

Suggested Answers to the Questions in Chapter 13

1. **The decision of the European Court of Justice in *Arsenal v Reed* is a disaster for business. Its ruling on what constitutes trade mark use is so wide there is a real danger that powerful brands will become unfair monopolies. Discuss.**

The good answer will:

- Begin by explaining the context of the issue, namely the wording of Article 5 of the Trade Marks Directive when compared with the wording of sections 9 and 10 of the Trade Marks Act 1994, and in particular the phrase ‘use as a trade mark’ in section 9 TMA.
- Set out the various functions of trade marks (origin, product differentiation, guarantee and advertising), noting the implications of each for trade mark owners, consumers and competitors.
- Set out and illustrate from decided cases what the issue of ‘trade mark use’ meant under the Trade Marks Act 1938, as amended.
- Give a clear account of the facts in *Arsenal v Reed* and of the decision of Laddie J at first instance, the ruling of the ECJ, the views of Laddie J when the case returned from Luxembourg and the judgment of the Court of Appeal.
- Explain what the ECJ said about the requirement of ‘trade mark use’ and in particular its observation about giving the trade mark owner rights against those who wish to take unfair advantage of the mark.
- Deal precisely with those decisions since *Arsenal v Reed* which have considered further the issue of ‘trade mark use’, namely *Opel v Autec*, *Céline*, and the various ‘adwords’ cases, all of which stress the importance of how the use of the mark appears to the consumer.
- Come to a conclusion on the issue in the question, namely whether *Arsenal* is a good or bad decision (and for whom), or whether in fact it merely marks the beginning of a series of cases in which the ECJ has gradually refined (and will continue to refine) its thinking.

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2. How is trade mark use established in cases involving ‘adwords’, i.e. cases where a trader purchases a search engine keyword that is identical or similar to the claimant’s mark so that when the user of a website types in the mark, a sponsored link is displayed which has nothing to do with the claimant’s business. Does this qualify as ‘trade mark use’?

The good answer will:

- Explain that the digital era means that new ways of infringing are bound to emerge and that there has been a significant number of ECJ cases involving the use of trade marks as ‘adwords’ on the internet, whereby a trader purchases a search engine keyword identical or similar to the claimant’s mark so that when the user of a website types in the mark, a sponsored link is displayed which has nothing to do with the claimant’s business.
- Explain the extent to which this is ‘trade mark use’.
- Discuss relevant case-law, such as Case C-236/08 to C/238/09 *Google France v Louis Vuitton* [2010] ECR I-2417; *L’Oréal SA v eBay International* [2011] ECR I-6011; Case C-558/08 *Portakabin Ltd v Primakabin BV* [2010] ECR I-6963; Case C-323/09 *Interflora Inc v Marks & Spencer plc* [2011] ECR I-8625.
- Demonstrate a broader understanding of the concept of trade mark use.

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3. What is the difference between revocation and invalidity of trade marks?

The good answer will:

- Explain that, in contrast to patents and registered designs where the two terms are interchangeable, trade mark law draws a very precise distinction between revocation and invalidity: they bear completely different meanings.
- Explain that revocation relates to the conduct of the proprietor *since* registration, conduct which in some way has ‘tainted’ a previously valid mark. It is essentially concerned with failure to look after the trade mark, to nurture it, since it was registered. The effect of a successful revocation application is that the mark is removed from the Register for the future (from the date of the application to revoke) unless the tribunal directs otherwise. In the context of an infringement action, revocation of the claimant’s mark will not exonerate the defendant from past acts of infringement, although it will enable the defendant to continue using their sign in the future.
- Note that invalidity, on the other hand, relates to the fact that the trade mark should never have been registered in the first place because at the time it was registered, it did not comply with the TMA. A declaration of invalidity is backdated to the time the mark was filed, so is a much more effective tactic for a defendant to argue than revocation.
- Discuss relevant case law.