The Legal 500 Country Comparative Guides

Hot Topic

Trademark law and the criteria of distinctiveness
Trademark law and the criteria of distinctiveness

1. Introduction

The traditional way of assessing distinctiveness is strictly focused on the specific national market in which the trademark and product occur, so that a trademark may very well be distinctive in a given market and not distinctive in another. In this article, we challenge this traditional approach and investigate more closely if specific circumstances might call for a more nuanced solution.

In the following we will explore the question with reference to a case with which we assisted during the pre-trial stage. The case never reached the trial stage, thus leaving the legal questions unanswered. For the purposes of this article, the names of the parties and other identifiable characteristics of the case have been anonymized.

2. The fundamental principles of distinctiveness and degeneration

Distinctiveness is a fundamental requirement for trademark registration and protection under EU and EEA law, cf. the Trademark Directive (“the Directive”) Sections 3 (a) and 4 (1) (b). A term that is merely descriptive for the product they are applied for, will not fulfill the criteria of distinctiveness. It is expressly stated in the Directive that a word cannot be registered to the extent it is inherently descriptive in the eyes of the relevant public, cf. the Directive Section 3 (1) (c), or if it is commonly used in a descriptive way in the trade, cf. Section 3 (1) (d).

According to EU case law, a trademark shall be considered descriptive if the relevant public immediately and without further reflection makes a definite and direct association between the goods and the meaning of the word in the trademark, cf. i.a. CELLTECH (T-260/03).

However, even if a trademark is distinctive, and thus rightfully registered, it can afterwards be subject to a process known as degeneration. This is a process where the trademark is used to such an extent over time that it eventually becomes descriptive for the products in relation to which it originally was a distinctive trademark (describing the commercial origin, not the product). In case degeneration occurs, the trademark shall be declared invalid with regard to the products for which it has become descriptive. Famous examples of trademarks that degenerated, are the word marks “thermos” and “nylon”, both of which have become descriptions of the products for which they were originally registered as trademarks.

Given the differences in culture, development, usage of products and so on, it is perfectly conceivable that a trademark could degenerate within a certain state, while at the same time remain distinctive in others. As a general rule, this is unproblematic.

3. A peculiar case - the facts of our case

Consider a natural product – a leaf juice – which is specific to a certain country. The natural product only exists there and is not well known outside the country of origin, except in certain countries where the product has been introduced as imported goods; the US, some EU
countries, some Asian countries and Australia. The leaf juice is used in cosmetics, as a skin product. The name of the product in the native language of the country of origin (here not English), is the name of the leaf producing the juice. This leaf does not exist outside this country, and no other language thus has a name for that particular leaf.

Consider that the product has been marketed internationally as export goods, under an additional name, namely an English metaphor for the leaf juice that has arisen due to its colouring and healing properties for the skin – for the sake of anonymity let’s say “Honey Drops”.

“Honey Drops” was inherently not descriptive for leaf juice. However, consider that “Honey Drops” has been used descriptively for the leaf juice in international trade for several years, so that the leaf juice is internationally known just as well under the name “Honey Drops” as under the name of the leaf itself. And finally, consider that in every market where the exotic leaf juice has been introduced, it has been introduced descriptively to the relevant public using both the name of the leaf producing the juice and the term “Honey Drops”. In other words, when the relevant public in country after country first learned about the leaf juice, they learned to know it under both the name of the leaf and the secondary international trade name “Honey Drops”.

Consequently, the evidence showed that the trademark had degenerated to a descriptive term for the leaf juice on a global level. This was confirmed by the fact that no importer or seller in any country in which the leaf juice had been introduced, had registered “Honey Drops” as an exclusive trademark. Instead both names of the product were used descriptively by all competitors.

Our case arose in a situation where the product had not been marketed in Norway – yet. Thus, the residents of Norway (the relevant public) had no knowledge of the leaf juice as a product – or either of the two names of the product. The relevant public would thus not make any immediate association between the goods and any of the names (the name of the leaf and “Honey Drops”). Therefore, neither name would (de facto) function as a descriptive term for the relevant public – yet. But, if the relevant public were to learn about the product, they would immediately encounter the name as a descriptive term – provided that any company importing and selling the leaf juice was allowed to use both the name of the leaf and the secondary name “Honey Drops” as descriptive.

Despite the fact that the leaf juice had not yet been introduced and was thus unknown to the Norwegian market, the name “Honey Drops” had coincidentally been registered as a trademark. But not for the leaf juice (not having been introduced), but for the generic class to which the leaf juice belongs; cosmetics, oils, etc. The proprietor of the trademark in Norway sold soaps and other cosmetics – but not the leaf juice – under the name Honey Drops.

The situation was consequently peculiar: Even though the specific product (the leaf juice) had not been marketed in Norway and its names were as unknown as the leaf juice itself, the descriptive name of the leaf juice was protected by trademark law for a generic class of products that, generally, includes the leaf juice. The consequence of all this was – on the face of it – that the trademark proprietor could stop anyone else (including our client) from using
the name “Honey Drops” for all products in the class, even the leaf juice which everywhere else was described by the name “Honey Drops”.

The legal issue that arises from this is the following: Our client, the importer, wishes to introduce the leaf juice to the Norwegian market. Is the importer, unlike all competitors in the EU and EEA, impeded by the trademark “Honey Drops” from marketing the leaf juice under that name? If the answer is yes, this means that in Norway, importers are at a disadvantage compared to other importers in the EU and EEA, because Norwegian importers can only use one of the two internationally descriptive names; only the name of the leaf, not the secondary description “Honey Drops”.

4. Applying the traditional approach

Applying the strictly traditional test when assessing distinctiveness, described in the introduction – where the focus is only on the market and state in which the trademark and product occur – the conclusion to our legal issue would seem clear: As the Norwegian relevant public did not know of the product, they would – of course – not in actual fact make any immediate association between the leaf juice and the term “Honey Drops”. Nor, for that matter, would they know the inherently descriptive name of the leaf itself. Thus, the trademark “Honey Drops”, while being descriptive for the leaf juice everywhere else, would not be descriptive of the leaf juice in Norway, and the trademark registration would effectively stop our client from selling the imported leaf juice under the name “Honey Drops”.

However, the only reason that the Norwegian relevant public did not (yet) immediately associate “Honey Drops” with the leaf juice, was that the leaf juice itself was unknown. Consequently, this is the same reason why the Norwegian relevant public did not immediately associate even the inherently descriptive name of the leaf itself with anything – they knew of neither name nor the product.

In this situation, it seems unreasonable to apply the traditional trademark approach strictly – and disregard the “international degeneration”, as this would effectively prevent the Norwegian market (seen as an isolated market) from ever knowing of the name “Honey Drops” as a descriptive name for the product. The trademark proprietor could stop even what would have been a descriptive use, had the use been allowed to take place.

Despite this, one could argue that this solution, with its apparent unreasonableness, is precisely what results from correctly balancing the basic purposes of trademark law; on the one hand the need to keep open descriptive terms, on the other hand limiting the protection to national markets. In this regard, case T-6/01 (MATRATZEN) comes to mind. In said case, the descriptive word for “mattress” in German – “matratz” – was a perfectly valid (and even a strong and distinctive) trademark for mattresses in Spain, as the Spanish word for mattress is “colchón”.

However, our peculiar case cannot be solved this easily, as it can clearly be differentiated from the MATRATZEN-case. Mattresses exist everywhere and have local names in local languages. Our case concerns a leaf juice unique to one country, with only one local name (the name of the leaf), as well as an English name (“Honey Drops”) which – though inherently distinctive for
leaf juice – had *degenerated* to become descriptive internationally in all countries in which the leaf juice had been introduced. Both names “followed” the leaf juice in international trade everywhere it was introduced. Significantly, the importers in the EU and EEA countries, in which the leaf juice *had* been introduced, were thus freely using *both* descriptive names of the leaf juice (the name of the leaf and “Honey Drops”).

It is easy to see why one might debate the justness of the strict and traditional approach in our peculiar case as opposed to the Matratzen-case – especially in light of the core considerations that underlie both the EU/EEA treaties and the Directive (on which the Norwegian Trademark Act is largely based). A core EU/EEA consideration is to avoid skewing the competition between commercial actors in the member states. And a core trademark consideration in that respect, is that everyone must be allowed to call the thing by its name. That is why the trademark law is harmonized to begin with. Clearly, the competition would be skewed in disfavor of the Norwegian importers and sellers as compared to other importers and sellers within the EU and EEA. Furthermore: Whilst the traditional strict approach is unfair towards all importers, the alternative - declaring the trademark invalid *only* vis-à-vis the very limited number of products for which it is descriptive, namely actual honey drops and the leaf juice – represents only a marginal reduction in the trademark protection for the proprietor.

5. A more nuanced approach?

A good case could thus be made for a more nuanced view – at least from a *fairness* and *equity* perspective: *Under such very specific circumstances as described above* – the trademark must be considered to be descriptive for the product concerned, even though the general Norwegian public would (yet) *actually* not make an immediate and direct association between the leaf juice and the meaning of the words in the trademark “Honey Drops”.

Is it possible to base the alternative conclusion on trademark law?

The most striking observation is that the reason why the general public would not make the direct association, was simply because the product was unknown to them. But if they were to learn about it, one of the first two names they would encounter would be “Honey Drops” (the other being the name of the leaf) – which they would then apprehend as a descriptive term. In other words: The knowledge of the descriptive term would actualize. It is important at this point to remember that the evidence actually showed that this had happened everywhere else, because the international trade channels had established the name “Honey Drops” so strongly as a descriptive term that this carried over into every national market based on the labelling.

Under circumstances such as these, there seems to be at clear and justified need, that is valid under trademark law, to keep the name free from any impediments of use with regard to the particular product for which it is globally considered to be descriptive. In a closer trademark law analysis, it is essential to recognize the difference between

- **Situation 1**: A word not being associated with the relevant goods because of *distinctiveness*; and
- **Situation 2**: A word not being associated with the relevant goods even though the word
is descriptive, because the relevant public has not yet had the chance to acquaint itself with neither the goods nor the name, as the goods haven’t yet been introduced to the market.

A closer examination of the case shows that it is not actual distinctiveness that prevented the Norwegian public from making an immediate association between the oil product and the name (situation 1), but rather the factual circumstance that the product had not been introduced in the Norwegian market (situation 2). It is important to remember that also “Honey Drops”, like the name of the leaf, here was proven to “follow” the leaf juice everywhere it went. On this basis one could argue that the fundamental reasons for establishing protection for a trademark, are not present for the trademark “Honey Drops”, at least not specifically in relation to the leaf juice it describes.

A useful litmus test is to compare the legal status for “Honey Drops”, with the legal status for inherently descriptive terms, such as the direct name of the leaf which produced the juice.

If we alter the facts slightly, so that the Norwegian trademark is not “Honey Drops” but the name of the leaf on which the leaf juice product is based – what would then be the correct legal solution?

As with the internationally degenerated name Honey Drops, the inherently descriptive name was unknown to the Norwegian public. A compelling argument here is that registration would not be possible for the directly and descriptive name of the leaf, as this word per se is inherently descriptive for the leaves in question. This applies regardless of actual knowledge of the word, cf. the Trademark Act § 14 (2) (a) cf. the Directive art. 3 (1) (c). And upon closer examination, this has to be the solution to avoid a contradiction: One cannot argue that the trademark would degenerate as soon as the product was introduced, so that knowledge about both the product and the name arose in Norway. This is a “catch 22”: How could the competitors make the inherent but yet unknown descriptiveness actually known to the relevant public in the first place, if the first person to register the trademark has a monopoly for the class which covers the leaf juice? This would effectively block any descriptive market introduction of the name, so that one could not rely on an assumption that given time, the name would degenerate in Norway as well.

The key question is then: Why should there be different solutions for the inherently descriptive name and the internationally degenerated name, provided that the evidence actually bears out the conclusion that the name “Honey Drops”, in every country - including EU/EEA countries - “follows” the leaf juice as a description just as much as the inherently descriptive name of the leaf? It is important not to mix the legal conclusion with the factual question, hereunder the standard of proof applicable and the question of whether this standard of proof has been met.

In the factual situation in our case, it appears equally legitimate, based on the core legal considerations that underlie the harmonized trademark law, to avoid the “catch 22” for the name “Honey Drops” – just like this must be avoided with respect to the inherently descriptive name of the leaf juice. It appears illegitimate to prevent one national market from acquiring knowledge of a term as descriptive, by registering the term as a trademark for the generic
class, before the specific thing is even known. A good case could thus be made for deeming an internationally descriptive term descriptive also in Norway, even though the term is not known, when

1. the reason for the term not being known is that the goods which carry the name are unknown, and
2. the name would be known as descriptive (immediately and without further reflection) upon market introduction.

6. Concluding remarks

In a case where criteria (i) and (ii) are fulfilled, it is difficult to see why the internationally degenerated term “Honey Drops” should be treated differently from the inherently descriptive name of the leaves themselves. From the perspective of both legal realism and pragmatism, one could sensibly ask: If the degeneration has actually become international, why should an internationally degenerated term be treated differently than an inherently descriptive term?

It should in this regard be kept in mind that the “relevant public” to some extent is a legal and normative fiction, which opens for taking into consideration also what the relevant public would immediately and directly perceive as descriptive for the goods, provided they had knowledge of the goods themselves.

To our knowledge, there is no case law that sheds light on this particular question. The legal conclusion is thus still uncertain – as is often the case when a peculiar case arises, which seems to “fall outside the scope” of the traditional approach. Such cases call for principled arguments, based on the very foundational concerns on which the trademark law itself is built – i.e. a balancing of basic concerns that is traditionally the domain of the legislator. When the judiciary must make a conclusion on such foundational grounds, the conclusion will inherently be uncertain. One thing, however, remains certain: Proving that such international degeneration has in fact occurred, is an onerous task.