [2000] ECR I-4861, [AG34] to [AG36].

²⁸ C-425/98 *Marca Mode v. Adidas AG* [2000] ECR I-4861, [35] and [36].

be supported by) what is now the Sixteenth Recital²⁹ to the Directive which, in part, reads:

...whereas the likelihood of confusion, the appreciation of which depends on numerous elements and, in particular, **on the recognition of the trade mark on the market ...**

While “recognition” has been assumed to mean “distinctiveness” from almost the beginning,³⁰ there is no clear indication in the *Travaux préparatoires* what role “recognition” was meant to play and whether “on the market” refers to the current, future or notional marketplace. The general tenor of the *Travaux*, however, would caution against a wide reading being given to this phrase. The original version of the recital was much stricter (and did not mention recognition at all). It was concerned with certain rules in existing national law being contrary to free movement.³¹ It appears that the Commission had in mind German law, which was considered to give too much protection to trade marks with a reputation.³² Even when an amendment was agreed to broaden the “likelihood of confusion” test³³ it was made clear that the Commission’s view remained:³⁴

that too wide an interpretation of the concept of likelihood of confusion would unnecessarily increase the number of conflicts between marks, with damaging effects on the free movement of trade marked goods.

But we know little more than up to this point the Commission did not think the German approach was the correct one and that a narrow conception of “likelihood of confusion” was intended. It is also clear *when* the the recital was amended to add “recognition” and *by whom*. It is mentioned in Reports of the Working Party on Intellectual Property in October and November 1987.³⁵ But there is nothing in the available papers to indicate *why* recognition was added or what was intended. Or, indeed, whether the Commission maintained its view that the likelihood of

²⁹ Directive (EU) 2015/2436 to approximate the laws of the Member States relating to trade marks (recast), recital (16) at the time it was Directive 89/104/EEC, recital (10).

³⁰ C-39/97 *Canon v. MGM* [1998] ECR I-5507, [AG42].

³¹ The original version of the recital in the proposal was much stricter “The purpose of protection is to guarantee the trade-mark’s function as an indicator of origin. It is essential to give strict interpretation to the above-mentioned concepts so as not to impede the free movement of goods and the freedom to provide services beyond the limits required for the protection of trademarks. The current case-law in several of the Member States affords to trade-marks a degree of protection which is to some extent inconsistent with the specific purpose of trade-mark law.”: *New Trade-Mark System for the Community: Proposed Directive and Regulation* (Bulletin of the European Communities, Supplement 5/80), p 8.

³² This is what is claimed in Vierheilig (1982), pp. 506 and in particular p. 511.

³³ Removing the restriction that it was limited to cases where the likelihood of confusion was “serious”.

³⁴ See *Amendment Proposal for a Council Regulation on the Community Trade Mark* COM(84) 470 final, p. v.

³⁵ *Working Party on Intellectual Property to Permanent Committee* (Document No 9631/87); *Permanent Representative Committee* (Document No 9952/87), 26 November 1987.

confusion should not be given a wide interpretation. Its early position in submissions to the Court of Justice do not add much clarity.³⁶

Nevertheless, it was not this recital which was the origin of the rule in *Sabel* itself. In that case the Court more or less adopted without question the German position that marks with a reputation should get enhanced protection.³⁷ It is therefore worth looking at how the pre-harmonised German law developed this principle and how it was received in its country of origin.

In early cases, German courts took the view that extensive advertising did not mean confusion was more likely, particularly where it was a weak sign.³⁸ But from 1923³⁹ the German courts more or less consistently held⁴⁰ that the more the mark had been used in trade the more protection it received. A typical statement of the rule can be seen in *Karo-As*:⁴¹

The protection given by a designation depends on its degree of distinctiveness; it is therefore – depending on whether the distinctiveness is weak, normal or strong – narrower or wider.

So by the time the rule was blindly adopted in *Sabel* it had nearly 75 years of history behind it. But it was not unchequered. In many cases, the German courts⁴² just stated the rule without justification⁴³ and throughout its history its normative basis was questioned because it did not reflect how marks were perceived in the actual marketplace.⁴⁴ For instance, Alfons Kraft suggested the words “likelihood of confusion” in trade mark law were “a simplified expression for what the legislature actually means, namely not only protection against confusion, but also the

³⁶ The Commission agreed that distinctive character of the mark should be taken into account in C-39/97 *Canon v. MGM* [1998] ECR I-5507, [13]; C-342/97 *Lloyd Schuhfabrik Meyer v. Klijsen Handel* [1999] ECR I-3819, [16].

³⁷ For a summary of the law before the Directive see Sack (1995), pp. 81, 86–87. In other areas of intellectual property law, the German approach has also been to vary protection depending on the strength of the right. For instance, the *Kleine Münze* (small change/coins) doctrine whereby works with little creativity get protection but not as much as more creative works and likewise the rule that applied art needed to be more creative than fine art to attract copyright protection; rules which probably no longer apply see *Birthday Train* (2014) 45 IIC 831.

³⁸ *Balmona/Baumona* (1912/3) 12 MuW 259; for a broader discussion of this case and those following over the next decade see Kraft (1977), pp. 417, 419.

³⁹ *Loden/Blonde Loden* (1923) 23 MuW 164 and (1924) 23 MuW 241, 243.

⁴⁰ There were exceptions, for instance, the OLG Hamburg found that stronger signs did not lead to greater confusion, but was overturned by the Federal Supreme Court: *Roter Punkt* (1965) GRUR 601, 602.

⁴¹ *KARA-AS* (1957) GRUR 281, 284 (“Der Schutzbereich einer Bezeichnung ist abhängig von dem Grad der Unterscheidungskraft dieser Bezeichnung; er ist also – je nachdem, ob die Kennzeichnungskraft schwach, normal oder stark ist – enger oder weiter.”).

⁴² In Sack (1995), p. 81, fn 71 there is an extensive list of the reported cases where the German courts have pronounced the rule.

⁴³ See Kraft (1977), pp. 417, 418 (the justification for the rule is unclear, albeit this statement is followed by two attempts by the courts to justify the rule).

⁴⁴ See for instance, Beier (1974), pp. 514, 517; Trüstedt (1967), p. 403; Völp (1974), p. 754.

protection of the sign itself and its distinctiveness.”⁴⁵ There were of course those who saw the assessment of “likelihood of confusion” as purely a question of fact and not law⁴⁶ (meaning that better known marks do in fact cause greater confusion). But it might be said that the German courts essentially extended the likelihood of confusion test to grant protection against dilution; even though this had been possible under the law of unfair competition for almost as long.⁴⁷ Yet this nuance has never been acknowledged or considered by the Court of Justice.

In the United States, the origin story is little more satisfying.⁴⁸ In the nineteenth century, the courts had recognised “trade marks” (fanciful and arbitrary marks) which were protected like property and did not require any showing of confusion when applied by others; and “trade names” (descriptive and other marks requiring secondary meaning) which were essentially protected under the law of unfair competition and required proof of deception.⁴⁹ While the need for confusion for both types of mark eventually coalesced over the second quarter of the twentieth century there remained a view that trade names warranted less protection than trade marks. The crux of the difference arose from a dispute among the judges of the Second Circuit of Appeals whether there was a need to show “harm” for trade names (no such thing was required for trade marks).⁵⁰ When the first judicial⁵¹ multifactorial test (in *Polaroid*⁵²) was introduced no distinction was drawn between trade marks and trade names but the “strength” of the mark (i.e. whether it was a trade mark or trade name) was made a relevant factor to be considered (albeit no harm requirement subsisted).⁵³ In simple terms, it turned a black and white approach for distinguishing between two types of mark into one which had various

⁴⁵ Kraft (1960), pp. 5, 9 (“Die Untersuchung zeigt, daß das Wort “Verwechslungsgefahr” im Kennzeichnungsrecht nur ein vereinfachter Ausdruck für das ist, was der Gesetzgeber tatsächlich meint, nämlich nicht nur den Schutz vor Täuschungen, sondern daneben den Schutz des Zeichens selbst und seiner Kennzeichnungskraft.”).

⁴⁶ Beier (1974), pp. 514, 517.

⁴⁷ Since the famous case of *Odol* (1924) GRUR 204, for a contemporary commentary in English see Wetheimer, (1925), p. 75; also see Simon Fhima (2012), pp. 25, 28 et seq.

⁴⁸ See Bone (2012), pp. 1307, 1316–1334.

⁴⁹ See Bone (2006), pp. 546, 563–566.

⁵⁰ Bone (2012), pp. 1307, 1322–1323.

⁵¹ The Torts Restatement (First), §731(f) (1938) suggested the court considers the “the degree of distinctiveness of the trademark or trade name” and had the attached comment “... The more distinctive the trade-mark is, the greater its influence in stimulating sales, its hold on the memory of purchasers and the likelihood of associating similar designations on other goods with the same source.” While there is no origin provided for this statement it also appears to be based on cases drawing distinctions between distinctive marks (trade marks) and (less distinctive) trade names, in particular *Pabst Brewing Co v. Decatur Brewing Co*, 284 F. 110, 112–3 (7th Cir. 1922); *Sierra Chemical Co v. Berettini*, 33 F 2d 397, 398–9 (7th Cir. 1929); *MacEachen v. Tar Products Corp*, 41 F.2d 295, 297 (CCPA 1930). The comment itself seems influenced by *Mason & Magenheimer Confectionery v. Loose Wiles Biscuit*, 1 F.Supp 755, 757 (EDNY 1932).

⁵² *Polaroid Corp v. Polarad Corp*, 287 F.2d 492, 495 (2d Cir. 1961).

⁵³ Bone (2012), pp. 1307, 1342–1343.

shades of grey.⁵⁴ Thus, the original role of the “strength” was to determine whether it was a mark which might be classed as “low distinctiveness” (formerly, trade name) or one which is of “ordinary” distinctiveness (formerly, trade mark). The suggestion that very distinctive marks benefited from a legal fiction (causing confusion in law when there was none in fact) did not appear to be on the Second Circuit’s mind at all and neither does it appear in the pre-*Polaroid* case law. The fiction is a much more recent invention stretching suggestions that stronger marks get more protection than weaker marks towards it being the case that stronger marks get “enhanced” or bonus protection. This rule now exists in some form across all the circuits,⁵⁵ but the widest version appears to be that stated in *Kenner*.

4 Judicial Reasoning Relating to the Rule

It had been shown that the antecedence of the rule propagated by the Court of Justice (and the Federal Circuit) can extend to “fictional” confusion. Yet this is a fiction which judges in the German courts, in the United States, and elsewhere, try to justify as one based on the factual situation in the actual marketplace. This is not however a facet of the jurisprudence of the General Court or the Court of Justice neither of whom have ever properly evaluated any factual basis for the rule;⁵⁶ even when it has been extensively discussed.⁵⁷ The problem is not all one sided, however, those who criticise the rule often do so without an explanation.⁵⁸ Nevertheless, the factual assertions made by judges about consumer behaviour to justify the

⁵⁴ See *Pignons SA de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 487 (1st Cir. 1981); *Polaroid Corp. v. Polarad Corp.*, 287 F.2d 492, 495 (2d Cir. 1961); *Interpace Corp v. Lapp Inc.*, 721 F.2d 460, 463 (3d Cir. 1983); *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984); *Oreck Corp v. US Floor Sys.*, 803 F.2d 166, 170 (5th Cir. 1986); *Frisch’s Rests Inc v. Elby’s Big Boy of Steubenville*, 670 F.2d 642, 648 (6th Cir. 1982); *Helene Curtis Indus Inc v. Church & Dwight Co.*, 560 F.2d 1325, 1330 (7th Cir. 1977); *Squirt Co v. Seven-Up*, 628 F.2d 1086, 1090–91 (8th Cir. 1980); *AMF Inc v. Sleekcraft Boats*, 599 F.2d 341, 348–49 (9th Cir. 1979); *King of the Mountain Sports Inc v. Chrysler Corp.*, 185 F.3d 1084, 1089–90 (10th Cir. 1999); *In re EI DuPont De Nemours & Co.*, 476 F.2d 1357, 1361 (CCPA 1973).

⁵⁵ *International Association of Machinists and Aerospace Workers v. Winship Green Nursing Center*, 103 F.3d 196, 206 (1st Cir. 1996); *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 258 (2d Cir. 1987); *Versa Products Co v. Bifold Co.*, 50 F.3d 189, 203 (3d Cir. 1995); *Exxon Corp v. Texas Motor Exchange of Houston, Inc.*, 628 F.2d 500, 504 (5th Cir. 1980); *Xtreme Lashes LLC v. Xtended Beauty Inc.*, 576 F.3d 221, 227 (5th Cir. 2009); *Ameritech, Inc v. American Information Technologies Corp.*, 811 F.2d 960, 966 (6th Cir. 1987); *AutoZone Inc v. Strick*, 543 F.3d 923, 933 (7th Cir. 2008); *SquirtCo. v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980); *GoTo.com Inc v. Walt Disney Co.*, 202 F.3d 1199, 1207 (9th Cir. 2000); *First Savings Bank v. First Bank System, Inc.*, 101 F.3d 645, 655 (10th Cir. 1996); *Water Pik Inc v. Med-Systems Inc.*, 726 F.3d 1136, 1151 (10th Cir. 2013); *Welding Services Inc v. Forman*, 509 F.3d 1351, 1361 (11th Cir. 2007).

⁵⁶ Academics rarely do better, for instance Noelle-Neumann and Schramm (1966), pp. 75 (under “Grundsätze” – Principles) simply states the rule without giving any reason; also see the survey of the literature by Anemaet (2020b), pp. 187, 193–198.

⁵⁷ For a recent examples, see T-344/21 *Plusmusic v. EUIPO*, EU:T:2023:166, [16–28]; T-222/21 *Shopify v. EUIPO*, EU:T:2022:633, [87–115]; T-4/21 *Advanced Superabrasives v. EUIPO*, EU:T:2022:274, [61–84].

⁵⁸ *Reed Executive v. Reed Business* [2002] EWHC 1015 (Ch), [103(5)]; [2004] EWCA Civ 159, [2004] RPC 40, [83]; *B.V.D. Licensing Corp. v. Body Action Design, Inc.*, 846 F.2d 727, 729 (Fed. Cir. 1988).

application of the legal fiction will now be briefly explored. Critically, each and every one of these assertions is based on the court taking judicial notice of a consumer behaviour without any evidence being led on the matter.

4.1 Theories Why Confusion Is More Likely

There are few clear statements as to why factually distinctiveness or reputation leads to greater risks of confusion.⁵⁹ A common factual assertion by US courts is that a more distinctive mark is more easily recalled to mind than a less well-known mark. And once the mark has been recalled it is more likely a consumer, when confronted with a similar mark, will assume a connection with the known mark.⁶⁰ A second assertion develops this so that once confronted with what at first appears to be a better known mark, consumers stop thinking and become careless so they do not notice the differences.⁶¹ While an imperfect recollection of the earlier mark is clearly part of the assessment in trade mark law,⁶² it is also the case that the consumer is “reasonably circumspect”.⁶³ Consumers cannot be both circumspect and “careless”. But even so it is difficult to imagine that many consumers would see a mark that looked *similar* to a mark they know well and instantly stop thinking, assume it is the mark they know, and go on to purchase; unless of course they truly are a “moron in a hurry”.⁶⁴

A further rationale put forward by the court is that where the mark is an arbitrary or fanciful and it has developed a reputation, consumers will infer that its use in relation to other goods or services must be connected⁶⁵ because consumers are more likely to associate a little-known mark with one which is familiar to them.⁶⁶ This

⁵⁹ In some instances it might be seen as nothing more than giving stronger marks the benefit of the doubt: *Planter's Nut and Chocolate Co v. Crown Nut Co Inc*, 305 F.2d 916, 924–25 (CCPA 1962).

⁶⁰ *Virgin Enters Ltd v. Nawab*, 335 F.3d 141, 148 (2d Cir. 2003); *Brookfield Communications, Inc v. West Coast Entertainment Corp.* 174 F.3d 1036, 1058 (9th Cir. 1999); *Hormel Foods Corp v. Jim Henson Prods Inc*, 73 F.3d 497, 503 (2d Cir. 1996); Restatement (First) of Torts, § 731 (1938).

⁶¹ *Salamanca* (1943) GRUR 300, 302; *Specialty Brands v. Coffee Bean Distribs Inc*, 748 F.2d 669, 675 (Fed Cir. 1984); *BVD Licensing Corp v. Body Action Design Inc*, 846 F.2d 727, 730 (Fed Cir. 1988); *TCPIP Holdings v. Haar Communications Inc*, 244 F.3d 88, 101 (2d Cir. 2001); but the comment in *Aveda Corporation v. Dabur India* [2013] EWHC 589 (Ch), [48]: “The human eye has a well-known tendency to see what it expects to see and the human ear to hear what it expects to hear” relates to marks which are very similar rather than well known.

⁶² *Levi Strauss & Co v. Blue Bell Inc*, 632 F.2d 817, 822 (9th Cir. 1980); *Rolux Watch v. Meece*, 158 F.3d 816, 830 (5th Cir. 2008).

⁶³ In the US, in general the reasonably prudent buyer acts with some degree of care: *Hiram Walker & Sons v. Penn-Maryland Corporation*, 79 F.2d 836, 839 (2nd Cir. 1935). But the standard seems less fixed than in the EU: see McCarthy on Trademarks and Unfair Competition (5th edn), § 23:92–§23.94.

⁶⁴ A phrase used in the English law of passing off: See *Morning Star Cooperative Society v. Express Newspapers Limited* [1979] FSR 113; *Newsweek v. BBC* [1979] RPC 441; but see a different phrase used by the Canadian Supreme Court *Mattel, Inc. v. 3894207 Canada Inc*, 2006 SCC 22, [56] (adopting the casual consumer somewhat in a hurry).

⁶⁵ *Osrarn* (1937) GRUR 461, 463; *TCPIP Holdings v. Haar Communications Inc*, 244 F. 3d 88, 94 (2d Cir. 2001); Restatement of Torts (First) §731, Comment (e) (1938); *James Burrough Ltd v. Sign of Beekeeper Inc*, 540 F.2d 266, 276 (7th Cir.1976).

⁶⁶ *McDonalds Corp v. McKinley*, 13 USPQ 2d 1895, 1900 (TTAB 1989).

might be because there is a family of marks,⁶⁷ but more commonly it arises in the context of what is sometimes called indirect confusion (or in the United States, affiliate confusion⁶⁸).

In *Sabel v. Puma*⁶⁹ the Belgian, Luxembourg and Netherlands governments submitted there were two types of likelihood of confusion:⁷⁰

... (1) where the public confuses the sign and the mark in question (likelihood of direct confusion); (2) where the public makes a connection between the proprietors of the sign and those of the mark and confuses them (likelihood of indirect confusion or association) ...⁷¹

The mental processes behind direct and indirect confusion⁷² were explained in the British case of *LA Sugar Ltd v. Back Beat Inc.*⁷³

Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: “The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark”.

Thus, indirect (or affiliate) confusion, while not limited,⁷⁴ usually falls into a handful of categories. First, where the common element of the mark is so strikingly

⁶⁷ There is a rule in EU law whereby if it can be shown that a family (or series) of marks sharing a common characteristic have been used in the marketplace then it may be that the relevant public when confronted with a different mark sharing that characteristic erroneously believe it comes from the same family. And like single marks, it is possible for the common characteristic in the series of marks to have a collective enhanced distinctiveness: C-234/06 *Il Pont Finanziaria* [2007] ECR I-7333, [63 to 65]; C-317/10 *Union Investment Privafonds* [2011] ECR I-5471, [54]; C-270/14 *Debonair*, EU:C:2015:688, [34]; C-16/06 *Les Éditions Albert René* [2008] ECR I-53, [101]; for a recent summary of the law see *BUILDFACT* (O/934/23).

⁶⁸ This is called affiliate confusion by Beebe and Hemphill (2017), p. 1339. Indirect confusion can have a different meaning in U.S. law as it is a way of referring to contributory infringement (accessory liability).

⁶⁹ C-251/95 *Sabel v. Puma* [1997] ECR I-6191, [16].

⁷⁰ It was in a submission trying to distinguish it from the likelihood of association; see *supra* note 18.

⁷¹ In different wording see C-39/97 *Canon v. MGM* [1998] ECR I-5507, [29] and [30].

⁷² For alternative explanations of direct and indirect confusion see Cohen Jehora, van Nispen and Huydecoper (2010), pp. 286–287; Muyldermans and Maeyaert (2019), pp. 237–239 (the authors include sub-brands within direct confusion however); the Court of Justice has explained the issue only in abstract terms: C-51/09P *Becker v. Harman International* [2010] ECR I-5805, [31]; C-193/06 *Nestlé v. OHIM*, EU:C:2007:539, [32]; C-334/05P *OHIM v. Shaker* [2007] ECR I-4529, [33]; C-412/05P *Alcon v. OHIM* [2007] ECR I-3569, [55].

⁷³ (O/375/10), [16]; endorsed in *Liverpool Gin Distillery Ltd v. Sazerac Brands, LLC* [2021] EWCA Civ 1207, [10] and *Match Group, LLC v. Muzmatch Ltd* [2023] EWCA Civ 454, [29]; also see *Cheeky Italian Ltd v. Sutaria* (O/219/16), [16]; and for criticism, see Dickens (2023), p. 344.

⁷⁴ *Liverpool Gin Distillery Ltd v. Sazerac Brands, LLC* [2021] EWCA Civ 1207, [12].

distinctive that a consumer would think no-one but the brand owner would be using the trade mark at all even if other elements of the mark can distinguish (e.g. “26 RED TESCO”).⁷⁵ Secondly, where the addition adds a non-distinctive element where one might expect a brand extension (e.g., adding EXPRESS, WORLDWIDE or LITE).⁷⁶ Thirdly, the change of one element appears logical and consistent with brand extension (from “FAT FACE” to “BRAT FACE” for a younger audience).⁷⁷ Fourthly, where there is a belief there might be co-branding creating a link (for instance, “BARCLAYS PREMIER LEAGUE”).⁷⁸ Indeed, these are just some examples because most cases of brand extension – using the same mark on a new product – requires some degree of mental processing to see if a new product fits the brand image.⁷⁹ While indirect or affiliate confusion might be seen as more likely to be dependent on how well known the mark has become it is suggested in the next section that even this sort of confusion is not really dependent on the strength or acquired distinctiveness of the earlier mark. But first the discussion turns to judicial statements taking the opposite view.

4.2 Why Confusion Might Be Less Likely

There are judicial statements suggesting why confusion with better known marks is less likely but there are fewer of them. The main reason suggested is knowledge improves recollection. So as the Australian court stated in *C A Henschke & Co v. Rosemount Estates Pty Ltd*:⁸⁰

It is that, in assessing the nature of a consumer’s imperfect recollection of a mark, the fact that the mark, or perhaps an important element of it, is notoriously so ubiquitous and of such long standing that consumers generally must be taken to be familiar with it and with its use in relation to particular goods or services is a relevant consideration ...

This represents an almost polar opposite view to the “careless” reasoning put forward above – a consumer becomes more careful the better they know the mark because they will spot the differences. The idea that consumers spot differences as

⁷⁵ *LA Sugar Ltd v Back Beat Inc* (O/375/10), [17(a)]. This is essentially another way of considering whether an element of a mark has independent distinctive character: see C-120/04 *Medion AG v Thomson Multimedia Sales Germany* [2005] ECR I-8551; C-591/12P *Bimbo SA v OHIM*, EU:C:2014:305.

⁷⁶ *LA Sugar Ltd v. Back Beat Inc* (O/375/10), [17(b)]; the additional element is descriptive here and so adds little to the mark.

⁷⁷ *LA Sugar Ltd v. Back Beat Inc* (O/375/10), [17(c)].

⁷⁸ *Liverpool Gin Distillery Ltd v. Sazerac Brands, LLC* [2021] EWCA Civ 1207, [12]. Between 2001 and 2016, Barclay’s Bank was the sponsor of the English Premier (Football) League.

⁷⁹ *Caledonian* (O/382/16), [28–29].

⁸⁰ [2000] FCA 1539 at [52]; *Self Care IP Holdings* [2023] HCA 8, [36]; also see *Registrar of Trade Marks v. Woolworths Ltd* [1999] FCA 1020, [61]; *Australian Meat Group Pty Ltd v. JBS Australia Pty Ltd* [2018] FCAFC 207, [36 et seq].

familiarity grows has been suggested in many jurisdictions over the years.⁸¹ If this factual assessment were right, it might be another way of expressing the idea that once a mark is sufficiently well-known something close to a side-by-side comparison becomes appropriate. This would have a profound effect on observing differences between the marks. Indeed, as the EUIPO Guidelines suggest an “insignificant difference” is one that a reasonably observant consumer would only perceive by way of a side-by-side comparison⁸² and so if the mark is clearly imprinted in the mind of the consumer even insignificant differences would be noticed.

5 The Psychological and Marketing Evidence

The nature of confusion in the marketplace has received considerable attention in the marketing, psychology and consumer literature.⁸³ In this extensive literature there is nothing directly answering the question of whether a stronger mark is more likely or less likely to lead to confusion in the marketplace⁸⁴ and many of the related studies might not withstand sustained scrutiny by a court. Nevertheless, over the decades many experiments have concluded that stronger marks make a difference to recollection. In studies of memory there is a “familiarity effect” meaning the more familiar we are with a thing or person the more likely we are to recognise it.⁸⁵ Likewise as familiarity increases finer distinctions are more likely to be detected.⁸⁶ When we move to look at consumer products this means that as Foxman et al state:

[i]nvolvement with the product class, memory of the original brand, and certainty of judgment are found to be significantly related to the likelihood of confusion for [products] ...⁸⁷ [but some] “consumers appear to be more vulnerable to confusion, regardless their brand/product class experience ...⁸⁸

Likewise Friedman & Thomas Leclercq suggest:

Brand Discrimination scores are higher for strong (vs weak) brands, are relatively stable across time, and are predictive of brand choice ... [people] are

⁸¹ *Pyrabutol/Pyramidon* (1959) Österreichisches Patentblatt 122; *Akkertjes/Ahartjes* (1956) B. I. E. 29. It was suggested but not adopted by the English courts: *Smith Hayden & Coy TM Application* (1946) 63 RPC 97, 102–3 and *Ana Laboratories Ltd TM Application* (1951) 69 RPC 146, 151.

⁸² EUIPO, Trade Mark Examination Guidelines, C.2.2. This is in the context of identifying differences between marks for the purpose of determining whether two marks are treated as identical.

⁸³ For a recent and extensive literature review see Chauhan and Sagar (2021), p. 445; earlier reviews include Kasabov (2014), p. 1777; Mitchell and Papavassiliou (1999), p. 31; as to legal literature see, for instance, Jacoby (2001), p. 1013.

⁸⁴ Fhima and Gangjee (2019), p. 138.

⁸⁵ McClelland and Chappell (1998), pp. 724, 724.

⁸⁶ Zinkhan and Muderrisoglu (1985), pp. 356, 357; Foxman, Muehling and Berger (1990), pp. 170, 174.

⁸⁷ Foxman, Muehling and Berger (1990), pp. 170, 184.

⁸⁸ Foxman, Muehling and Berger (1990), pp. 170, 185.

better able to discriminate the elements of a Market Leading brand, as compared to two weaker competitors.⁸⁹

As Alba and Hutchinson put it:

The cognitive structures used to differentiate products become more refined, more complete, and more veridical as familiarity increases.⁹⁰

And there may be attention biases directed towards a person’s favourite brand.⁹¹ In other words, these all suggest that the better a trade mark is known the easier it is to tell another mark is different. So it appears that – in fact – it would be contrary to the existing empirical evidence to suggest a stronger mark makes confusion more likely. Indeed, it would be incredible if it were true because it would mean that marketing of a brand beyond a certain point would be counterproductive and lead to the loss of sales through trade diversion. Furthermore, the studies show that those less familiar with a brand or product category are more likely to be confused when they see advertising for a product.⁹²

These studies do not strictly apply to indirect or affiliate confusion where differences are noticed and processed, which makes the question whether the consumer using the information considers a brand expansion likely or not. However, it is questionable that this has much to do with the reputation or distinctiveness of the mark, but rather it relates to the previous or expected future practices of a brand.⁹³ There are some brands which consumers might expect to expand into new and unusual markets and others that they will not. The *Virgin* brand may be the ultimate example of surprising expansion:⁹⁴ consumers would not be surprised to see *Virgin* on almost any type of product and when they see the mark they would link it back the well-known mark. But this is nothing to do with it being a strong mark, but rather it relates to the behaviour of the brand in the past. Consumers expect the *Virgin* mark to travel to new products, but the same cannot be said for say *McDonalds*, another very strong mark which has only ever been used in relation to aspects of its fast-food restaurant business. But in relation to the likelihood of confusion the system does not (and should not) give *Virgin* more protection than

⁸⁹ Friedman and Leclercq (2015), pp. 1, 20 and 25.

⁹⁰ Alba and Hutchinson (1987), pp. 411, 412 (this was one of propositions behind the paper). It is supported throughout the paper.

⁹¹ Domaradzka and Bielecki (2017), p. 6

⁹² Brengman, Geuens and De Pelsmacker (2001), pp. 231, 241.

⁹³ Gallagher and Goodstein (2004), pp. 1229, 1252 (where the brand images are inconsistent confusion may be more likely because it does not fit the “template” in the consumer’s mind).

⁹⁴ *Virgin* began as a record company but expanded into many things including retail, package holidays, airlines, ballooning, radio broadcasting, cable television, cola, vodka, cinema, music festivals, banking and then credit cards, book publishing, operating trains, cosmetics, mobile telephone networks, wines, business support, gyms, motor racing, hotels and, of course, space travel: see <https://www.virgin.com/about-virgin/timeline>. It also diversified into condoms, but the mark *Virgin* was not used. Not all the companies are still part of the original group or remained connected to Sir Richard Branson.

McDonalds.⁹⁵ In general, consumer expectations in respect of brand expansion have more to do with product category than they do with the strength of a mark. A clothing brand might launch a perfume whether it is well-known or not, but the same would hardly be expected of an internationally famous oil company. Likewise, an own brand version might be launched for almost any product by a newly established supermarket.

6 So It Is Not About “Confusion” At All?

It can be seen that the factual case for “highly distinctive” or “stronger” marks being easier to confuse is at best weak.⁹⁶ The counter argument is not only intuitively more likely, but it seems to fit the empirical evidence. It does not mean, of course, that nobody mistakes a mark they know well. We are all familiar with seeing a person across the street and thinking a stranger is a friend.⁹⁷ In any event, it is not really surprising that the rule is not about confusion in the real world. Even in its German homeland, this factual basis was long ago described as “untenable”⁹⁸ and in the *Kenner* case itself, Judge Radar was dismissive of the significance of factual confusion:

While scholars might debate as a factual proposition whether fame heightens or dulls the public’s awareness of variances in marks, the legal proposition is beyond debate.⁹⁹

There are many other commentators and courts who have likewise criticised the factual proposition.¹⁰⁰ So clearly there is another normative justification for the rule. The old German rule was, as mentioned above, to protect the distinctiveness of the mark – to prevent dilution. In *Kenner* it was described as a rule to prevent “free

⁹⁵ It would also lead to the undesirable outcome of parties filing evidence about their own brand expansion practices (and this could cause brands to use their mark on strange products simply for litigation advantage).

⁹⁶ There are other presumptions applying to confusion. Most notably that confusion is presumed when the marks are identical and the goods and services are identical: see TRIPS Art. 16(1); and see the absolute protection granted by Directive (EU) 2015/2436 to approximate the laws of the Member States relating to trade marks (recast), Arts. 5(1)(a), 10(2)(a) and recital (16).

⁹⁷ This is acknowledged in the context of identification testimony: see *R v. Turnbull* [1977] QB 224.

⁹⁸ Vierhelig (1975), pp. 534, 540 (“kein Streit möglich sein”); also see Dietze (1949), pp. 321, 323 et seq.

⁹⁹ 963 F.2d 350, 353 (Fed. Cir. 1992).

¹⁰⁰ See for instance, Phillips (2006), pp. 385, 392; Griffiths (2001), pp. 326, 336; Jacob (2001), p. 1; Casparie-Kerdel (2001), pp. 185, 192; also see Fhima and Gangjee (2019), pp. 137–139; Kur and Senftleben (2017), [5.152]; Anemaet (2020b), p. 187 also criticises the rule, but largely on the basis of it impeding the introduction of a rule to keep certain marks “free”.

riding” and to protect investment in stronger marks.¹⁰¹ This suggestion moves the United States somewhat towards the position in pre-harmonised German law where confusion is side-lined in the analysis of likelihood of confusion.¹⁰² So why has the rule survived? It is difficult to disagree with the suggestion of Barton Beebe and Scott Hemphill: it fits with the overall trend “towards enhanced protection for the strong against the weak”.¹⁰³ This takes us to a key question. Should confusion analysis be bent into the shape of a law to prevent “free-riding”?

6.1 Free Riding and Dilution

Free riding is closely linked to dilution: it is a type of dilution in the European Union¹⁰⁴ and the justification for dilution protection in the United States.¹⁰⁵ Significantly the legal fiction that strong marks more readily cause confusion was created when there were places which dilution did not yet reach. In Germany, when the fiction was first introduced in 1923, dilution had yet to be recognised under the laws of unfair competition¹⁰⁶ and even when it was discovered the courts largely continued to rely on the broader confusion analysis in trade mark law.¹⁰⁷ In the European Union, the rule in *Sabel* was adopted before the rules preventing dilution were extended to similar goods (rather than covering only non-similar goods).¹⁰⁸ In the United States, *Kenner* was decided before the enactment of the Federal Trademark Dilution Act; albeit there were many state laws preventing dilution.¹⁰⁹

¹⁰¹ *Kenner Parker Toys Inc. v. Rose Art Industries, Inc.*, 963 F.2d 350, 353–4 (Fed. Cir. 1992) and this rationale has been embraced by other courts in the United States: *Au-Tomotive Gold Inc v. Volkswagen of America Inc.*, 603 F.3d 1133, 1138 (9th Cir. 2010); *Brookfield Commcations Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1062 (9th Cir. 1999). There was also some adoption of this rationale before *Kenner: Weight Watchers Intern Inc. v. Stouffer Corp.*, 744 F.Supp. 1259, 1277 (SDNY 1990); *Lois Sportswear USA v. Levi Strass*, 799 F.2d 867, 872 (2d Cir. 1986); *Grotrian, Schulz, Steinweg Nachf. v. Steinway and Sons*, 523 F.2d 1331, 1342 (2d Cir.1975); *New Kids on the Block v. News America Publishing Inc.*, 971 F.2d 302, 305 (9th Cir.1992).

¹⁰² Lemley and McKenna (2010), pp. 137, 146–56.

¹⁰³ Beebe and Hemphill (2017), pp. 1339, 1398.

¹⁰⁴ In that it is a synonym for “unfair advantage”: see for instance, C-383/12P *Environmental Manufacturing v. OHIM* EU:C:2013:741, [18]; C-323/09 *Interflora v. Marks & Spencer*, EU:C:2011:604, [74].

¹⁰⁵ *Mattel Inc v. MCA Records Inc.*, 296 F.3d 894, 903 (9th Cir. 2002); *Ty Inc. v. Perryman*, 306 F.3d 509, 511–12 (7th Cir.2002); *IP Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 50 (1st Cir.1998).

¹⁰⁶ Albeit this was only a year later.

¹⁰⁷ Fhima Simon (2012), pp. 25 at 28 et seq; Wolff (1937), pp. 582, 588–590.

¹⁰⁸ This happened following C-292/00 *Davidoff v. Gofkid* [2003] ECR I-389, [26]; C-408/01 *Adidas-Salomon v. Fitnessworld* [2003] ECR I-12537, [19–20]; also see Casparie-Kerdel (2001), pp. 185, 192 (suggesting the initial rule was a way of embracing dilution for similar goods).

¹⁰⁹ INTA had promulgated a Model State Trademark Act (1964) which provided for what it called “dilution” (§12 read “Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this Act, or a mark valid at common law, or a trade name valid at common law, shall be a ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.”). About half the states had adopted something similar by 1992 (as to the law at that time see Welkowitz (1991), p. 531, a list of the states who has adopted a form of the model law is *ibid.*, fn 35). In 1992 INTA released a revised draft which was similar to what became the original federal law.

Once the interplay between dilution laws and confusion are considered a significant divergence appears between the EU and the United States.

In the European Union, the evidence which is used for establishing enhanced distinctiveness is the same as that for establishing a mark is sufficiently distinctive to function as a trade mark in the first place.¹¹⁰ However, enhanced distinctiveness is more closely aligned to reputation than it is distinctiveness itself. The extent of the reputation necessary for protection against dilution¹¹¹ is that the mark must on the relevant date¹¹² be known by a “significant part of the public” concerned with the goods or services in question¹¹³ and territorially the reputation must extend to a substantial part of the relevant territory.¹¹⁴ Like reputation, it is sufficient to establish enhanced distinctiveness throughout a substantial part of the relevant territory.¹¹⁵ In contrast, where a mark needs to acquire distinctiveness to be registered in the first place it must do so “throughout” the relevant territory.¹¹⁶ This means that a mark which has acquired distinctiveness or a reputation across a substantial part of the territory, but not across the whole of it, cannot be registered.¹¹⁷

In short, there is a ladder with reputation being on a higher rung than enhanced distinctiveness.¹¹⁸ It is therefore possible to benefit from enhanced distinctiveness without having a reputation (but not the other way around).¹¹⁹ Indeed, while “reputation” has a distinct meaning in the context of EU trade mark law it is largely what is being gauged when a court considers whether a mark benefits from enhanced distinctiveness. It is difficult to imagine a case where a mark with a reputation sufficient to engage dilution protection needs the legal fiction attached to likelihood of confusion to make it over the line. If it is that close to causing confusion, then the said same use is almost certainly free riding/taking unfair advantage. This leaves the only marks benefiting from the fiction as those which have sufficient renown to warrant enhanced distinctiveness, but not enough to have

¹¹⁰ C-342/97 *Lloyd Schuhfabrik Meyer v. Klijsen Handel* [1999] ECR I-3819, [22] adopting C-108/97 *Windsurfing Chiemsee v. Huber* [1999] ECR I-2779, [51].

¹¹¹ Directive (EU) 2015/2436 to approximate the laws of the Member States relating to trade marks (recast), Art. 5(3) and 10(2)(c).

¹¹² The date of filing of the later mark: T-366/07 *Procter & Gamble v. OHIM*, EU:T:2010:394, [80]; T-344/03 *Saiwa v. OHIM* [2006] ECR II-1097, [33–34].

¹¹³ C-375/97 *General Motors Corp v. Yplon* [1999] ECR I-5421, [26].

¹¹⁴ C-301/07 *PAGO International* [2009] ECR I-9429, [27].

¹¹⁵ T-277/04 *Vitakraft-Werke Wührmann* [2006] ECR II-2211, [34]; T-273/21 *Bazooka Companies*, EU:T:2022:675, [59]; T-222/21 *Shopify*, EU:T:2022:633, [89].

¹¹⁶ C-108/05 *Bovemij Verzekeringen* [2006] ECR I-7605, [23]; C- 84/ 17 *Nestlé v. EUIPO*, EU:C:2018:596, [57– 68]; for a suggestion that descriptive, colour and cultural marks should largely be excluded from registration altogether see Anemaet (2016), p. 303.

¹¹⁷ T-483/20 *Tecnica Group v. EUIPO*, EU:T:2022:11, [49].

¹¹⁸ EUIPO, *Trade Mark Examination Guidelines*, C.2.3; also see *BOSSFIT* (O/330/23), [27]; *CX02* (O/393/19), [39]. The interrelationship with dilution was discounted in C-425/98 *Marca Mode v. Adidas AG* [2000] ECR I-4861, [36] and it was said the rule granting enhanced protection was not inconsistent with Art. 5(2).

¹¹⁹ T-500/10 *Dorma v. OHIM*, EU:T:2011:679, [45]; T-131/09 *Farmeco v. OHIM*, EU:T:2010:458, [47].

a reputation for the purposes of dilution. Do we really need a fiction just to protect such a small class of marks?

In the United States the picture is somewhat different as there are variations in who might be eligible for protection against dilution and who can rely on confusion alone. Dilution laws are restricted to marks “famous” among the general public¹²⁰ – there is no niche fame¹²¹ – whereas fame among a class of consumers is enough to make a “strong” mark for the purposes of confusion.¹²² Indeed, fame is black and white for dilution, but there are shades of grey when it comes to strength for confusion.¹²³ Furthermore, the Trademark Dilution Revision Act protects against blurring and tarnishment but it does not extend to free-riding (or unfair advantage).¹²⁴ So, in contrast to the EU, reliance of dilution alone would mean those with only niche fame would receive no additional protection and nobody would be able to prevent pure free riding.

On the first point, it might be argued that Congress specifically limited protection to marks with a higher threshold of fame.¹²⁵ Further, by that time “unfair advantage” as a type of dilution was widely known about as it had been adopted by the European Union a decade earlier. So if Congress did not extend dilution protection this far, why should confusion be stretched to do so? In simple terms, the purpose of the confusion test was to do just what it says; and Congress was very strict in relation to the marks to which it gave more protection. So, while the class of marks that are protected by the legal fiction (but not against dilution) is far greater in the US than the EU, it requires the courts to tread where Congress did not want to go. This is nothing, however, to the uncertainty created by giving strong marks enhanced protection

¹²⁰ Lanham Act, Sec. 43(c)(2).

¹²¹ Compare the EU: see Burrell and Handler (2016), p. 85 (for an extreme example, see the Australian case of *Argenta Ltd v. Argenta Discovery 2009 Ltd* [2014] ATMO 80).

¹²² *Palm Bay Imports, Inc v. Veuve Clicquot Ponsardin Maison Fondee en 1772*, 396 F.3d 1369, 1374–75 (Fed. Cir. 2005); *Joseph Phelps Vineyards LLC v. Fairmont Holdings LLC*, 857 F.3d 1323, 1325 (Fed. Cir. 2017).

¹²³ *In re Coors Brewing Co*, 343 F.3d 1340, 1344 (Fed. Cir. 2003); *Joseph Phelps Vineyards LLC v. Fairmont Holdings, LLC*, 857 F.3d 1323, 1325 (Fed. Cir. 2017). This means it might be there would be infringement in the plaintiff’s home market, but not the defendants home market. See generally, McCarthy on Trademarks and Unfair Competition (5th edn), § 11:77.

¹²⁴ Although it was suggested it might extend to free riding in *Ty Inc. v. Perryman*, 306 F.3d 509, 512 (7th Cir. 2002), but the case does not seem to have been followed in this respect since the Revision Act.

¹²⁵ The change was made in 2006 so the effects of *Kenner* would be known. It could equally be argued that it was because of the broader protection granted to strong marks under the confusion test that dilution was restricted, but there is nothing on the Congressional record supporting either view: House Report No. 109-23: *Trademark Dilution Revision Act of 2005*.

6.2 Conceptual Uncertainty

A mark which is more likely to be confused because it is “stronger” leaves a void in its wake.¹²⁶ Tribunals have to work out the effect of the legal fiction. But there is no rationale ever put forward as to what is too close – the usual wording “free riding” is a matter of intent and not consumer perception. Indeed, the fundamental problem is that once the legal fiction is engaged the law is not preventing confusion at all, but rather it is giving amorphous protection to brand strength. This occurs despite the fact that brand strength is explicitly protected under the law of dilution with its bounds and fetters distinctly set. By protecting brand strength under the law of confusion, the dilution regime and its own internal balance is upset.¹²⁷ Even if this is put to one side, practical issues arise.

Once confusion is not the touch stone for being too close (because in fact it does not exist) what becomes the determining factor? Is it just being *a little too* similar? The scope of dilution has touchstones – being detrimental to the distinctive character of a mark (blurring) or to its repute (tarnishment) or taking unfair advantage of the mark – but no such touchstone exists for confusion analysis when applied to strong marks. And as the mark gets stronger so the scope of protection grows. So slightly less similar marks become infringing. And so on and so on.¹²⁸ But at each point there is no guidance how wide the scope of protection becomes or what the tribunal is actually assessing other than pure similarity. Indeed, the expanding protection itself causes problems. There must be a limit on how far the penumbra of the mark can expand as the mark get stronger; but no court has given an indication beyond the rule that the marks and goods (or services) must actually be similar to some degree.¹²⁹ So we have a legal fiction with no clear markers and no guidance to the parties or tribunals. All we are left with is uncertainty.

6.3 Inherent Distinctiveness – A Stronger Case Against Enhanced Protection

In both the EU and US, the rule that more distinctive marks (stronger marks) get enhanced protection applies whether that distinctiveness is inherent in the mark itself or acquired from its use in the marketplace. As we have seen, the justification

¹²⁶ As the High Court of Australia held in *Self Care IP Holdings* [2023] HCA 8, [37] where reputation (however called) is considered otherwise than provided in the Act the right would “vary and be inherently uncertain”. The court cited Mark Davison, “Reputation in Trade Mark Infringement: Why Some Courts Think it Matters and Why it Should Not” (2010) 38 Federal Law Review 231 at 253 to support its proposition.

¹²⁷ Whether this represents the right balance is a different question: *see*, for instance, Burrell and Gangjee (2010), p. 544.

¹²⁸ *See* Section 2.

¹²⁹ C-254/09P *Calvin Klein TM v. OHIM* [2010] ECR I-7989, [27]; T-112/06 *Inter-Ikea Systems v. OHIM*, EU:T:2008:10, [84] (marks must be similar); C 398/07P *Waterford Wedgwood v. Assembled Investments*, EU:C:2009:288, [34–35] (goods or services must be similar); also *see* Mühlendahl, Botis, Maniatis, Wiseman, (2016), [7.128].

for the legal fiction is that it prevents free-riding on stronger marks. But where a mark is inherently strong there has been no investment in the trade mark at all; and so there is nothing to “free-ride” upon.¹³⁰ In the case of acquired distinctiveness, the greater and more wide spread the use of a mark the stronger it becomes. But where the strength of the mark is not based on any use at all, but it is entirely inherent, an arbitrary decision is made by a tribunal to give a mark a wider penumbra of protection. It has been argued that the legal fiction cannot be supported even where a trade mark proprietor has invested heavily in a mark. In the absence of that investment, there is simply no basis not for the counterfactual to apply at all.

7 Changing the Rule

This final section considers both the effect of changing the rule, and what continuing role there should be for the strength or distinctiveness of a mark in the assessment of consumer confusion. It concludes by proposing that the best way forward is to remove enhanced protection for strong or highly distinctive marks (whether inherent or acquired) from the assessment of confusion altogether adopting the outcome, if not the rationale, of the Australian High Court in *Self Care IP Holdings*: reputation or strength should be a neutral factor in assessing whether two marks are confusingly similar.

7.1 Practical Significance

If one is proposing a long-standing rule should no longer be applied, it is important to have a realistic assessment of the effect this might have in practice. Over the last two decades, there have been some empirical studies looking at the basis upon which trade mark confusion decision were made, including whether distinctiveness or strength were considered. When relying on results from empirical studies it is important to take into account the external factors that might have affected the results. The most obvious factor is settlement. Overall, in the period between 2005 and 2022, 29.87%¹³¹ of oppositions¹³² which were started at the EUIPO resulted in a decision being issued and the remainder settled.¹³³ Before the USPTO where

¹³⁰ There may well be substantial investment in developing a brand, but this is not something which would be known to the tribunal. Indeed, it would be a terrible idea to allow evidence to be admitting showing brand selection costs (i.e. the costs in choosing one mark over another, such as the fees of a branding consultant). Encouraging this sort of evidence could lead to all sorts of perverse incentives.

¹³¹ In the years 2005–2008, the average was below 10%, and in the period from 2015 to 2022 it was 34.8%. The highest in any 1 year (2010) was 46.23%.

¹³² In addition to these there may have been further settlements or compromises on appeal.

¹³³ EUIPO Statistics for European Union Trade Marks (1996-1 to 2023-04) Evolution <https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/about_euipo/the_office/statistics-of-european-union-trade-marks_en.pdf> at Section 4.2.

opposition and cancellation proceedings are substantially more expensive¹³⁴ the annual average rate of decisions being issued was far smaller at 1.9% and 2.1%, respectively.¹³⁵ The data for trade mark infringement cases is more opaque but it appears that the figure before the USPTO is only slightly lower than that for adjudication of disputes before Anglo-American courts.¹³⁶ In oppositions, cancellations and infringement actions it is probable that cases involving stronger marks are more likely to settle. This is because richer parties tend to own stronger marks¹³⁷ and have greater market power to encourage settlement. In other words, many of the disputes where the strength of the mark is material do not get to an adjudication in the first place. This could lead to under-reporting of the significance of the factor.

There are further caveats when considering empirical data, for instance, a party whose use of the mark has made it stronger may rely on the mark's inherent qualities alone to avoid the time and money needed to collect and file evidence demonstrating the mark's strength.¹³⁸ Even if there is evidence filed, a final decision is given, and the strength of the mark is considered then some of the judge's thinking is not going to be written down in the judgment, or where it is explained it may only be in summary.¹³⁹

With these caveats in mind, the empirical studies of the confusion assessment included examination of the role mark strength played in decisions of the General Court of the European Union,¹⁴⁰ the Dutch courts,¹⁴¹ and also the US courts.¹⁴² In the first, it was found that inherent distinctiveness was not considered in the majority of decisions of the General Court¹⁴³ and acquired distinctiveness was only considered in 18% of them. Breaking this down further, 7% of cases overall considered distinctiveness irrelevant and a further 3% did not make it clear how it affected the decision. In the 8% of cases where it was considered and relevant it was

¹³⁴ This is largely because oppositions and cancellations before the USPTO are heard before the Trademarks Trial and Appeal Board and are subject to rules very similar to those before the Federal Courts (including discovery) and so proceeding to judgment is much more expensive than at the EUIPO.

¹³⁵ This is based on the figures provided in the each annual USPTO, *Performance and Accountability Report* (FY 2005–2022), Table 23 (or in some cases Table 24) which provides a “Summary of Contested Trademark Cases”. The table sets out how many cases were disposed of before the oral hearing and after such a hearing.

¹³⁶ Mulcahy and Teeder (2022), pp. 326, 337–338 (the rate is usually about 4% of cases issued reach a final determination after trial albeit this did not relate to intellectual property claims, but to business in one division of the English High Court); Kesan and Ball (2006), pp. 237, 271 (this had a slightly higher figure with about 15% of cases having a court decision). In relation to the Dutch courts *see* Haarhuis and Niemijer (2006), pp. 71 at 88 (suggesting quite the reverse about 85% of cases reach a final judgment).

¹³⁷ At least when the strength is acquired and not inherent.

¹³⁸ For instance, in *AMAZON* (O/873/22) the well-known online retailer led no evidence of its reputation and the case was decided on the basis of what a consumer would consider “Amazon” to mean without any knowledge of the brand.

¹³⁹ Edwards and Livermore (2009), pp. 1895, 1927–1930.

¹⁴⁰ Simon Fhima and Denvir (2015), p. 310.

¹⁴¹ Anemaet (2020a), p. 1008.

¹⁴² Lim (2022), p. 1285; Beebe (2006), p. 1581

¹⁴³ Fhima and Denvir (2015), say 68% did not consider it.

split five to three in favour of there being a likelihood of confusion.¹⁴⁴ The Dutch study, looking at its domestic courts applying the same harmonised rules, did not find any cases where enhanced distinctiveness was expressly considered, but the distinctiveness of the mark was mentioned in 80% of cases.¹⁴⁵ It also found that where a mark was said to be highly distinctive (whether inherently or acquired is not specified) then the proprietor of the earlier distinctive mark won in 87.7% of cases (compared to 70% when the mark was distinctive and 43.9% when it was slightly distinctive).¹⁴⁶ While this does suggest that strong marks do better before the courts, the study did not disaggregate the data. Were the stronger marks found to be more similar to the contested mark in the first place? Were the goods or services closer?¹⁴⁷ In any event, in both the General Court and before Dutch courts there seems to be a negligible role for enhanced protection for highly distinctive marks – that is the application of the legal fiction.

In the US, in a study of confusion cases between 2016 and 2021, the strength of the mark was found to come up in about 70% of cases with 47% of the overall cases suggesting it favoured the claimant (and 15% of overall cases favouring the defendant).¹⁴⁸ Once the factor was found to favour a party, the plaintiff won in 46% of cases and the defendant in 71%.¹⁴⁹ In an earlier study covering 2000–2004, the issue of mark strength came up in 58% of cases,¹⁵⁰ but this test was based on whether a mark was classified as fanciful, arbitrary, descriptive and so on.¹⁵¹ The acquired strength was found to improve distinctiveness in 6.9% of cases and to be lower than the inherent distinctiveness in 7.2% of cases.¹⁵² In other words, in 14.1% of cases the acquired strength of the mark was expressly considered, but its inherent strength was much more important. Finally, it was found that marks with greater inherent distinctiveness were significantly more likely to lead to likelihood of confusion than other marks.¹⁵³ This does not necessarily suggest towards enhanced protection for inherently highly distinctive marks, rather it may be little more than the courts pointing out that marks with low distinctiveness are more likely to be confused.

Accordingly, in the EU and the US acquired distinctiveness/strength is relevant in around 14–18% of cases; but in about 50% of those cases, it did not actually help the “stronger” mark. These cases are not (it should be stressed) cases where the

¹⁴⁴ Simon Fhima and Denvir (2015), pp. 310, 330–331.

¹⁴⁵ Anemaet (2020a), pp. 1008, 1016.

¹⁴⁶ Anemaet (2020a), pp. 1008, 1017.

¹⁴⁷ Indeed, the data suggests a greater success rate when goods or services were similar (86.8%) than when they were identical (80.0%) or nearly so (80.6%): Anemaet (2020a), pp. 1008, 1017. This discrepancy can only be attributed to some other factor in the analysis being more in favour of claimant with similar marks.

¹⁴⁸ Lim (2022), pp. 1285, 1316–1317.

¹⁴⁹ Lim (2022), pp. 1285, 1316–1317.

¹⁵⁰ Beebe (2006), pp. 1581, 1635.

¹⁵¹ The scale identified in *Abercrombie & Fitch Co v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976).

¹⁵² Beebe (2006), pp. 1581, 1636 (the absolute numbers are presented, the percentages are mine).

¹⁵³ Beebe (2006), pp. 1581, 1637.

legal fiction helped a mark over the line. But while there is no data addressing this precise question, the direction of the empirical evidence is clear enough to show that that abolishing the legal fiction would be neutral for trade mark proprietors who believe their mark is strong (as it appears around half benefit and half lose out from filing evidence¹⁵⁴).

7.2 Low Distinctiveness

In the EU, in the absence of a challenge to a mark's validity, an earlier mark must be treated as having the minimum degree of distinctiveness necessary to be registered.¹⁵⁵ It cannot, therefore, be argued that a registered mark should be treated as descriptive (and so invalid making it impossible to infringe).¹⁵⁶ The Court of Justice has indicated that where the common elements between the signs are weakly distinctive it will usually suggest against there being a likelihood of confusion.¹⁵⁷ But it is not the case that just because two marks have shared elements with low distinctiveness the other factors in the global assessment cannot be sufficient to create a likelihood of confusion.¹⁵⁸ There is, therefore, no rule that the marks have to be almost identical for weakly distinctive marks to be confusingly similar.¹⁵⁹ In other words, there is no legal fiction or public policy rule. In the United States, the basic proposition is that a weak mark¹⁶⁰ does not receive the same scope of protection as a strong mark.¹⁶¹ And as McCarthy puts it "The weaker a mark, the fewer are the junior uses that will trigger a likelihood of customer confusion."¹⁶² Of course, it remains the case that a weak mark is entitled to protection and will likely be infringed when it is used on closely competitive goods.¹⁶³

¹⁵⁴ The sample size in Europe was incredibly small but there it would be 60/40.

¹⁵⁵ C-196/11 *Formula One Licensing*, EU:C:2012:314, [47]. So, a counterclaim or separate cancellation proceedings need to be brought to challenge the earlier mark's validity.

¹⁵⁶ It is suggested this does happen in the Netherlands *see* data in Anemaet (2020a), pp. 1008, 1018.

¹⁵⁷ C-705/17 *Hansson*, EU:C:2019:481, [55].

¹⁵⁸ C-43/15 *BSH v. EUIPO*, EU:C:2016:837, [63]; C-91/14 *Przedsiębiorstwo Handlowe Medox Lepiarz*, EU:C:2014:2261, [24]; C-766/18 *Traditional Halloumi Cheese*, EU:C:2020:170, [70]; C-171/06 *T.I.M.E ART* [2007] ECR I-41, [41]; C-235/05 *L'Oréal v. OHIM* [2006] ECR I-57, [45].

¹⁵⁹ C-343/14 *Adler Modemärkte v. OHIM*, EU:C:2015:310, [59]; and sometimes word marks with very low distinctiveness can block a later marks even where it has significant figurative elements: C-91/14P *Przedsiębiorstwo Handlowe Medox Lepiarz v. OHIM*, EU:C:2014:2261, [23–25] (the mark SUPERGLUE being used to prevent the registration of a figurative mark containing the word Superglue).

¹⁶⁰ A mark cannot be challenged on the grounds it cannot distinguish (descriptiveness or otherwise) after five years (it becomes incontestable): Lanham Act, § 33 and *see Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189 (1985).

¹⁶¹ *Sure-Fit Products Co v. Saltzson Drapery Co*, 254 F.2d 158, 160 (CCPA 1958).

¹⁶² *McCarthy on Trademarks and Unfair Competition* (5th Ed), § 11.76.

¹⁶³ *New West Corp v. NYM Co of California, Inc.*, 595 F.2d 1194, 1202 (9th Cir. 1979); *A. H. Robins Co. v. Evsco Pharmaceutical Corp.*, 190 U.S.P.Q. 340 (TTAB 1976); *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 959 (7th Cir. 1992).

The factual reason for marks of low distinctiveness causing less confusion are not often discussed, but some examples of where it has been are the Eighth Circuit of Appeals suggesting in *General Mills, Inc. v. Kellogg Co.*¹⁶⁴

Determining that a mark is weak means that consumer confusion has been found unlikely because the mark’s components are so widely used that the public can easily distinguish slight differences in the marks, even if the goods are related.

And two British cases also put forward reasons. In *Purity Well Group v. Stockroom*¹⁶⁵ it was said that:

[t]he point about weak distinctiveness is that consumers will be less likely, depending on context, to jump to the conclusion the term is functioning in a distinctive, origin indicative way.

And in *Wan Jou Lin v. General Ecology Inc*, when describing the effect of combining a trade mark of low distinctiveness with a more distinctive element, it was suggested:¹⁶⁶

[w]hen the badge of origin is combined with other *more* distinctive elements in the second mark, the origin function of the first mark *may* fade into the background in the wider context of the mark.¹⁶⁷

These conclusions largely fit the empirical evidence discussed above. In other words, the rule that marks of low distinctiveness are less likely to lead to confusion is really a rule of commercial reality (of fact) rather than being a counter-weight to the legal (policy) rule that marks with enhanced distinctiveness get more protection.¹⁶⁸ In simple terms the rule makes sense¹⁶⁹ and that is why it survives. This view of low distinctiveness also provides a role for recognition of the trade mark on the market¹⁷⁰ as required by the recital to the Directive¹⁷¹ and thereby frees the Court of Justice, if it chooses, to cut off at the base the legal fiction that stronger marks cause more confusion.

¹⁶⁴ 824 F.2d 622, 626 (8th Cir. 1987).

¹⁶⁵ (O/115/22), [80].

¹⁶⁶ *Wan Jou Lin v. General Ecology Inc* (O/331/23), [26] (emphasis in original).

¹⁶⁷ As to low distinctiveness affecting conceptual similarity: *Planetart LLC v. Photobox Ltd* [2020] EWHC 713 (Ch), [29].

¹⁶⁸ Cf Kur and Senftleben (2017), [4.348].

¹⁶⁹ Beebe and Hemphill (2017), pp. 1339, 1375.

¹⁷⁰ The reference to the “market” in the recital would be to the “notional” market. This fits with the general approach in the confusion analysis of considering how the trade mark might be used and not how the trade mark proprietor will actually use it.

¹⁷¹ Directive (EU) 2015/2436, recital (16); see Section 3.

7.3 The Role of Evidence

The basic proposition here is simple and the same as that found in *Self Care IP Holdings*. The reputation (acquired distinctiveness) of the mark should not be relevant to confusion at all and so there is no need to file evidence on the matter. It is not being suggested that the rule is reversed and stronger marks are less susceptible to confusion;¹⁷² even though it appears this may be what in fact happens. This is because such an approach would provide difficulties. First, the burden of evidence would be on the party seeking to establish its rival had a reputation. But that party would have incomplete information (particularly if they were of small means) as a trade mark proprietor would not provide evidence of strength to undermine its own case. Secondly, it might force a trade mark proprietor to argue its mark is weaker than it might appear so as to make confusion more likely.¹⁷³ Thirdly, and more troubling, it would mean that a party who seeks to rely on evidence to establish reputation for the purposes of dilution would be running an unfair risk.¹⁷⁴ If they do not make the reputation threshold or fail on the merits on dilution then their own evidence of reputation might actually undermine any case based on confusion. Neutrality avoids all these issues: marks should be assessed based on their inherent distinctiveness alone and, accordingly, no mark should get enhanced protection.

8 Whither “Strong” Marks?

It has been established that the rule that stronger marks are more likely to be confused is a counter-factual. It is a “normative correction”¹⁷⁵ to reward marks which have earned their brand recognition. So why is the rule problematic? When it is almost never determinative of a case, what harm does it do? There are those who argue that trade mark protection is too pervasive and normatively there should be less protection for marks generally. This is usually put in the context of keeping signs free for other traders to use.¹⁷⁶ Indeed, rebalancing the norms away from right holders is a common theme across intellectual property more generally.¹⁷⁷ A normative argument requires the courts to change their underlying policy of giving

¹⁷² Attempts to run this argument have failed in the US: *Starbucks Corp. v. Wolfe’s Borough Coffee Inc.*, 588 F.3d 97, 115 (2d Cir. 2009); *Loreal S.A. and Loreal USA Inc v. Marcon*, 102 U.S.P.Q.2d 1434, 1438 (TTAB 2012); the position was suggested in *BVD Licensing Corp v. Body Action Design Inc.*, 846 F.2d 727, 729 (Fed. Cir. 1988), but this decision has been said not to be good precedent: *Kenner Parker Toys Inc v. Rose Art Industries Inc.*, 963 F.2d 350, 354 (Fed. Cir. 1992); *Time Warner Entertainment Co v. Karen Jones*, 65 U.S.P.Q.2d 1650 (TTAB 2002).

¹⁷³ See Kur and Senftleben (2017), [5.152] (who suggest successful mark holders should not be punished).

¹⁷⁴ A much smaller risk exists in relation to evidence led to establish proof of use of the earlier mark: Directive (EU) 2015/2436, Arts. 17, 44, 46.

¹⁷⁵ Anemaet (2020b), pp. 187, 193.

¹⁷⁶ See for instance, Anemaet (2016), p. 303; Anemaet (2020b), p. 187; Senftleben (2015), pp. 354 et seq; Phillips (2005), p. 389.

¹⁷⁷ See for instance, the lectures given by Sir Hugh Laddie: Laddie (1996), p. 253; and Laddie (2008), p. 401.

trade marks more protection the greater the investment made in the brand; and in turn to re-balance the entire system. Even in the absence of any rebalancing, the legal fiction should be abolished because it is conceptually incoherent, costly and uncertain.

Neutrality, that reputation neither makes confusion more or less likely, has numerous advantages. First, it enables a person to view the register and know the scope of protection of a mark.¹⁷⁸ It is true that the register will not indicate whether a mark has a reputation sufficient to engage dilution protection,¹⁷⁹ but in many cases the marks that meet this threshold (particularly in the United States) would be known to competitors. Secondly, it avoids the difficulty of tribunals having to work out the effect of the legal fiction. They will no longer have to decide - without any guidance or rational and in the absence of factual confusion - that one mark is too similar to another. Thirdly, it avoids the filing of evidence in a wider range of cases.¹⁸⁰ This reduces the cost of litigation; particularly where exorbitantly expensively survey evidence is used to establish the strength of a mark.¹⁸¹ Fourthly, it does not punish successful trade marks by finding confusion less likely.¹⁸² Finally, it provides clear water between dilution and confusion and enables there to be much more conceptual coherence to the system.

9 Conclusion

The rule that stronger marks get more protection under EU and US trade mark law is based on a legal fiction. One bedded deeply in the laws of both jurisdictions and, in the EU, it has almost foundational status. It will likely require the US Supreme Court to consider the matter before the rule has any chance of disappearing from the United States. And in Europe it might need an amendment to the legislation itself so deeply embedded is the rule.¹⁸³ But it is a rule of uncertainty. It is uncertain why it exists in the first place. It is uncertain that trade mark proprietors actually benefit from the rule. It is uncertain how big the legal fiction should be once it is engaged. It is uncertain from the register how close might be too close. And it is uncertain why it is needed now there are dedicated and robust laws relating to dilution.

¹⁷⁸ The same point as made in *Self Care IP Holding* [2023] HCA 8, [37–39].

¹⁷⁹ In the EU, there is also the rather unsatisfactory rule that use in the marketplace can affect what is considered to be covered by the representation of the mark on the register: *C-252/12 Specsavers v. Asda*, EU:C:2013:497.

¹⁸⁰ This equally applies to cases where proprietors of marks with low levels of distinctiveness seek to submit evidence to show that the mark has become “averagely” distinctive.

¹⁸¹ Common in the United States, and some Member States of the EU.

¹⁸² See Kur and Senftleben (2017), [5.152].

¹⁸³ The legal fiction has been more widely criticised in the UK. If it is successfully challenged in the UK then it might, possibly, make the Court of Justice reappraise the matter.

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