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# Trademarks- A Common man's Confusion and Conflicts: From the Legal Perception of UK and EU rules and regulations

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## ABSTRACT:

This study investigates the balance between protecting trademark owners' rights and promoting free market competition, with a focus on judicial approaches within the UK and EU. Employing a qualitative, desk-based analysis, this research scrutinizes case studies, laws, and court rulings from the UK, EU, and selected international contexts. It explores the role of trademarks as essential tools for market transparency and how their similarities can lead to consumer confusion and legal conflicts. Notably, cases like Adidas/Marca, L'Oréal, and IKEA vs. Ikema illustrate the varied judicial responses, highlighting the challenges new entrepreneurs face when competing against established brands with robust financial resources and extensive marketing strategies. The findings reveal a judicial predisposition towards protecting financially powerful proprietors, often at the expense of stifling market competition and innovation. The paper concludes that an equitable legal framework is necessary to protect distinctive trademarks while fostering an environment that encourages new entrants and innovation. By advancing judicial reforms that aim for a fairer market, the study suggests that reducing consumer confusion and promoting variety can achieve a more balanced equilibrium between brand protection and market freedom.

***Keywords***

Trademark Law, Market Competition, Judicial Decisions, Consumer Confusion, Intellectual Property Rights, EU and UK Trademark Legislation, Brand Protection, Economic Impact of Trademarks, Legal Framework for Trademarks, Entrepreneurship in Market Competition

## INTRODUCTION:

Trademarks are a significant commercial tool of communication between businesses/products and consumers. It represents the reputation of a product and allows the product to stand out from the crowd and capture the attention of consumers. The key issue in most of the trademark infringement cases is the similarity between two trademarks owned by different traders. The resemblance between the two trademarks, therefore, is likely to confuse an average consumer to the origin of the goods or services.[1]

Most humans are consumers and purchase items on a day-to-day basis. Most of them are chosen because of the quality, which is recognized by the regular use of the product. It is normal for an average consumer to identify the product by its name, packing, and design. Unfortunately, resembling goods are available in the market for many well-known branded items and they are made in a way that confuses consumers between the products. How closely one resembles another and how it relates to the goods/service is important. Products with slight differences in packing, color combinations, and figurative marks can confuse the consumer between their preferred product and a different one. It is now common that many branded items such as watches, handbags, sunglasses, cosmetics, etc. are replicated and manufactured in such a way as to make it difficult to distinguish between the original and duplicate. The likelihood of confusion not only depends on the similarity between two trademarks but also on the possibility of associating a well-known brand with another[2]

The presence of similar marks in the market can affect a reputed trademark adversely as this could result in diminishing the distinctive character of the trademark and could be detrimental to its function, which is to ensure the consumer that they are purchasing the right product. The idea of diminishing the unique character of a trademark is commonly referred to as trademark dilution[3]. Well-known trademarks should be protected from infringements because similar marks can dilute the uniqueness and can confuse the consumer. It is true that trademark registration to a certain extent is a remedy to protect the existing trademarks from newly

[1] *Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks* (2015)
[2] Council of the European Union, *First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks* (1988)
[3] EUR- Lex, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A62001CC0408 (last visited Jan. 8, 2025).


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registered marks that could be similar, but still, the infringements and resulting consumer confusion continue due to some loopholes.

The economic status of reputed, well-known, and highly distinct trademarks is often strong and their hold and influence in the market is usually immense. Such trademark owners can fight a legal battle for an infringement dispute for extensive periods of time, even years. Whereas, it might not be possible for a relatively new entrepreneur. Financial strength is one of the main factors that helps run advertisements and various campaigns. This, in turn, makes the trademark. This eventually creates a monopoly in certain businesses and hinders free competition in the market. However, free competition can be supported by legal authorities as long as it balances with consumer satisfaction without breaching laws. This study is an effort to find the balance between free trading /competition in the market and the rights of the consumer to choose their products devoid of unauthorized infringements or confusion. It reviews how effectively a trademark can distinguish itself from others, how a trademark can be protected through registration, and what part legislations play in protecting the rights of a trademark owner. In addition, grounds for infringement, similar trademarks, and the resultant confusion at the end of the average consumer, its remedies, and pitfalls will be discussed.
This study focuses on the UK's domestic laws and the European Union's judicial authorities' approach to balancing between trade mark owner rights and free competition in the market, however, the international outlook on trade mark protection in registrations is also deliberated to elaborate certain points.

**Methods:**

This study was carried out using a qualitative approach and desk-based analysis of major case studies and laws governing the UK and EU trademark laws and court rulings. It is a systematic collection, review, and analysis of existing literature, secondary data, and publicly available documents. Data was collected through public databases to study patterns and identify the gap. The findings are then integrated to establish the law's position towards protecting trademark owner rights and freedom in the market for up-and-coming competitors.


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**Trade Mark:**

A trademark is defined as,[4] 'any symbol or sign that can be clearly represented in the registry in such a way that it allows the registrar, relevant authorities, and the public to identify the specific subject matter of the protection granted to its owner. It also serves to differentiate the goods or services of one business from those of other businesses.[5] Trademark law plays a vital role in maintaining market transparency. When the market is transparent, consumers can easily identify and select distinct products based on their source of origin, ultimately reducing their search efforts[6]. There are many products available in the market for a single purpose, for example, washing powders are available under different trademarks such as Tide, OMO, Persil, Ariel, Fairy, and others, though the purpose is the same, products are distinguished based on their sources of origin and quality. When customers are selective trademarks help protect them from being misled.

In the 'L'Oréal' judgment, it was highlighted that trademarks serve multiple purposes beyond simply assuring consumers of the origin of goods or services. They also play crucial roles in ensuring the quality of the products or services and support functions such as communication, advertising, and investment.[7].

**Trademark Protection:**

Trademark Protection enhances marketplace efficiency. Trademark protects the image of its proprietors and ensures that competitors do not infringe on their intellectual property rights. Lunney argues, 'By enabling consumers to connect the information to precise product(s) more accurately, trademarks help consumers express more accurately their preferences and tastes for the varying mix of products, features, quality, and prices each finds desirable. Trademarks play a key role in aligning the pricing signals producers receive from the market (referred to as

[4] BY BRIAN and JULIE DICKSON, 'Trade Marks Act 1994' (1994)
[5] Eve brown, introduction to trade Mark, Cipa (Jan. 8, 2025, 8: 20 P.M.), https://www.cipa.org.uk/wp-content/uploads/2021/04/Informals-Trade-Marks-2021.pdf.
[6] Ck12, https://www.ck12.org/flexi/physical-science/Polymerization/how-are-polymers-classified-based-on-their-source-of-origin/ (last visited Jan. 8, 2025).
[7] *L'Oréal SA, Lancôme parfums et beauté & Cie SNC and Laboratoire Garnier & Cie v Bellure NV, Malaika Investments Ltd and Starion International Ltd. Directive 89/104/EEC - Trade marks Case C-487/07.* (Court of Appeal (England and Wales) (Civil Division)- UK)ibid


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"expressed demand") with the genuine preferences and tastes of consumers (known as "actual demand")[8].

The simple act of protecting a trademark is by registering it in order to increase the value of the business and to ensure consumer protection from duplicated/infringed products. The registration system for trademarks was introduced in the United Kingdom in 1875. In the UK any person natural or legal can apply for the registration of a trademark. Sec 32 of the 1994

Act provides that an application for a trademark must contain:

a. A request for registration, including the name and address of the applicant.
b. A statement of the goods or services for which the mark is to be registered.
c. A representation of the mark; and
d. A declaration that the mark ID is being used or that there is a bona fide intention to use the mark.

A trademark will not be registered if it conflicts with existing trademarks due to similarities in the marks themselves or the goods and services they represent. This is because such conflicts can lead to public confusion, including the possibility of an association being drawn between the two marks[9]. The process of registration includes filing, search, full examination, publication in the trademark journal [if accepted], registration of the mark [if no opposition within three months], and in case of any refusal then there is an option for appeal. A trademark shall not be registered in bad faith that is to say registration shall include a bona fide intention to use the mark[10]. A case of trademark invalidation in a UK court was witnessed when the Jaguar Land Rover (JLR) requested to trademark the shape of its Defender. It was rejected on appeal from the UK Intellectual Property Office's Trade Marks Registry (UKIPO) that it did not sufficiently distinguish itself from industry norms, emphasizing the importance of distinctiveness in shape marks.[11]

[8] Mark P. mckenna, the Normative Foundation of Trademark law, research Gate (Jan. 8, 2025, 8:26 P.M.), https://www.researchgate.net/publication/228162647_The_Normative_Foundation_of_Trademark_Law.
[9] Peteryu, http://www.peteryu.com/intip_msu/sabel.pdf (last visited Jan. 8, 2025)
[10] *Trademark Act 1994*, 3, No. 47, Act of Parliament, 1994 (India).
[11] Alex Woolgar, 'Land Rover fails to defend 3D shape mark oppositions' (2021) 16 Journal of Intellectual Property Law & Practice 13


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In Europe, trademarks can be registered with the European Union Intellectual Property Office (EUIPO).[12] The source of most of the well-known brand consumer's purchases are not domestic but originated in other countries. Proprietors of products /services through agency/franchise expand their business globally. Hence, it is required to protect relevant trademarks internationally and such protections are possible through international trademark registrations. International trademark filing systems are established under the 1891 Madrid Agreement and the Madrid Protocol. Once a company completes its domestic registration, it can pursue trademark registration in other countries where it plans to expand its operations. This can be done by submitting an application for international registration to the Bureau of the World Intellectual Property Organization (WIPO).[13]

Originally, trademark law was designed to stop competitors from unfairly redirecting customers who would have otherwise chosen the original user of the trademark. The modern approach to trademark law is fundamentally different from all the previous approaches it does a little more than the industrial policy to increase the brand value[14].

There are certain cases which manifest such conflicts, for instance, the Adidas /Marca[15] case. This brings up the issue of whether the requirement of availability serves as a factor in determining the extent of the exclusive rights granted to the trademark owner after registration. It also emphasizes that a trademark cannot be denied registration or invalidated if it has gained a distinctive character through usage before the application date. The case law Nichols PLC v Registrar of Trademarks,[16] suggest that the distinctive character of a trademark, in whatever category, must be the subject of a specific assessment.

**Distinctive Trademarks:**

In the United Kingdom, a trademark cannot be registered if it lacks distinctive character. A mark is deemed inherently distinctive if it can instantly guide consumers to the source of a product without requiring them to be educated about its origin. When evaluating

[12] *EU Trademark Regulations*
[13] Law Berkeley, https://www.law.berkeley.edu/files/Gibson_James_IPSC_paper_2014.pdf (last Visited Jan. 8, 2025).
[14] Schechter, 'Rational Basis of Trademark Protection, The'
[15] *Case C-102/07. European Court of Justice ADIDAS AG, ADIDAS BENELUX BV vs. MARCA MODE CV, C&A NEDERLAND CV, H&M HENNES & MAURITZ NETHERLANDS BV, VENDEX KBB NEDERLAND BV* (Court of Justice of the European Union 2008-04-10)
[16] *Nichols plc v Registrar of Trade Marks.*
*Trade marks - Directive 89/104/EC. Case C-404/02.* (2004)


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distinctiveness, an examiner at the UK Intellectual Property Office (UKIPO) will review all relevant evidence.[17] A mark can also acquire distinctiveness, if the consumer is able to associate it with the relevant brand, a secondary meaning has been gained by the mark in consumers' minds. A mark can acquire distinctiveness through widespread use, adverts, campaigns, etc. However, it is argumentative whether all trademarks that are registered are considered distinctive and assured protection.[18] This principle was highlighted in the Adidas vs. EUIPO case, where the General Court of the European Union determined that the specific design of the defendant's three-stripe mark did not affect the wide-ranging protection afforded to Adidas's trademark. However, the court also concluded that Adidas failed to demonstrate that its three-stripe logo had gained distinctive character across Europe based on its usage.

When evaluating the distinctiveness of a trademark, the following factors are taken into account:

a. The mark should clearly indicate that the goods or services come from a specific source.

b. The distinctiveness is judged through the eyes of an average consumer who is reasonably informed, observant, and careful.

c. The level of distinctiveness required may vary depending on the type of trademark.

**Conflicting Trademarks/Infringements :**

A person should not sell their own goods while falsely claiming that they belong to someone else. Such deception should not be allowed, nor should any means that facilitate it. Therefore, an individual cannot use names, marks, labels, or other identifiers that may mislead consumers into believing that the goods they are selling come from another manufacturer[19].

**The Grounds for Infringement of a Trademark:**

A trademark can be infringed without knowledge, intention, or derivation on the part of the defendant[20].

A trademark is infringed under the following circumstances:

[17] Ruth id E Annand, 'Lookalikes under the New United Kingdom Trade Marks Act 1994' (1996) 86 Trademark Rep 142

[18] Studocu, https://www.studocu.com/en-gb/document/university-of-east-anglia/intellectual-property-law/role-of-distinctiveness-essay/29241729 (last visited Jan. 8, 2025).

[19] Lord Langdale in Perry v Truefitt [1842] 6 Beav 66, 49 ER 749

[20] *Community Trademark Regulation (CTMR)*


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a. The marks are identical and the goods or services are identical[21].

b. The marks are identical, and the goods or services are similar, and there is a likelihood of confusion, which includes the likelihood of association, with the registered mark[22].

c. The marks are similar and the goods or services are either identical or similar, and there is a likelihood of confusion, which includes the likelihood of association between the marks[23].

d. The marks in question are either identical or similar, and the registered trademark holds a strong reputation in the UK. The use of the defendant's mark could unfairly benefit from or harm the distinctive character or reputation of the registered trademark.[24].

A trademark infringement refers to the unauthorized use of a protected trademark, or service, or use of something very similar to a protected mark. The success of any legal action to stop the infringement is directly related to whether the defendant's use of the mark causes a likelihood of confusion in the average consumer. This can be noticed in the lawsuit the reputed company Red Bull started vs a new company Big Horn. It was filed in 2014, and the court ruled in favor of Red Bull in 2020 on the grounds of the similar logo, packaging, and misleading catchphrase. All the similarities were found to cause consumer confusion, and Big Horn lost the battle.[25] Laws protecting trademarks prevent companies and brands from preventing losses caused by counterfeit products. In addition, they protect small, medium, and micro businesses which otherwise may be unrecognizable. [26] However, they do not come with their costs, like the extreme litigation and survey expenses. While providing small businesses with recognition and uniqueness, it still costs a certain amount for a trademark to be registered, which might be superfluous for an infant business.

Comparative advertising is a related term with varying regulation laws depending on the state. The EU and the US approach comparative advertising differently, particularly regarding claims of offering imitations of trademarked products. In the US, competitors can claim their products

[21] *Id*, at 1889
[22] *Id*, at 1889
[23] Subhrasikha, Passing Off And Infringement of Trademark Law, legal services (Jan. 8, 2025, 8:30 P.M.), https://www.legalserviceindia.com/legal/article-16484-passing-off-and-infringement-of-trademark-law.html#google_vignette.
[24] Springer nature, https://link.springer.com/article/10.1007/s40319-021-01116-z (last visited Jan. 8, 2025)
[25] *Red Bull v BigHorn (UK 2020).* (UK )
[26] R. Saka, & Santiago, F., 'Legal Certainty Of Trademark Registration To Improve The Welfare Of Micro, Small And Medium Enterprises (Msmes).' (2024) 3 Jurnal Locus Penelitian dan Pengabdian 874


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are equivalent to trademarked items if they clearly avoid causing consumer confusion and distinctly market their products as separate. However, European firms encounter stricter regulations, limiting their ability to advertise their products as equal or identical to trademarked competitors.[27]

**Average Consumer:**

An average consumer is interpreted by the Court of Justice as 'one who is reasonably well informed and reasonably observant and circumspect, taking into account social, cultural and linguistic factors[28].

**Likelihood of Confusion and Association:**

In the Adidas/Marca case, Adidas was the registered proprietor of figurative trademarks composed of three vertical parallel stripes of equal width. The defendants started using the two parallel stripes on their garments. How distinctive is Adidas logo especially in public perception was relevant in such a case. The court identified a potential risk that the public might think the goods or services in question originate from the same company or from related businesses. It is generally believed that the more distinctive a trademark is, the less likely consumers are to confuse it with a similar mark. This was observed in the "Messi vs. Massi, Prior Right vs. Reputation" case, where it was observed that two marks were phonetically similar. However, the CJEU stated that the worldwide fame and recognition of the football player overruled any possible confusion to the earlier mark.[29] The CJEU suggests that consumers are more prone to confusion when they encounter signs that closely resemble a highly distinctive trademark. However, this view has faced significant criticism.[30]

Recital 10 states, "The assessment of the 'likelihood of confusion' involves several factors, especially the recognition of the trademark in the market, the potential association with the

[27] Tim W.; Wein Dornis, Thomas, 'Trademark rights, comparative advertising, and "perfume comparison lists": An untold story of law and economics' (2014) Working Paper Series in Economics,University of Lüneburg

[28] Jules Stuyck, 'The Court of Justice and the unfair commercial practices directive' (2015) 52 Common Market Law Review

[29] ÇiĞdem YataĞan Özkan, 'Messi vs. Massi, Prior Right vs. Reputation: The Decision of the Court of Justice of the European Union and Its Assessment with Regard to the Turkish Trademark Law' (2022) 71 GRUR International 123

[30] Lotte Anemaet, The Many Faces of the Average Consumer: Is It Really So Difficult to Assess Whether Two Stripes Are Similar to Three?, Academia (Jan. 8, 2025, 8: 35 P.M.), https://www.academia.edu/48722875/The_Many_Faces_of_the_Average_Consumer_Is_It_Really_So_Difficult_to_Assess_Whether_Two_Stripes_Are_Similar_to_Three.


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used or registered sign, the degree of similarity between the trademark and the sign, and the similarity between the goods or services involved."[31]

As stated in the recital above, the assessment of the likelihood of confusion is not solely based on how similar the trademark and the sign are. It also considers how easily the sign can be linked to the mark, particularly in terms of the market recognition of the mark. If a large volume of goods bearing similar signs are present on the market, this may harm the trademark by diluting its distinctiveness and undermining its primary function, which is to identify the source of the goods for consumers. In the *Sabel* case, the court addressed whether the phrase "likelihood of confusion includes the likelihood of association" meant that confusion about the origin of the goods was not required in cases of association between trademarks. The court ruled that the likelihood of association is not an alternative to the likelihood of confusion but rather helps define its scope. Therefore, confusion about origin is necessary for a finding of likelihood of confusion. The equivalents of Article 8(1)(b) EUTMR and Recital 8 of the EUTMR make it clear that the likelihood of confusion specifically relates to confusion regarding the origin of goods or services, incorporating both "likelihood of confusion" and "likelihood of association," as outlined in Article 8(1)(b) EUTMR.[32]

A study on trademark disputes in Switzerland, which analyzed cases brought before both the EUIPO (European Intellectual Property Office) and the Swiss Federal Institute of Intellectual Property (IPI), examined this issue in detail. If it is found that is likely that the brands would be confused by the average consumer, the ruling is usually in the favor of the mark registered first.[33]

**Dilution:**

In UK Trade Mark Act incorporated dilution in s. 10 (3) while implementing Directive 89/104 article 5 (2). It considers the use of an identical or similar registered mark on a similar[34] or

[31] Lex Europa, https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:078:0001:0042:en:PDF (last visited Jan. 8, 2025).

[32] Euipo, https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/trade_marks/Draft_Guidelines_Legal_Reform/Part-C/02-part_c_opposition_section_2/part_c_opposition_section_2_chapter_1_general_principles/TC/part_c_opposition_section_2_chapter_1_general_principles_tc_en.pdf (last visited Jan.8, 2025).

[33] Florent Thouvenin, Daniel Gerber and Tilmann Altwicker, 'Trademark Opposition Proceedings in Switzerland: An Empirical Study of Legal Reasoning' (2021) 70 GRUR International 1158

[34] *Davidoff & Cie SA and Zino Davidoff SA v Gofkid Ltd.*
*Directive 89/104/EEC - Articles 4(4)(a) and 5(2) - Well-known trade marks - Protection against use of a sign in respect of identical or similar products or services.* (Bundesgerichtshof - Germany.)


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dissimilar good and/or services as being an infringement. Infringements mentioned in Article 5(2) of Directive 89/104 arise when there is a certain level of similarity between the mark and the sign. This similarity leads a portion of the public to associate the sign with the mark, creating a connection between them, even if it does not result in confusion. It must therefore be determined whether the average consumer when seeing two stripes' motifs, as in the case of the legal battle of Adidas, may be mistaken as to the origin of those goods as if there is a link between the reputed brand and its competitors. [35] The ECJ (European Court of Justice) in Adidas -Salomon AG v Fitness World Trading Ltd[36] held that "It is sufficient for the degree of similarity between the mark with a reputation and sign to have the effect that the relevant section of the public establishes a link between the sign and the mark". ECJ defined, 'marks with reputation'[37] as "a registered trademark known by a significant part of the public concerned by the products or services which it covers"[38].

McCarthy, who advocates a strict wide interpretation for famous marks, criticizes the ECJ approach citing a number of deficiencies in it; he argues that the court: "refused to define what is a 'significant part' and refused to adopt a rule that there must be knowledge by a majority or, indeed, any given percentage of the public as being required". He also argues that "the ECJ did not require any direct evidence of the scope of usage of the mark, which could be achieved through survey evidence"[39].

Goodwill refers to the value derived from a business's reputation, name, and relationships. It varies in different industries and even within different businesses in the same industry. Different factors may play a more significant role in one case than in another. In Montogamery v Thompson[40] the claimant had managed a brewery in the small town of Stone, Staffordshire, for more than a century. Over time, its beer had become widely known as STONE ALE. The defendant who had recently established a brewery in Stone, was prevented from using the term

[35] Lex Europa, https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:62007CJ0102_SUM (last visited Jan.8, 2025).
[36] *Adidas-Salomon v. Fitnessworld Trading Ltd* (European Court of Justice)
[37] *General Motors Corporation v Yplon SA. Directive 89/104/EEC - Trade marks - Protection - Non-similar products or services - Trade mark having a reputation.* (European Courts of Justice)
[38] *Id*, at 1892.
[39] J Thomas McCarthy, 'Dilution of a trademark: European and United States law compared' (2004) 94 Trademark Rep 1163
[40] *Reports of patents, designs and trademark cases*, 1891)


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STONE to describe its beer[41]. Goodwill can be acquired through the use of particular packaging, or the aesthetics and image of a reputed brand's products[42]. It is argued that by using these similar features, a competitor brand could gain undue public attention as there is a tendency of the consumers to associate the two trademarks. This would, in turn, be detrimental to the distinctive character of the renowned brand.

As far as international cases are concerned, there have been some instances where reputed brands have claimed brands with similar branding are acquiring Goodwill from them. For instance, in the IKEA vs. Ikema case, where the former Swedish brand alleged that the latter Indonesian brand was similar, to the point that the dilution was considerable. The final ruling, however, declared that there were no similarities between the two brands, neither in the phonetics nor in the type of services or goods provided. In this case, the court sided with free competition and refuted the claims of dilution.[43]

Hence, the likelihood of association is not sufficient to prove dilution but actual association should be proved. In the Intel case, the registration of trademark 'Intelmark' was challenged by the owner of the trademark 'Intel'. Though both products offered different services, the probability of associating both marks was highly likely, to satisfy the requirement of s. 5 (3) of the UK TMA it sufficed to show any kind of mental association between the latter mark and the earlier mark[44].

**Free Competition:**

Article 6 (1) (b) of the Directive[45] provides that, 'A trademark owner cannot stop a third party from using certain descriptive terms in commerce, such as those relating to the type, quality, quantity, intended purpose, value, geographical origin, or production time of goods or services, as long as these terms are used in line with fair practices in business or industry.

[41] 'MY KINDA TOWN LIMITED v. SOLL AND ANOTHER *' (1983) 100 Reports of Patent, Design and Trade Mark Cases 407
[42] JM Evans, 'Passing-off and the Problem of Product Simulation' (1968) 31 Mod L Rev 642
[43]Syahroni Syahroni and Dini Dewi Heniarti, 'Brand Dilution: An Analysis of The IKEA Versus IKEMA Dispute' (2022) 2 JOMANTARA 131
[44] Nandan Pendsey, Doctrine Of 'Nominative Fair Use' Under Trademark Law, Mondaq (Jan. 8, 2025, 8:40 P.M.), https://www.mondaq.com/india/trademark/879442/doctrine-of-nominative-fair-use-under-trademark-law.
[45] Investment Fund, 'EC Law'


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Thus, Art 6 limits the exclusive rights of trademark proprietors in such a way that helps undistorted competition. In the Adidas/Marca case[46] The CJEU determined that the trademark owner's exclusive rights allow them to prevent a third party from using the sign if the mark's distinctive character is strong enough that the possibility of confusion due to an association cannot be excluded. In other words, this ruling was a rejection of the free availability of marks which decreases competition.

The success of a trademark that is well-known is primarily related to its familiarity and not so much to the characteristics of the product itself. Familiarity can be created by financially strong industrialists through commercial adverts, marketing campaigns etcetera. As mentioned in the previous sections, that is rather difficult for small investors in the market. The more the proprietor invests in their trademark the broader is the scope of protection. After repeated advertisements that reach the consumer through different media, there are chances that the product or service becomes desirable on a mainstream level. Recognition plays a significant role in influencing consumer decisions. [47]This is backed by scientific studies that prove that by hiring creative directors and making unique strategies, brands can increase their familiarity, and even product memory and recall in an average consumer. Such strategies include, but are not limited to, celebrity advertising, and humor[48]. Therefore, exclusive trademark rights need not create substantial entrance barriers for competitors, but descriptive, cultural, and non-traditional signs do.[49] For fair competition to prevail, trademark protection must be weighed against other essential values, such as the right to free expression, which contributes to better consumer information and choice[50], and free competition that prevents unnecessary market entry barriers. The recognition of a need to keep signs freely available offers competitors about product characteristics and compete for market shares[51]. According to Advocate General AG Poiares Maduro, 'Whatever the protection afforded to innovation and investment; it is never

[46] *Case C-102/07. European Court of Justice ADIDAS AG, ADIDAS BENELUX BV vs. MARCA MODE CV, C&A NEDERLAND CV, H&M HENNES & MAURITZ NETHERLANDS BV, VENDEX KBB NEDERLAND BV*

[47] William H Baker and others, 'Brand Familiarity and Advertising: Effects on the Evoked Set and Brand Preference' (1986) 13 Advances in consumer research

[48] Bruce A Huhmann and Yam B Limbu, 'Creative advertising executions encourage the processing advantages of product familiarity' (2020) 41 Journal of Current Issues & Research in Advertising 206

[49] Roland Knaak, Annette Kur and Alexander von Mühlendahl, 'The study on the functioning of the European trade mark system' (2012) Max Planck institute for intellectual property & competition law research Paper

[50]Barry Schwartz, 'The paradox of choice: Why less is more' (2004) New York: Ecco

[51]Martin Senftleben and others, 'Recommendation on measures to safeguard freedom of expression and undistorted competition in EU trade mark law' (2014) 2015 European Intellectual Property Review 337


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absolute. It is essential to balance trademark protection with other interests, just as trademark rights must be balanced against competing concerns. In these cases, I believe such a balance is necessary, particularly in relation to freedom of expression and freedom of commerce.[52] The provision on likelihood of confusion is closely tied to maintaining fair and undistorted competition. Extending protection to trademarks with a reputation beyond mere confusion—specifically against the unfair exploitation of their distinctiveness and reputation—is justified as it helps foster and maintain a system of fair competition.

In the Adidas /Marca case, the Court of Appeal clearly followed a freedom of competition approach, though the three-stripe motif was well-known and had a broad scope of protection. According to the judge, this did not mean that Adidas could also prohibit other stripe motifs, as it is not practical to monopolize such signs. Hence, they must be available to third parties, despite the strong distinctiveness of the Adidas logo[53]. In this case, the court also included the interests of third parties in their decisions. In the courts' view, the need for other parties to freely compete with alternative products on the market was more important than the need to protect Adidas' investments and consumers against confusion.

Whether the likelihood of confusion must be based on the perception by the public of the goods branded with the mark of the proprietor on the one hand, and the goods sporting the sign used by the third party on the other, is apparent from Article 5 (1) (b) of the Directive and the Adidas / Marca case. In this case, as mentioned earlier, the CJEU clearly declined to factor in the need to keep signs available for competitors in the market when analyzing the issue of confusion[54]. Whereas in some cases, the court unequivocally referred to and applied the rule that consumers are more easily confused when confronted with a highly distinctive trademark[55]. The Munich higher regional court adopted the same approach of CJEU in the Adidas/Marca decision in Dolce &Gabbana's two silver stripes motifs on the grounds of the likelihood of confusion[56].

[52] Springer Nature, https://link.springer.com/article/10.1007/s40319-020-00907-0 (last visited Jan. 8, 2025).
[53] *Case C-102/07. European Court of Justice ADIDAS AG, ADIDAS BENELUX BV vs. MARCA MODE CV, C&A NEDERLAND CV, H&M HENNES & MAURITZ NETHERLANDS BV, VENDEX KBB NEDERLAND BV*
[54] *Id*, at 1895.
[55] *- SABEL BV v Puma AG, Rudolf Dassler Sport. - Reference for a preliminary ruling: Bundesgerichtshof - Germany. - Directive 89/104/EEC - Approximation of laws relating to trade marks - 'Likelihood of confusion which includes the likelihood of association'.*
[56] *Adidas-Salomon AG v Dolce & Gabbana Germany GmbH, Alfonso Giuseppe Dolce* (2005)


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Whereas, in cases in which the chances of the likelihood of confusion are less CJEU took a different approach, for instance, the ruling of CJEU in the Picasso/Picaro case[57]. This case can be analyzed comparatively with the IKEA vs. Ikema case in Indonesia. The name Picasso is widely recognized by consumers as that of a renowned painter and has also been used as a trademark for cars. The CJEU awarded the defendant Daimler Chrysler the right to use the name Picaro, ruling against the heirs of Spanish painter Pablo Picasso. However, because the trademark was not exceedingly well-known among consumers, the judge concluded that consumers would not be likely to be confused when confronted with the similar sign 'Picaro' when used for cars. Therefore, familiarity with a trademark matters in decisions related to consumer confusion.

In UK cases a high degree of distinctive character in some cases is even explicitly rewarded with a winning claim[58] . For example, concerning a dispute over the claimant's LNDR mark which had been infringed by Nike's LDNR, the marks were confusingly similar and the court considered that an average consumer can be misled, misread, mistype, mishear, or misspeak it. Resultantly, Nike lost the legal battle, despite its widely known reputation.[59] This decision shows the approach of UK courts toward the average consumer from a confused perspective.

In the Enterprise /Europcar case [60], The letter "e" was a very common character, frequently used in both descriptive and generic contexts. The High Court judge concluded that, despite the lower level of similarity, there was still a likelihood of confusion, and ruled in favor of Enterprise. The judge was particularly influenced by evidence of actual confusion among the public regarding the two marks. In case [61] the consumer studies presented by the parties showed that there was no imbalance between the litigants. The most important factor in this scenario is the financial stability of the litigants to invest in conducting such expensive studies.
In Germany,[62] In several cases, national courts acknowledged Adidas's substantial investments in marketing and branding campaigns that featured the iconic three-stripe design. These courts

[57] *Claude Ruiz-Picasso and Others v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM).*
*Case C-361/04 P.* (CJEU).
[58]*Comic Enterprises v 20th Century Fox* (Court of Appeal EU)
[59] *LDNR vs LNDR*
[60] *Enterprise Holdings, Inc v Europcar Group UK and Anor* (UK)
[61] *G Star vs H&M* (Hague Court of Appeals )
[62] *Nike Inc vs Adidas* (United States Court of Appeals for the Federal Circuit)


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focused heavily on the brand's recognition and the increased likelihood of consumer confusion, while dismissing arguments related to competition.

The German and French cases highlight that, even before the *Adidas/Marca* decision, the courts were already inclined to favor the interests of trademark owners. While consumer perceptions were not the deciding factor, assumptions about consumer behavior played a significant role. The main principle in these cases was that the distinctiveness of the brand made confusion more likely. The courts seemed to protect Adidas's investments by emphasizing its brand reputation, ignoring actual consumer perceptions of the marks, and disregarding the rights of competitors in the market. Currently, Adidas is embroiled in a legal battle in the U.S. with Thom Browne over claims of trademark dilution and infringement regarding its three-stripe logo[63]. Though the Federal Jury handed Thom Browne an award against Adidas in 2023, the case is now on appeal and the war continues.[64]

**Findings:**

From the facts discussed herein, it is evident that a proprietor can strengthen the distinctiveness of his mark by investing a huge amount in marketing and branding campaigns. Trademark owners with significant financial resources can conduct costly surveys to demonstrate the distinctiveness of their marks, thereby strengthening their position in infringement cases. In the Adidas/Marca case[65], the CJEU specifically chose not to consider the need to keep signs accessible for competitors in the market when assessing the likelihood of confusion. This approach shows how the distinctiveness of a mark, along with financial resources, can help a trademark owner prevail in litigation. As long as non-distinctive signs can acquire distinctiveness through market use, trademark owners will continue to invest in eye-catching marks that offer them a competitive edge. UK court decisions are also based on confusion analysis, and this could indirectly favor the proprietor. Since the Adidas/Marca[66] ruling, several courts seem to have followed this investment-based route.

It is noteworthy that one of the ways the EU has attempted to reduce trademark disputes is the introduction of trademark co-existence agreements[67]. These are private settlements that allow

[63] *Adidas Am., Inc. v. Thom Browne, Inc.* (Court of New York)
[64] Springer Nature, https://link.springer.com/article/10.1007/s40319-020-00907-0 (last visited Jan. 8, 2025).
[65] *Adidas-Salomon v. Fitnessworld Trading Ltd*
[66] *Id*, at 1897.
[67] *Trademark co-existence agreements* ( July 2017)


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parties to resolve trademark conflicts by defining boundaries for use, such as geographic areas or product categories, and often include non-challenge clauses. These agreements help avoid litigation, provide stability, and allow flexibility for businesses.

However, they must comply with EU competition laws, particularly Article 101 of the TFEU[68], to avoid anti-competitive restrictions. While they reduce conflicts and legal costs, careful drafting is crucial to address future market changes and ensure regulatory compliance. Should judges allow unauthorized use of trademarks even if it causes the likelihood of confusion among consumers to favor free competition in the market? Adidas case in Appeal Courts' view, the need for other parties to freely compete with alternative products on the market was more important than the need to protect Adidas' investments and consumers from confusion. A similar pattern was observed in the IKEA vs Ikema case, where a dissimilarity between the two brand names was found, contrary to IKEA's claim[69]. However, it should be noted that in most of cases, the final winner is the well-reputed trademark owner. Moreover, consumer mentality and behavior are subject to a variety of factors. According to the judicial term, an average consumer is one with a normal level of attention who is reasonably well informed and reasonably observant[70]. An average consumer would rarely make in-depth comparisons between similar marks, and would simply trust their perception of the brand.

The evolution of legislations over time is essential to ensure commercial growth. Granting leeway and innovational exceptions to start-ups or small-scale local businesses could play be a step in the right direction. Furthermore, limiting penalties for unintentional trademark infringement by new businesses, and focusing on education and corrective actions rather than punitive damages could also prove fruitful. Strict policies of fair use can be devised while penalizing blatant duplication. Trademarks that have been established for decades should be reviewed and allowed to maintain their status given significant use, and the likelihood of confusion in the masses.

[68] *Treaty on the Functioning of the European Union* (2007)
[69] Syahroni and Heniarti, 'Brand Dilution: An Analysis of The IKEA Versus IKEMA Dispute'
[70] *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV.*
*Directive 89/104/EEC - Trade mark law - Likelihood of confusion - Aural similarity. Case C-342/97.*


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**CONCLUSION:**

The aforementioned steps taken by judiciary systems would take world trade regulations a step closer to a fairer market. It is essential that registered trademarks be protected without compromising on free competition in the market. While there are costs and benefits in every scenario, legal bodies hold the power to pave the way forward. Just, and updated regulatory laws seem like the only plausible course of action to establish a fairer and freer market. This would potentially lead to a more balanced approach towards free competition and average consumer rights.

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