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A Useful Test for Trade Mark Use: An Analysis of Current CJEU

Guidance and the Difference between Defining Use Online and Offline

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Introduction

The concept of use is central to trade mark law. Jeremy Phillips and Ianah Simon have remarked that *“There is no significant aspect of trade mark law that does not require the concept of use. There is however no single cogent and authoritative definition of use.”*<sup>1</sup>

Within European trade mark law the lack of a single authoritative definition of use has been most problematic in infringement cases. Article 5 Directive 2008/95 contains the infringement provisions which stipulate that the trade mark proprietor shall be able to “prevent all third parties not having his consent from using in the course of trade any sign” which falls within the proscribed activities in the following sub-sections. The phrase use in the course of trade has been held to mean use as a trade mark. However, this definition is circular. Furthermore, in order to hold that use of a sign in the course of trade means use as a trade mark there must be a presumption that there exists use of a sign which is not use as a trade mark and an assumption that there is a clear legal mechanism for differentiating between the two. That such assumptions ought not to be made was recently witnessed in *Flynn Pharma v. Drugsrus*<sup>2</sup>. The issue of trade mark use was central to the case further demonstrating the urgent need for a clear definition.

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<sup>1</sup> Phillips J., and Simon I., Trade Mark Use (2005) Oxford University Press at paragraph 1:05.

<sup>2</sup> Flynn Pharma Ltd v Drugsrus Ltd [2015] EWHC 2759 (Ch)

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The fact that there is no clear legal definition of trade mark use can be seen from the numerous cases referred to the CJEU seeking a preliminary ruling on precisely this issue. As the CJEU case law on this point has grown, it appears to have created two broad categories, namely use offline and use online. Trade mark use offline continues to be determined by applying the broad guidance set out by the CJEU in *Arsenal v. Reed*<sup>3</sup>, as seen in the recent case *Flynn Pharma v. Drugsrus*<sup>4</sup> while trade mark use online is determined by reference to the CJEU judgment in *Google France v. Louis Vuitton*<sup>5</sup>. In this case the CJEU did not offer broad guidance but instead formulated a legal test to determine the matter of trade mark use online. This test has been subsequently applied in the cases *Interflora v. Marks & Spencer*<sup>6</sup> and *Cosmetic Warriors v. Amazon*<sup>7</sup>. Given this new line of CJEU case law involving trade mark use online it is now time to place these judgments within the broader context of trade mark use irrespective of where that use takes place. Meanwhile, the fact that trade mark use offline remains a matter that is often unclear and therefore strongly contested before the courts makes it necessary to evaluate both bodies of case law.

Therefore this article seeks to examine the impact this new legal test will have upon the concept of trade mark use both online and offline, analyse its effectiveness and question the foundations on which it is based. This article will examine the extent to which this legal test for trade mark use has created a difference between defining use of a mark online and use offline. Furthermore it will ask whether formulating a legal test for determining use offline is

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<sup>3</sup> *Arsenal Football Club v Reed* (C-206/01)

<sup>4</sup> *Flynn Pharma Ltd v Drugsrus Ltd* [2015] EWHC 2759 (Ch)

<sup>5</sup> *Google France Sarl v Louis Vuitton Malletier SA* (C-236/08)

<sup>6</sup> *Interflora v Marks & Spencer Plc* [2013] EWHC 1291 (Ch). This is the decision by Arnold J. implementing the CJEU ruling at (C-323/09). This first instance decision has subsequently been successfully appealed at the Court of Appeal at [2014] EWCA Civ. 1403. It is currently set for retrial.

<sup>7</sup> *Cosmetic Warriors Ltd v Amazon.co.uk Ltd* [2014] EWHC 181 (Ch)

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the next potential step or whether the new test is a result of the ongoing failure to find a unifying theoretical basis for the concept of trade mark use.

### Current CJEU guidance for offline use

The need to ascertain whether the defendant's use of a sign constitutes trade mark use is central to trademark infringement. It continues to be decided by reference to the CJEU case law and therefore remains undefined within the Directive itself. Therefore it is a matter which continues to be strongly contested by parties to infringement proceedings and remains controversial as most recently seen in the case *Flynn Pharma v. Drugsrus*<sup>8</sup>. The drug at the centre of this dispute was a prescription drug used in the treatment of epilepsy. It was originally manufactured by Pfizer who held a patent for it, which has since lapsed, and it was originally sold by Pfizer under the name 'EPANUTIN' who registered this name as a trade mark. The generic term for the drug was PHENYTOIN SODIUM. Following the lapse of the patent, in 2012 Flynn Pharma started to manufacture Phenytoin sodium and in order to obtain a licence from the MHRA to change the name of 'EPANUTIN' to its generic term, in order that doctors could write out prescriptions for the drug without using Pfizer's trade mark, they were told to change the name to 'PHENYTOIN SODIUM FLYNN'. Not long afterwards Flynn Pharma registered 'FLYNN' as a trade mark. The defendants, Drugrus, are parallel importers who wished to purchase Pfizer's drug marked 'EPANUTIN' in other EU Member States where it could be obtained more cheaply and import it into the U.K. and re-label it 'PHENYTOIN SODIUM FLYNN' in order to have access to the U.K. prescriptions market. The problem here is that the defendant would be using the claimant's trade mark 'FLYNN'.

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<sup>8</sup> Flynn Pharma Ltd v Drugsrus Ltd [2015] EWHC 2759 (Ch)

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The question was whether this use was trade mark use and therefore an infringement under article 5(1)(a) of the Directive or descriptive use and therefore outside of the scope of the Directive. One key fact is that the defendants were not able to avail themselves of the provisions contained in article 7 of the Directive and argue that the parallel imports should be allowed, and the proprietor's rights be viewed as being exhausted and that they should be able to re-label the drug otherwise it would amount to an artificial partitioning of the internal market, under the *Bristol Myers Squibb*<sup>9</sup> conditions. This is because Drugsrus were not purchasing Flynn Pharma's goods in other EU Member States and wishing to rebrand them in order to have access to the U.K. market, but purchase Pfizer's drug and re-label it with the trade mark of a different manufacturer. It is for this reason that the only option available to the defendants was to argue that they were not using 'FLYNN' as a trade mark.

Another way in which this case highlights the failure of the CJEU to formulate a clear definition of trade mark use, is that both sides to this dispute were able to produce a CJEU judgment in support of their argument. The defendants argued that their use of the mark was descriptive use and sought to rely on the CJEU ruling in *Adam Opel v. Autec*<sup>10</sup>. Here the claimant was the registered proprietor of the trade mark OPEL for cars. The mark was well-known for cars but had also been registered for toys. Opel brought infringement proceedings against Autec, a maker of scale model cars which bore the Opel trade marks on the radiator grilles of the cars in order to look like the original vehicle. In this case the CJEU held that such use was for descriptive purposes only and that the Opel trade mark was not being used

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<sup>9</sup> Bristol Myers Squibb Co v. Paranova A/S (C-427/93)

<sup>10</sup> Adam Opel AG v Autec AG (C-48/05)

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as, or would be perceived by a consumer as, indicating the origin of the goods. The trade mark was being used solely to indicate to the consumer that the car was a scale model of an Opel car. However, in *Flynn Pharma v. Drugsrus*<sup>11</sup>, Rose J. preferred to follow the reasoning of the CJEU in *Arsenal v. Reed*<sup>12</sup> and find for the claimant. The reasons for this are that the word 'FLYNN' is not a description of the goods, it is not a word associated with medicines therefore consumers would upon seeing this sign perceive it as an indication of trade origin and view Flynn Pharma as the one responsible for the quality of the goods. This was deemed to be trade mark use on the basis of the CJEU ruling in *Arsenal v. Reed*.

In *Arsenal v. Reed*, Arsenal Football club were the registered proprietors of several trade marks associated with the club, most notably the club shield device depicting a cannon, and the word marks for the club name and their nick-name 'the Gunners'. They brought infringement proceedings against Mr. Reed who sold both official and unofficial merchandise to supporters from his stall outside Highbury football ground. On his stall Mr. Reed displayed large disclaimer notices informing customers that only merchandise marked as being official Arsenal Football Club merchandise was connected to the club and that all other goods had a different trade origin and were not connected to the club. In his defence Mr. Reed argued that he was not using the Arsenal trade marks as trade marks but as decorative emblems, as badges of allegiance, thus enabling supporters to show their support of their football team. This argument failed as the CJEU held that the use was in the course of trade "...since it takes place in the context of a commercial activity and not as a private matter."<sup>13</sup>

They held that trade mark use was any use which could harm the essential function of a trade

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<sup>11</sup> Flynn Pharma Ltd v Drugsrus Ltd [2015] EWHC 2759 (Ch)

<sup>12</sup> Arsenal Football Club Plc v Reed (C-206/01)

<sup>13</sup> Ibid. at paragraph 40

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mark which they noted was to act as a signal of trade origin. However, throughout their judgment the CJEU made reference to the main function of a trade mark as being its ability to act as a sign of origin, investment and advertising, thereby in effect pronouncing the essential function of a trade mark as being three-fold. It is by this method that the CJEU judgment in *Arsenal v. Reed* echoes the opinion of Advocate-General Colomer who stated;

*"It seems to me to be simplistic reductionism to limit the function of a trade mark to an indication of trade origin...Experience teaches that, in most cases, the user is unaware of who produces the goods he consumes. The trade mark acquires a life of its own, making a statement, as I have suggested, about quality, reputation and even, in certain cases, a way of seeing life."<sup>14</sup>*

Therefore, the guidance offered in *Arsenal v. Reed* is that any use which could affect the essential function of a trade mark, which is its three-fold ability to act as an indicator of origin, investment and advertising, will be deemed to be trade mark use.

One further matter to note is that the CJEU did not think that the disclaimer notices in *Arsenal v. Reed* prevented the defendant's use of the signs from being trade mark use, because once they were removed from the stall and all of the disclaimer notices the public would think that the signs were indicators of trade origin. This further point was used by Rose J. in *Flynn Pharma v. Drugsrus*<sup>15</sup> to dismiss suggestions by the defendant that a disclaimer notice on the side of the drugs carton would suffice to prevent any infringement.

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<sup>14</sup> *Arsenal Football Club Plc v Reed* (C-206/01) Advocate General's Opinion at paragraph 46.

<sup>15</sup> *Flynn Pharma Ltd v Drugsrus Ltd* [2015] EWHC 2759 (Ch)

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### The CJEU test for determining trade mark use online

The need to determine trademark use online was first brought before the CJEU in *Google France v. Louis Vuitton*<sup>16</sup>. The factual circumstances which gave rise to the infringement allegation all took place in the virtual world of internet keyword advertising, otherwise known as adwords. Search engine operators obtain their revenue through a process of selling keywords as adwords, meaning that whenever that term is entered into the search engine it will trigger a listing in the sponsored link section of the search engine results page (SERP). The SERP will also contain organic links which are listings triggered by the search term but the sponsored links are always placed in a much more prominent position on the web page so as to be more alluring to internet surfers. The adwords are paid for on a 'cost per click' basis meaning that multiple advertisers can purchase the same term and he who pays most will have his link appear in the best slot in the SERP. Many trade marks have been selected and purchased as adwords both by their proprietors and rival traders. It is this aspect which has allowed proprietors to argue that their marks have been infringed by a third party purchasing as an adword a sign identical to their mark and using it in relation to the identical goods and services. It is these facts which have resulted in defendants once again seeking to argue that their use of the sign is not use as a trade mark. In *Google France v. Louis Vuitton*, the famous fashion house issued proceedings against Google on the basis that when an internet surfer typed the words 'Louis Vuitton' into the search engine there appeared among the

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<sup>16</sup> *Google France Sarl v Louis Vuitton Malletier SA* (C-236/08)

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search results links for websites offering counterfeit Louis Vuitton items. The CJEU held that the search engine operator was not liable as they were acting in the capacity of an information host and therefore not using the sign. The CJEU held that the party who was using the sign in the course of trade, in other words using it as a trade mark, was the party who selected and paid for that adword. The court then went a step further and formulated a test to determine when such use became a trade mark infringement.

*“83. The question whether that function of the trade mark is adversely affected when internet users are shown on the basis of a keyword identical with a mark, a third party’s ad, such as that of a competitor of the proprietor of that mark, depends in particular on the manner in which that ad is presented.*

*84. The function of indicating the origin of the mark is adversely affected if the ad does not enable normally attentive internet users, or enables them only with difficulty to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party.”<sup>17</sup>*

It is regrettable that the CJEU did not focus upon the manner in which the defendant was using the mark rather than focussing instead upon the identity of who was deemed to be using the sign. The court ruled that Google was not liable as they were not the party using the sign in the course of trade when they could have arrived at the same result via a different route and held that Google's conduct was covered by the exemption for information hosts under article 14 of Directive 2000/31 (the E-Commerce Directive), which reads as follows;

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<sup>17</sup> Ibid. at paragraphs 83-84.

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*" Article 14*

### *1. Hosting*

*Where an information society service is provided that consists of the storage of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the information stored at the request of a recipient of the service, on condition that:*

*a) the provider does not have actual knowledge of illegal activity or information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or information is apparent; or*

*b) the provider, upon obtaining such knowledge or awareness, acts expeditiously to remove or to disable access to the information."*

If the CJEU in *Google France v. Louis Vuitton* had applied article 14 to Google's activities they would not have needed to formulate a test for determining trade mark use online. This is significant for two key reasons. Firstly, by failing to use article 14 the CJEU missed a golden opportunity to apply this provision to internet keyword advertising which would have been covered. Arguably this demonstrates not only a misunderstanding of EU law, but also of the importance of this particular exemption within the E-Commerce Directive. Secondly, it is this mistake which led to the CJEU judging the matter from an erroneous perspective in that they focussed upon who was using the sign rather than upon the type of use being made. This resulted in the creation of a test for determining trade mark use on the internet which arguably could have been avoided due to being unnecessary. The extent to which this has

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now created a difference between the jurisprudence underpinning trade mark use online and offline has yet to be fully ascertained. The full significance of this new test was not initially apparent because in *Google France v. Louis Vuitton* neither party to the dispute was the third party advertiser who had selected and purchased as an adword a keyword identical to a registered trade mark. It was not until *Interflora v. Marks & Spencer*<sup>18</sup> that this new test was applied to a defendant advertiser.

### The online test in practice

*Interflora v. Marks & Spencer* provided the opportunity to witness the new CJEU test at work. The facts were that Marks & Spencer had purchased the keyword ‘Interflora’ as an adword meaning that whenever this was typed into the search engine it triggered the display of a sponsored link in the SERP for Marks & Spencer’s own flower delivery service. The word ‘Interflora’ was selected because although it does not enjoy the largest market share of long-distance flower delivery services, it does have a high level of brand recognition among the public and therefore its trade mark has become heavily associated with this mode of delivery where individual florists sign up to a franchise thereby providing a network of florists who will deliver flower displays nationwide. Following the CJEU ruling in *Google France v. Louis Vuitton*<sup>19</sup> it was apparent that the search engine operator was not liable and therefore Interflora issued proceedings against the advertiser Marks & Spencer. The test for determining Marks & Spencer’s liability was also set out by the CJEU in *Google France* and re-iterated by them when *Interflora v. Marks & Spencer* was sent for a preliminary ruling. The test set out in *Google France* is a complex blend of the origin function, the average

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<sup>18</sup> *Interflora v Marks & Spencer Plc* [2014] EWCA Civ 1403

<sup>19</sup> *Google France Sarl v Louis Vuitton Malletier SA* (C-236/08)

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internet user and what appears at first glance to be closely akin to confusion. It is the complexity of this blend that arguably led Arnold J. into error when he misapplied the test in the High Court and mistakenly thought it was a likelihood of confusion test with a reversed onus of proof<sup>20</sup>. In other words he thought it was for the defendant, Marks & Spencer, to prove that their sponsored link would not cause the average internet user to be confused about the trade origin of the goods or services. This ruling was successfully appealed by Marks & Spencer with Kitchin L.J. in the Court of Appeal<sup>21</sup> re-establishing the correct application of the burden of proof and that it rests upon the claimant to prove that the actions of the defendant infringe their trade mark, not for the defendant to establish their innocence. The case has been sent back to the High Court for a re-trial. However, the many judgments in this case serve to highlight the many problems of this complex test.

The emphasis on use that could damage the essential function of a trade mark being deemed to be trade mark use echoes *Arsenal v. Reed*<sup>22</sup> and therefore the test they set out initially appears to be a natural extension of this reasoning but modified for use in relation to the online world. However, they go a step further than they did in *Arsenal v. Reed*. In that case the CJEU did proceed to discuss whether the defendant's use of the sign could potentially harm the core function of the trade mark. They did this when they reasoned that once items had been removed from Mr. Reed's stall and the disclaimer notices, there could be confusion on the part of anyone subsequently encountering the goods. However, what they did not do, despite Laddie J.'s arguments to the contrary<sup>23</sup> was to formulate a test to determine how to

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<sup>20</sup> *Interflora v Marks & Spencer Plc* [2013] EWHC 1291 (Ch)

<sup>21</sup> *Interflora v Marks & Spencer Plc* [2014] EWCA Civ 1403

<sup>22</sup> *Arsenal Football Club Plc v Reed* (C-206/01)

<sup>23</sup> *Arsenal Football Club Plc v. Reed* [2002] EWHC 2695 (Ch) at paragraph 27.

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assess if these people subsequently encountering the goods would be confused or not and

using this to determine whether there was trade mark use or descriptive use. The fact that

there could be harm to the core function of the mark by the defendant's actions meant it was trade mark use.

In *Google France*<sup>24</sup> and *Interflora*<sup>25</sup> the CJEU appear to have created a test that comes into play once it has been established that the use of the sign could potentially harm the mark and then this risk is to be assessed by reference to the average internet user who not only determines whether there exists a likelihood of confusion but at the same time whether this use amounts to trade mark use. The average internet user appears to have a greater role under the online test for trade mark use than he does under the guidance set out in *Arsenal v. Reed*. Thus the CJEU has created the potential for there to be a divergence between the way in which trade mark use is viewed online and offline. The matter of online use seems to be decided on a far more prescriptive basis than that offline. This raises the possibility that in the future courts may find that they have less room for manoeuvre in relation to determining online use than offline use and this could severely limit their discretion which was reserved, albeit within tightly controlled boundaries, under the ruling in *Arsenal v. Reed*.<sup>26</sup>

How useful is this new test?

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<sup>24</sup> *Google France Sarl v Louis Vuitton Malletier SA* (C-236/08)

<sup>25</sup> *Interflora v Marks & Spencer Plc* (C-323/09)

<sup>26</sup> *Arsenal Football Club Plc v. Reed* (C-206/01)

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There are three main faults with the CJEU test as formulated in *Google France*<sup>27</sup> and applied in *Interflora*<sup>28</sup>. This first is that the creation of this new test was unnecessary. If the CJEU had utilized the exemption for information hosts contained within article 14 of the E-Commerce Directive the court could have reached the same outcome, of finding the search engine operator not liable for any infringement, without having to visit the matter of trade mark use under article 5(1)(a) Directive 2008/95. They did not need to focus on the issue of trade mark use, especially trade mark use online. It is partly as a result of them focussing on trade mark use within the specific context of internet keyword advertising which has created the divergence in approach between defining use online and offline. The second fault with this test is that the matter of trade mark use is now decided from the wrong perspective. This is due to the court assessing the matter from the standpoint of the average consumer. It is regrettable that the average consumer should now have a role under a provision which was designed to have strict liability. The addition of the average consumer to this provision has introduced an element of uncertainty which was not previously present. Furthermore, whilst the average consumer, who morphs into the average internet user, is utilized in order to assess trade mark use online, there is little evidence in the case law to suggest that the average consumer plays as significant a role in relation to determining trade mark use offline. Therefore the question remains as to whether the next logical step is to produce a variant of the online test for the offline world where the average consumer would be given a key role under article 5(1)(a). The third fault with this test is that it is complex and misleading. There can be no finer illustration of the complexity of the test in *Google France* than the misapplication of it in *Interflora v. Marks & Spencer*. The use of the legal terminology of the confusion rationale, the average consumer and key elements of the formula found within

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<sup>27</sup> *Google France Sarl v. Louis Vuitton Malletier SA* (C-236/08)

<sup>28</sup> *Interflora v. Marks & Spencer Plc* (C-323/09)

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article 5(1)(b) Directive 2008/95 is what appears to have caused Arnold J. to misapply this new test for article 5(1)(a)<sup>29</sup>. Due to the CJEU borrowing these key elements from article 5(1)(b), Arnold J. perceived this new test as essentially being a test for establishing a likelihood of confusion but with a reversed onus of proof. Kitchin L.J. in the Court of Appeal has restored the test to its original state in *Google France*<sup>30</sup>. However, as the *Google France* test is arguably unsatisfactory and perhaps in need of further clarity, this will not solve the issue of use long term. Arguably what is needed is a better approach than an unnecessary complex test involving the average consumer.

A new draft directive to replace 2008/95 has already been published. So far it appears to be little more than a tidying-up exercise. The main alteration to article 5 is that the wording of article 5(2) will be altered to reflect the reality of the way that provision has been interpreted since the CJEU ruling in *Davidoff v. Gofkid*<sup>31</sup>. It was held that article 5(2) covered both use of an identical or similar sign to the trade mark in relation to goods which were either identical or dissimilar to those for which the mark was registered, where the use took an unfair advantage of the distinctive character or repute of the trade mark. Article 5(2) is only available for trade marks with a reputation which has been defined as those which are famous and well-known. In *Davidoff v. Gofkid* the claimant was unhappy that the defendant was using the sign 'Durfee' which mimicked the copperplate script of the 'Davidoff' trade mark. The problem was that the defendant was using their sign in relation to the identical goods for which the Davidoff mark was registered when the wording of article 5(2) specifically said that the goods or services must be dissimilar. The solution was to read the provision as

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<sup>29</sup> *Interflora v Marks & Spencer Plc* [2013] EWHC 1291 (Ch)

<sup>30</sup> *Interflora v. Marks & Spencer Plc* [2014] EWCA Civ. 1403

<sup>31</sup> *Davidoff & Cie SA v Gofkid Ltd* (C-292/00)

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though those words had not been added and so the CJEU ruled that article 5(2) covered all goods whether identical or not. The wording of the new directive takes this into account.

However, the proposed new directive does not go far enough and solve the problem of trade mark use which will still have to be decided on the basis of the broad guidance offered in *Arsenal v. Reed*<sup>32</sup>, for infringements offline, and the new test set out in *Google France*<sup>33</sup> if the infringing activity takes place online. The failure to find a unifying theoretical basis for the concept of trade mark use persists whilst the growth of trade mark use online places the current attempts to define use under increasing pressure.

One possible solution is to take account of the earlier CJEU decision regarding trade mark use in *Holterhoff v. Freiesleben*<sup>34</sup>. Here two jewellers used the trade marks ‘SPIRIT SUN’ and ‘CONTEXT CUT’ which had been registered for gem stones. These trade marks had been used by both parties to an agreement to supply stones of a certain cut but not as trade marks. In finding that the use was not trade mark use the CJEU placed the emphasis upon the context in which the agreement took place and the meaning that the parties placed upon those terms. Both parties understood that they were not referring to goods originating from the trade mark proprietor and had used the trade marks as a means to aid the description of items with a different origin. The CJEU was keen to point out that the main focus of trade mark use was that it was a use that denoted the economic origin of the goods or services. Crucially they place the emphasis on the context and meaning of the use rather than concentrating upon who was using the sign and the identity of the person viewing it. Concentrating upon the

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<sup>32</sup> *Arsenal Football Club Plc v Reed* (C-206/01)

<sup>33</sup> *Google France Sarl v Louis Vuitton Malletier SA* (C-236/08)

<sup>34</sup> *Holterhoff v. Freiesleben* (C-2/00)

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identity of the person viewing the use of a sign in order to determine whether such use constitutes trade mark use is extremely problematic.

The potential pitfalls to this approach can be deduced from a closer examination of the case *OCH-Ziff v. OCH Capital*<sup>35</sup>. In this case the claimants, who were a leading global asset management group managing numerous alternative investment funds, more commonly referred to as a hedge fund, alleged that the defendant had infringed their two Community registrations for the trade marks “OCH-ZIFF” and “OCH” for financial services. The defendant, OCH Capital, was established by Mr. Ochocki to provide stock broking services on an advisory and execution only basis for high-net worth individuals or their companies. Several uses were complained about such as the use of the sign “OCH CAPITAL” and “OCH” in office window signs, promotional brochures, stationery and on the company website and within the website domain name. However, one of the uses to which the claimant objected was the use by OCH Capital’s employees of the sign “OCH” to refer to themselves in internal company emails. It is this use which once again demonstrated the need for a clear definition of trade mark use. This use clearly took place within a commercial context, because they were work emails. Therefore it could fall within the CJEU guidance in *Arsenal v. Reed* that any use which takes place in a commercial context and not as a private matter is trade mark use. However, this public/ private dichotomy was applied differently by Arnold J. who took his lead from the CJEU in *Google France* and held that because the emails were only sent internally one could classify them as being a private matter and so as not constituting trade mark use.

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<sup>35</sup> *OCH-Ziff Europe Ltd v OCH Capital* [2010] EWHC 2599 (Ch)

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*“It is clear from these authorities that purely internal use of a trade mark by its proprietor is not ‘genuine use’ of that mark. It seems to me that the underlying rationale for this is that internal use is not ‘use’ of the mark as a trade mark at all. To use the language of the Court of Justice in Google France, it is not use as part of (or even preparatory to) a commercial communication with a third party. Thus Google’s use of the signs complained of in the Google France case was neither infringing use, nor use that would suffice to maintain a trade mark registration for those signs.”<sup>36</sup>*

Some of the problems inherent in this approach to deciding trade mark use become apparent by following this application to its full extent. In *OCH-Ziff v. OCH Capital* this aspect of the case was not decisive but it provides a useful insight to the application of this approach to the online use of signs. In fact one could argue that such reasoning goes beyond online use and that the analysis has wider implications for all use. The simple truth is that by focussing on the personalities involved instead of context and meaning the concept of trade mark use remains ill defined and difficult to apply.

By taking the idea of use of a sign in emails being held to be trade mark use, or not, dependent upon whether the email was an internal company email or sent to a recipient outside the company, one quickly identifies further obstacles to a clear application of this definition of trade mark use. Liability for trade mark infringement would rest upon the identity of the recipient and therefore employees could be one wrong click away from an infringement. Accidentally hitting the reply-all button or forwarding the wrong email could

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<sup>36</sup> Ibid. at paragraph 65.

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have massive repercussions. Furthermore most people these days have more than one email address making it difficult to identify whether an email is an internal company email or a private matter. Many companies have rules that employees must only use their work email accounts for work matters therefore an email sent by one employee from his work email to his colleague at his work email would fall within Arnold J.'s definition of being a private matter. However, if the same email was sent from the same employee, from his work email to his work colleague but to his colleague's personal email address would this still be an internal matter? Furthermore many employees have emails forwarded to other accounts that are easier to check on mobile devices thus making this distinction even more blurred. Added to which, with the advent of mobile phones, tablets and smart watches with email and internet technology, these messages can be sent and received at any time in any physical location, thus making it even more difficult to determine whether the communication was a purely work related matter by reference to office hours and the physical surroundings of where it was read. To continue down this route risks the creation of ever more variants of the test in *Google France* each containing their own complex character. Article 5(1)(a), a provision designed for absolute liability, would become populated with the average consumer, the average internet user, the average employee, the average email reader etc. With the creation of each new variant would be an additional layer of complexity to a provision which was originally designed to be simple.

## Conclusion

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The quest for a clear definition for trade mark use has produced a mass of case law.

Meanwhile the failure to produce a unifying theoretical definition of trade mark use and enshrine this within a European directive persists. It is now time that this issue was re-evaluated and the outcome written into the provisions of the new trade mark directive.

Furthermore, it is time that legislators and the courts re-focussed upon the context in which the use takes place and the meaning attached to that use rather than the identities of the personalities involved. Whilst such an outcome remains uncertain the case law on this point will inevitably continue to grow.

## Appendix

Directive 2008/95 EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 22<sup>nd</sup> October 2008 to approximate the laws of the Member States relating to trade marks (Trade Marks Directive)

### Article 5

#### Rights conferred by a trade mark

1. 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; the likelihood of confusion includes the likelihood of association between the sign and the trade mark.
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

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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.

...

## Article 7

### Exhaustion of the rights conferred by a trade mark

1. The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.
2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.