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“Mark My Words”—Trademarks and Fundamental Rights in the EU

Jens Schovsbo*

This Article analyses the new provisions in EU law that trademark rules should be “applied in a way that ensures full respect for fundamental rights and freedoms, and in particular the freedom of expression.” It is pointed out how these provisions are part of a broader trend of “constitutionalization” in EU law whereby courts increasingly rely on fundamental rights when they interpret the rules of Intellectual Property Rights (IPR). After a presentation of the historical and legislative background for the changes and the related development in copyright law, the likely impact of the new trademark rules is discussed. It is concluded that even though the constitutionalization is not going to revolutionize EU trademark law, it will require courts to consider in a more pronounced way the interests of users of trademarks (such as artists or commercial users) vis-à-vis trademark holders’ interests. This in turn may affect the way courts interpret trademark law, and, in particular, give more room to the limitations and exceptions. The effects of such a development may be to limit the ability of trademark holders to push exclusivity in ways that harm cultural development, public debate, and fair competition.

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* Professor, PhD, LLD University of Copenhagen, Center for Information and Innovation Law (CIIR). This Article is based on my talk at UC Irvine on October 28, 2016, and it benefited from the comments I received at that occasion. I am also grateful for the comments I received when I presented a draft of this Article at Vrije Universiteit Amsterdam on February 9 2017. Thanks to Thomas Riis and Knud Wallberg (Centre for Innovation and Information Law (CIIR), University of Copenhagen), Lisa Ramsey (University of San Diego School of Law) and Martin Senftleben (Vrije Universiteit) for comments on earlier drafts and to Berdien van der Donk (CIIR) for research assistance.

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INTRODUCTION

When the EU rules on trademarks were recently amended, a new provision was added to the Recitals. It is now provided that trademark rules should be “*applied in a way that ensures full respect for fundamental rights and freedoms, and in particular the freedom of expression.*”¹ On the face of it, this is hardly surprising. Of course, trademark law is not and has never been either above or beyond the reach of fundamental rights such as the free speech.² Looking closer, however, it becomes clear that the explicit mentioning of *fundamental rights* in the trademark rules reflects developments both in trademark law and in fundamental rights law. Regarding trademark law the need to address these concerns explicitly has arisen because of

1. Commission Regulation 2017/1001 of 16 June 2017 on the European Union Trade Mark (consolidated version) O.J. (L 154) 1–99, point 21 [hereinafter Trademark Regulation or Regulation]; Directive 2015/2436 of the European Parliament and of the Council of 16 December 2015, to Approximate the Laws of the Member States Relating to Trademarks, O.J. (L 336) 1–26, point 27 [hereinafter Trademark Directive or Directive]. The Regulation takes effect from 1 October 2017. Cf. art. 212. The Directive should be implemented in national law by 15 January 2019. Cf. art. 54.

2. For the following, I take “fundamental rights” to include those rights and freedoms which are recognized in the European Convention on Human Rights, see *European Convention on Human Rights*, EUROPEAN COURT OF HUMAN RIGHTS, <http://www.echr.coe.int/pages/home.aspx?p=basictexts> [https://perma.cc/WY8S-4HNU] (last visited June 10, 2018), and in particular the Charter of Fundamental Rights of the European Union, 55 O.J. (C 326) 391–407. I focus on the Charter since this has been described in Allan Rosas, *Five Years of Charter Case Law: Some Observations*, in *THE EU CHARTER OF FUNDAMENTAL RIGHTS AS A BINDING INSTRUMENT: FIVE YEARS OLD AND GROWING* 12–20 (Sybe de Vries et al. eds., 2015), as having “become the main point of reference in the post-Lisbon case law.” Also, the Charter in the words of the EU Commission brought together “in one text all the fundamental rights protected in the Union, spelling them out in detail and making them visible and predictable.” *Strategy for the Effective Implementation of the Charter of Fundamental Rights by the European Union*, COM (2010) 573 final (Oct. 19, 2010). By way of example the Charter includes the following provisions: Article 8 Protection of Personal Data; Article 10 Freedom of Thought, Conscience and Religion; Article 11 Freedom of Expression and Information; Article 13 Freedom of the Arts and Sciences; Article 16 Freedom to Conduct a Business; Article 17 Right to Property; Article 48 Presumption of Innocence and Right of Defence; and Article 54 Prohibition of Abuse of Rights. According to Article 51(1), the Charter is binding not only on the EU but also on the EU countries when they are implementing EU law. A provision in the Charter cannot be applied by itself but needs the existence of a least one relevant rule of EU law other than a Charter provision. Rosas, *supra* note 2.

the *expansion of trademark* law beyond its historical starting points. In a time when trademark law primarily served to prevent consumer confusion regarding the commercial origin of goods or services and only words or figures were accepted as being protectable (if non-descriptive), the potential for conflicts with fundamental rights such as free speech was limited because only commercial uses in a narrow sense had the capability of constituting infringements. As trademark law developed, however, and protection for marks with a reputation was granted even against non-misleading uses and new types of marks such as colours became accepted, the potential for conflicts increased because a broader area of uses became potentially covered by trademark law's reach. At the same time, *fundamental rights law has expanded* in the sense that during the later years the Court of Justice of the European Union (CJEU) and national courts have engaged in a general reconfiguration of the interface between Intellectual Property Rights (IPR) and fundamental rights with a more pronounced role of arguments based directly on fundamental rights in IPR cases.³

This contribution describes the legal background for the new trademark provisions and tries to predict their effects on future case law from the CJEU and courts in EU countries. It first explains how EU law has so far dealt with the interface between IPR in general and fundamental rights, and then zooms in on trademark law.⁴ It will be pointed out, how the new provisions are part of a general trend towards a more pronounced reliance by courts on fundamental rights norms in IPR cases (called a *constitutionalization* of IPR) and that the recitals will most likely accelerate this trend. The constitutionalization is not going to revolutionize trademark law, but it is likely to fuel an evolution of EU trademark law which will challenge traditional perceptions (e.g., of the role of exceptions and limitations), and generally make trademark analyses more receptive towards arguments from users of trademarks.⁵

3. See *infra* point 2.

4. For a general introduction, see CHRISTOPHE GEIGER, RESEARCH HANDBOOK ON HUMAN RIGHTS AND INTELLECTUAL PROPERTY (Edward Elgar ed., 2015). For the EU-dimension, I recommend in particular Christophe Geiger, "Constitutionalising" Intellectual Property Law? *The Influence of Fundamental Rights on Intellectual Property in the European Union*, 37 INT'L REV. OF INTELL. PROP. & COMPETITION L. 371 (2006) [hereinafter Geiger, "Constitutionalising" Intellectual Property Law?]; Christophe Geiger, *Reconceptualizing the Constitutional Dimension of Intellectual Property*, in INTELLECTUAL PROPERTY LAW AND HUMAN RIGHTS 115 (Paul L.C. Torremans ed., 2015) [hereinafter Geiger, *Reconceptualizing the Constitutional Dimension*]; Jonathan Griffiths, *Constitutionalising or Harmonising? The Court of Justice, the Right to Property and European Copyright Law*, 38 EUR. L. REV. 65 (2013); Tuomas Mylly, *The Constitutionalization of the European Legal Order: Impact of Human Rights on Intellectual Property in the EU*, in RESEARCH HANDBOOK ON HUMAN RIGHTS AND INTELLECTUAL PROPERTY 103 (Christophe Geiger ed., 2015). Specifically on trademarks, see Lisa P. Ramsey & Jens Schovsbo, *Mechanisms for Limiting Trademark Rights to Further Competition and Free Speech*, 44 INT'L REV. INTELL. PROP. & COMPETITION L. 671 (2013); Martin Senftleben, *Free Signs and Free Use – How to Offer Room for Freedom of Expression Within the Trademark System*, in GEIGER, *supra* note 4, at 354; Martin Senftleben et al., *Recommendation on Measures to Safeguard Freedom of Expression and Undistorted Competition in EU Trademark Law*, EUR. INTELL. PROP. REV. 337 (2015).

5. See *infra* Part 5.

I. IPR AND FUNDAMENTAL RIGHTS

Traditionally, fundamental rights and IPR have been seen as sharing the same goals and values. Thus, the U.S. Supreme Court in *Harper & Row* described copyright as an “engine of free expression”⁶ and the EU-Charter simply states that “Intellectual property shall be protected [as property].”⁷ Also the IPR system itself is thought to have taken account of the overall societal interests including those recognized by fundamental rights most notably via its rules on, for instance, (i) protected subject matter, (ii) duration, (iii) scope of protection, and (iv) limitations and exceptions. Even though the potential for conflict between trademark law and fundamental rights has historically not been as pronounced as for most notably copyright (in part for the reasons stated above), trademark law has traditionally done so too. On the most general level, trademark law could be said to increase freedom of expression and information simply by expanding the “market in language.”⁸ More to the point, Martin Senftleben explains how the rules in EU trademark law which limit protection to only signs which are distinctive, impose a post-registration use requirement on holders, or which in other ways limit exclusivity promote a public domain which offers “a reservoir of unprotected and protected signs that are available for political, artistic and commercial speech.”⁹

6. *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539 (1958).

7. See EU Charter art. 17(2). The right to property is stated in EU Charter art. 17(1):

Everyone has the right to own, use, dispose of and bequeath his or her lawfully acquired possessions. No one may be deprived of his or her possessions, except in the public interest and in the cases and under the conditions provided for by law, subject to fair compensation being paid in good time for their loss. The use of property may be regulated by law in so far as is necessary for the general interest.

As pointed out in Christophe Geiger, *Intellectual Property Shall Be Protected!? Article 17(2) of the Charter of Fundamental Rights of the European Union: A Mysterious Provision with an Unclear Scope*, 31 EUR. INTEL. PROP. REV. 113 (2009), it is important to bear in mind that the protection of IPR is not “absolute,” but according to subparagraph 1 may be limited and regulated in the “public”/“general” interest. Geiger, *Reconceptualizing the Constitutional Dimension*, *supra* note 4, at 134. See also Universal Declaration on Human Rights art. 27(2) (“Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.”); International Covenant on Economic, Social and Cultural Rights art. 15(1)(c) (“The States Parties to the present Covenant recognize the right of everyone: To benefit from the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.”).

8. William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 271 (1987) (noting also that these benefits are small).

9. Senftleben, *supra* note 4, at 355; see also Rochelle C. Dreyfuss, *Reconciling Trademark Rights and Expressive Values: How to Stop Worrying and Learn to Love Ambiguity*, in TRADEMARK LAND AND THEORY – A HANDBOOK OF CONTEMPORARY RESEARCH 261 (Edward Elgar ed., 2008) (according to whom related principles in US only work in theory). On the ‘public domain’ in trademark law, see also Jennifer Davis, *Protecting the Common: Delineating a Public Domain in Trade Mark Law*, in TRADEMARK LAND AND THEORY – A HANDBOOK OF CONTEMPORARY RESEARCH, *supra* note 9, at 345. In the Municipality of Oslo, Case E-5/16, Judgment, The Court of Justice of the European Free Trade Association (Apr. 6, 2017), the Court explained that protecting works of art which constitute prominent parts of a nation’s cultural heritage as trademarks *after* the lapse of copyright protection may be perceived by the average consumer in the EEA state in question as offensive and therefore as contrary to accepted principles of morality (¶ 92). If the national authority finds this to be the case, the application for trademark protection should be refused. See First Council Directive 89/104/EEC, of the European Council of 21 December 1988 to Approximate the Laws of the Member States Relating to Trade Marks, 1988 O.J. (L 40) art. 3(1)(f) [hereinafter 1989-Directive]. The Court relies in part on what

Despite the commonalities between IPR and fundamental rights, there has traditionally been little interference or room for interaction at the level of substantive law between the two areas of the law. Helfer and Austin thus report how fundamental rights and IPR have traditionally been preoccupied with their own distinct concerns and have not seen the other as either adding or threatening its sphere of influence or opportunities for expansion.¹⁰ By way of example, they point out how the mother of all IPR's internal limitations and exceptions¹¹ (i.e., the three-step test originating in the Berne Convention)¹² contains no references to fundamental rights.¹³ As seen from a traditional perspective, this is hardly surprising given that the international IPR treaties are based on the concept of minimum protection and are not primarily concerned with the way these rights are limited or function within the national systems vis-à-vis the nationals of the state.¹⁴ At the same time, it reflects a two-pillar view of IPR and fundamental rights.

A. IPR and Fundamental Rights in the EU

In recent years, the starting point described above has become blurred and the two areas of the law are becoming more and more *aware of each other* (paraphrasing

it perceives as a need to protect the public domain which it declares to “entail the absence of individual protection for, or exclusive rights to, a work” (¶ 66). The judgment is discussed in Martin Senftleben, *Vigeland and the Status of Cultural Concerns in Trade Mark Law – The EFTA Court Develops More Effective Tools for the Preservation of the Public Domain*, 48 INT'L REV. INTEL. PROP. & COMPETITION L. 683 (2017) (pointing out for instance that the decision represents an unusually firm determination to defend the public domain). These limitations have also been acknowledged in the international IPR-conventions. See, e.g., Agreement on Trade-Related Aspects of Intellectual Property Rights art. 15 (excluding descriptive signs); *Id.* art. 17 (allowing for limitations for the fair use) [hereinafter TRIPS]. These rules and principles are binding on the member countries, including the EU-countries and the EU. Regarding these important provisions and free speech, see generally Lisa Ramsey, *Free Speech and International Obligations to Protect Trademarks*, 35 YALE J. INT'L L. 405 (2010).

10. LAURENCE R. HELFER & GRAEME W. AUSTIN, HUMAN RIGHTS AND INTELLECTUAL PROPERTY: MAPPING THE GLOBAL INTERFACE 31, 31 et seq (2011). The authors point out how this starting point is “curious” given the fact that the close relationship between IPR and human rights has been spelled out clearly in basic international legal instruments. *Id.* at 31. See *supra* note 7 for such basic international legal instruments.

11. Annette Kur, *Limitations and Exceptions Under the Three-Step Test – How Much Room to Walk the Middle Ground?*, in INTELLECTUAL PROPERTY RIGHTS IN A FAIR WORLD TRADE SYSTEM 208, 212 (Edward Elgar ed., 2011). I take these two expressions (limitations and exceptions) to be interchangeable.

12. Berne Convention for the Protection of Literary and Artistic Works art. 9(2), Sept. 28, 1979. TRIPS restated the test for copyright (Article 13) and extended it to apply to patents too (Article 30). For trademarks, TRIPS contains a “two-step-test” in Article 17: “Members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.”

13. JORGEN BLOMQUIST, PRIMER ON INTERNATIONAL COPYRIGHT AND RELATED RIGHTS 182 (Edward Elgar ed., 2014) interestingly points out how the three-step-test in the Berne Convention mirrors Article 4 of the International Covenant on Economic, Social and Cultural Rights of 16 December 1966, which was adopted just a year previous to the 1967-revision of the Berne Convention, which introduced the three-step-test. The framers of the Berne Convention were thus very much aware of the development in fundamental rights law, and the lack of cross-references, therefore, should be seen as a deliberate choice.

14. *Id.* at 17; Kur, *supra* note 11, at 216.

Helfer and Austin).¹⁵ At the international level, the Anti-Counterfeiting Trade Agreement (ACTA), for example, expressly states that the enforcement procedures should be implemented in a manner that “avoids the creation of barriers to legitimate activity, including electronic commerce, and, consistent with that Party’s law, *preserves fundamental principles such as freedom of expression, fair process, and privacy.*”¹⁶ Even though that Agreement has not so far entered into force, it reflects an attempt to combine the two systems in a way which is very different when compared to the traditional IPR conventions.¹⁷ A similar trend is visible in Europe. Beginning in national case law,¹⁸ the CJEU has in more recent cases been drawing on *external* constitutional norms when interpreting IPR legislation including the *internal* balancing norms such as exceptions and limitations.¹⁹ In this way, it is becoming clear that even though there are still walls between IPR and fundamental rights, the walls are found within the same house and doors exist and open both ways to allow the passage of legal norms and arguments from one legal system to the other.

The full ramifications of this process—aptly coined as the *constitutionalization of IPR* by Geiger²⁰—for EU IPR in general and for trademark law in particular remain to be seen. Already, however indications of the potential of the constitutionalization for the interface between IPR and fundamental rights law can be observed in EU copyright law. A good example of this is provided by the decision of the CJEU in *Deckmyn*.²¹ As explained by the European Copyright Society in its comment to the decision, the CJEU in this way implicitly rejected the traditional, continental European view of limitations and exceptions as being

15. HELFER & AUSTIN, *supra* note 10.

16. Anti-Counterfeiting Trade Agreement art. 27(2), Oct. 1, 2011.

17. In the same vein, see Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled, June 27, 2013 (e.g. the first recital of the Preamble (recalling the principles of non-discrimination, equal opportunity, accessibility and full and effective participation and inclusion in society, proclaimed in the Universal Declaration of Human Rights and the United Nations Convention on the Rights of Persons with Disabilities)).

18. See, e.g., Andreas Rahmatian, *Trade Marks and Human Rights*, in INTELLECTUAL PROPERTY AND HUMAN RIGHTS 335 (Paul L.C. Torremans ed., 2015); Ramsey & Schovsbo, *supra* note 4; Katia Weckström, *The Lawfulness of Criticizing Big Business: Comparing Approaches to the Balancing of Societal Interests Behind Trademark Protection*, 11 LEWIS & CLARK L. REV. 671 (2007).

19. Similarly for EU-competition law, which Advocate General Jääskinen has called “EU’s economic constitution” in *Cartel Damage Claims (CDC) Hydrogen Peroxide SA v. Evonik Degussa GmbH et al.*, Case C-352/13, Opinion, Court of Justice (Dec. 11, 2014). According to the case law of the CJEU, competition law may be relied upon as the basis for compulsory licenses of IPR but only in *exceptional circumstances*. See *IMS Health GmbH & Co. v. NDC Health GmbH & Co.*, Case C-418/01, Judgement, Court of Justice of the European Union [CJEU], point 38 (Apr. 29, 2004); *Radio Telefis Eireann (RTE) et al. v. Indep. Pub. Ltd. (ITP) et al.*, C-241/91 P and C-242/91 P, Judgment, Court of Justice of the European Union [CJEU] (Apr. 6, 1995); see also Jens Schovsbo, *Fire and Water Make Steam: Redefining the Role of Competition Law in TRIPS*, in INTELLECTUAL PROPERTY RIGHTS IN A FAIR WORLD TRADE SYSTEM, *supra* note 11.

20. Geiger, “*Constitutionalizing Intellectual Property Law?*,” *supra* note 4.

21. *Deckmyn v. Vandersteen et al.*, Case C-201/13, Judgement, Court of Justice of the European Union, ECLI:EU:C:2014:2132 (Sept. 3, 2014).

“restrictively delineated.”²² Rather than basing itself on traditional IPR reasoning—the Opinion goes on—the CJEU chose to adopt the view of the European Court of Human Rights that *any* exception to the right to freedom of expression, including copyright, must itself be interpreted narrowly. Thus, the constitutional-based reading of the limitations and exceptions has the potential to turn the analysis upside-down; if one sees *exclusivity* as the *exception* (and not as the main rule) then the limitation (which (re)introduces the freedom of information prohibited by exclusivity) represents the base line.²³ As seen from such a perspective, it is thus not possible to indicate a general principle of interpretation in favour of the main rule since it is not *a priori* clear, which is the main rule (exclusivity or freedom of information). Consequently, the constitutionalization provides courts with arguments that may affect their application of the existing statutory law.

In the most recent phase of EU harmonization, the traditional lines between IPR and fundamental rights have become even more blurred.²⁴ This contribution focuses on the new trademark Regulation and Directive but similar provisions are found in the recently adopted Directive on trade secrets²⁵ and the proposal for a new copyright Directive.²⁶ Fundamental rights, in other words, are becoming *internalized* into EU IPR and will, therefore, constitute an explicitly integrated part

22. Christophe Geiger et al., *Limitations and Exceptions as Key Elements of the Legal Framework for Copyright in the European Union – Opinion on the Judgment of the CJEU in Case C-201/13 Deckmyn*, 46 INT'L REV. INTEL. PROP. & COMPETITION L. 93, points 23–27 (2015). For more on the European traditional style of interpretation, see generally MARTIN SENFLEBEN, COPYRIGHT, LIMITATIONS AND THE THREE-STEP TEST – AN ANALYSIS OF THE THREE-STEP TEST IN INTERNATIONAL AND EC COPYRIGHT LAW 6 (2004) (on copyright).

23. Jens Schovsbo, *Constitutional Foundations and Constitutionalization of IP Law – A Tale of Different Stories?*, 7 ZEITSCHRIFT FUER GEISTIGES EIGENTUM [INTEL. PROP. J.] 383 (2015).

24. See *infra* Part 4.1.1.

25. Directive 2016/943 of the European Parliament and of the Council of 8 June 2016 on the Protection of Undisclosed Know-How and Business Information (Trade Secrets) Against Their Unlawful Acquisition, Use and Disclosure, 2016 O.J. (L 157) 1–18. Particularly relevant is *id.* point 19 (“While this Directive provides for measures and remedies which can consist of preventing the disclosure of information in order to protect the confidentiality of trade secrets, it is essential that the exercise of the right to freedom of expression and information which encompasses media freedom and pluralism, as reflected in Article 11 of the Charter of Fundamental Rights of the European Union (‘the Charter’), not be restricted, in particular with regard to investigative journalism and the protection of journalistic sources.”).

26. *Commission Proposal for a Directive of the European Parliament and of the Council on Copyright in the Digital Single Market*, COM (2016) 593 final (Sep. 14, 2016). Particularly notable are *id.* point 4, and the Proposed Directive, point 45 (“This Directive respects the fundamental rights and observes the principles recognized in particular by the Charter of Fundamental Rights of the European Union. Accordingly, this Directive should be interpreted and applied in accordance with those rights and principles.”), and *id.* point 46 (“Any processing of personal data under this Directive should respect fundamental rights, including the right to respect for private and family life and the right to protection of personal data under Articles 7 and 8 of the Charter of Fundamental Rights of the European Union and must be in compliance with Directive 95/46/EC of the European Parliament and of the Council and Directive 2002/58/EC of the European Parliament and of the Council.”) (footnotes omitted). For an example from patent law, see Case C-377/98, *Netherlands v. Parliament*, 2001 E.C.R. I-7149, ¶ 70 (“It is for the Court of Justice, in its review of the compatibility of acts of the institutions with the general principles of Community law, to ensure that the fundamental right to human dignity and integrity is observed.”).

of the IPR legislative system. For this reason, courts will no longer only rely on fundamental rights in exceptional cases where the internal balancing tools fall short. Instead, courts are going to rely on such norms in all instances since the norms have become part of the legal framework itself. The precise effects of this development are hard to predict. European Union trademark law has arguably been rather successful so far in striking the right balance between trademark exclusivity and—say—artistic freedom of expression. By way of example, it was hardly a coincidence that Louis Vuitton, in the much-commented-on Dutch case, relied exclusively on EU *design law* rather than trademark law to try to prevent an artist (Nadia Plesner) from using their design/trademark as part of an artwork (called *Simple Living*).²⁷ Whereas design law protects broadly against any “use” of the design (including use of the design for artistic purposes and as a symbol rather than on a product) it would seem to have been clear from the outset to the company, that such use did not fall foul of trademark law. Be that as it may, because of the expansion described above and *infra* and the lack until the recent amendment of provisions in trademark law which clearly exempts artistic use of trademarks from legal challenge, EU trademark law poses opportunities for aggressive holders of marks with a reputation to push exclusivity beyond its reasonable limits. Holders may for example claim that the use of their mark as a prominent part of a painting is commercial, uses the mark in a way that could be perceived as an indicator of source, and constitutes an unfair exploitation of the mark.²⁸ This may cause a *chilling effect* on artistic uses which involves trademarks. Furthermore, the potential areas of conflict seem to be rising. The same factors which have made trademarks more and more important as communicative tools for companies have thus also increased their cultural, social, and commercial importance for users who, for various reasons, *need access* to trademarks in order to engage in activities which are generally recognized as being beneficial to society either by promoting cultural development, public debate, or fair competition.²⁹ Users in this sense include a disparate group, and their interests may be driven by different motives. As seen from a *cultural perspective*, artists have for long used trademarks as part of their artwork (apart from Nadia Plesner just

27. Judgment of the District Court of The Hague of May 4, 2011, 389526 / KG ZA 11-294, Nadia Plesner Joensen v. Louis Vuitton Malletier, ECLI:NL:RBSGR:2011:BQ3525 (Neth.). The court balanced the fundamental right of Louis Vuitton to peacefully enjoy its property right (i.e. design right) against the use of the design and the artist’s protection with regard to her artistic freedom. The court found that the artist was allowed to use LV’s design of a multicolour canvas as applied to one of its own expensive handbags as part of a drawing called Simple Living where the LV-bag was being carried by a malnourished African child (together with a ‘Paris Hilton-dog’). By the same token, even the use of the same drawing as the motive on a T-shirt was allowed under design law. The artist explained that the bag was used as a symbol and as part of an attempt to draw attention to what she believed was a problematic difference in attention given to celebrities and to the famine, which was going on in Darfur. See Judgment point 4.8. For a discussion of the case, see Lucie Guilbaut, *The Netherlands: Darfurnica, Miffy and the Right to Parody!*, 2 J. INTELL. PROP. INFO. TECH. & ELECTRONIC COM. L. 236 (2011), and Jani McCutcheon, *Designs, Parody and Artistic Expression – A Comparative Perspective of Plesner v Louis Vuitton*, 41 MONASH UNIV. L.REV. 192 (2015).

28. See *infra* Section 5.1.1.

29. See Dreyfuss, *supra* note 9.

think of Andy Warhol's *Campbell's Soup Cans*³⁰ or James Bond's well-known fondness for *Bollinger* champagne). *Political* use includes satirical uses such as when a non-governmental-organisation (NGO) wants to criticise the oil company and uses *Esso*³¹ or the use by an anti-smoking organisation of a parody of a Marlboro advertisement to bring across an antismoking message.³² *Commercial* access to someone else's trademark may be necessary in order to simply present one's own products as alternatives ("If you like 'brand X' you'd love my brand too"), to indicate their use ("This part fits with 'brand X'"), or to resell original products bearing the trademarks of third parties such as second hand goods or parallel imports. Importantly, the scope of fundamental rights norms in the EU is very broad and goes beyond traditional civil rights such as free speech (e.g., use to express criticism, parodies, or reviews). By way of example, EU law also recognizes, for example, the *Freedom to conduct a business* as a fundamental right.³³ In this way, a broad variety of users are potentially able to defend themselves against trademark holders by arguments based on fundamental rights. Adding to the blurring of the interface between fundamental rights and IPR is, therefore, a certain *Trojan Horse* quality of the reference to "fundamental rights." In addition, to being a very wide legal concept, "fundamental rights," the boundaries for the individual rights and freedoms, are constantly evolving and they develop often via case law, which is totally unrelated to IPR.

II. EU HARMONIZATION OF TRADEMARK LAW

A. Generally

The EC and later the EU legal order have found it hard to balance the territorial nature of trademark law with the market integration goals of the Community/Union. A *first* round of harmonization blew through trademark law (and indeed IPR in general) in the 1970s and 1980s. As part of this process, the CJEU³⁴ relied on the provisions in the Treaty³⁵ on the Free Movement of Goods to eradicate restrictions to intra-community trade arising from the territorial nature of the uncoordinated national trademark acts in place at the time. As notable results, a principle of regional exhaustion ("first sale"),³⁶ a rocky relationship between EU

30. *Campbell's Soup Cans*, WIKIPEDIA, https://en.wikipedia.org/wiki/Campbell%27s_Soup_Cans [https://perma.cc/4FSZ-Y3AM] (last visited June 10, 2018).

31. *See* *Esso v. Greenpeace France*, Cour d'appel [CA] [Regional Court of Appeal] Paris, 4e ch., Nov. 16, 2005, 04/12417, *reprinted in* [2006] E.T.M.R. [Europ. Trade Mark Rep.] 53 (U.K.).

32. *See* *Re the Parodying of Cigarette Advertising*, Bundesgerichtshof [BGH] [Federal Court of Justice] Apr. 17, 1984, Case VI ZR 246/82 (Ger.), *reprinted in* [1986] E.C.C. 1, 6–7.

33. *Cf.* EU Charter art. 16.

34. Until entry into force of the Treaty of Lisbon in 2009, the Court was called The Court of Justice of the European Community.

35. The founding treaty has been amended over the years, but the rules on the Free Movement of Goods have remained in place since the 1958 Treaty of Rome (formally the "Treaty establishing the European Economic Community").

36. Case 15/74, *Centrafarm v. Sterling Drug*, 1974 E.C.R. 1148 (patents); Case 16/74, *Centrafarm v. Winthrop*, 1974 E.C.R. 1184 (trademarks).

law, and national laws according to which EC law would only restrict the *exercise* of national IPR but left the *existence* of those rights untouched³⁷ were established. In the subsequent and *second* round of harmonization in the late 80s and mid-90s, common rules were passed. For trademark law this led to the passing of the First Council Directive to approximate the laws of the Member States relating to trademarks in 1988³⁸ (1989-Directive) and the Regulation on Community trademarks in 1993.³⁹ The scope of the 1989-Directive was “limited to those national provisions of law which most directly affect the functioning of the internal market”⁴⁰ and created an obligation for Member States to implement the provisions of the Directive in their national Trademark Acts.⁴¹ The Regulation created a free-standing unitary right which was issued by a newly established, transnational, regional Trademark Office (“OHIM” (what is now the EUIPO))⁴² and enforced nationally via dedicated “EU trademark courts.”⁴³ As it will be seen in the following, the ongoing round of harmonization combines elements from the first two rounds and sees a continued active CJEU applying constitutional norms to interpret the directives and regulations.

B. *The Expansion of Substantive Trademark Law*

As seen from a traditional trademark law perspective, the result of the harmonization in the 80s and 90s was an *expansion* of the scope of trademark law and a *strengthening* of the legal position of trademark holders. By way of examples: the Regulation established an extra layer of cheap and readily available European Community -wide protection based on a single application and administered by a new regional Trademark Office,⁴⁴ new types of marks were recognized (including colours and the shape of goods),⁴⁵ protection for marks with a reputation was granted even if no risk of confusion is involved,⁴⁶ and a principle of regional

37. *E.g.*, Case 192/73, Van Zuylen Frères v Hag AG, 1974 E.C.R. 732, 743–44, ¶¶ 6–8, 15 (HAG I).

38. 1989-Directive, *supra* note 9, at 1. The directive was later amended and the official and codified version is now Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to Approximate the Laws of the Member States Relating to Trade Marks (Codified version), 2008 O.J. (L 299) 25–33.

39. Council Regulation 40/94 of Dec. 20, 1993, on the Community Trade Mark, 1994 O.J. (L 11) 1 [hereinafter 1994-Regulation] (the Regulation was subsequently amended and the last version before the present Regulation was Council Regulation 207/2009, Feb. 26, 2009, on the Community Trade Mark (codified version), 2009 O.J. (L 78) 1).

40. 1989-Directive, *supra* note 9, at point 3.

41. The new Directive also aims to provide a more comprehensive harmonization than the previous one, includes new aspects of procedural rules, and has made some formerly facultative provisions mandatory (notably the protection of marks with a reputation). *See* Trademark Directive, *supra* note 2, at points 7–13.

42. *See generally* EUIPO: EUR. UNION INTELL. PROP. OFF., <https://euipo.europa.eu/ohimportal/en> [<https://web.archive.org/web/20180509165522/https://euipo.europa.eu/ohimportal/en>] (last visited May 9, 2018).

43. *See* 1994-Regulation, *supra* note 39, § 2.

44. *Id.*

45. 1994-Regulation, *supra* note 39, art. 4.

46. *Id.* art. 9.

exhaustion gave right holders new ways of restricting parallel importation of goods which had been put on the market for the first time by the trademark holder or with its consent in a third-country.⁴⁷

In the ensuing case law, the main focus of the (as it later became) CJEU was “to prevent the protection afforded to the proprietor varying from one State to another” and “to eliminate disparities between the trademark laws of the Member States which may impede the free movement of goods and the freedom to provide services and distort competition within the common market.”⁴⁸ In the same vein, it was stated that the rule on exhaustion embodied “a complete harmonization” of the regional principle as this was the only interpretation which was fully capable of ensuring that the purpose of the Directive is achieved, namely to safeguard the functioning of the internal market.⁴⁹ Of course, the CJEU did not develop trademark law without any recognition of trademark law’s overall role as a part of the general legal system to protect “undistorted competition.”⁵⁰ In early decisions, the Court emphasized the public interest underlying the trademark provisions, which aimed at keeping descriptive signs or indications⁵¹ or signs consisting exclusively of the shape of the product necessary to obtain a technical result⁵² outside of trademark protection to be freely used by all. In important decisions, the CJEU also indicated concern about the risks of extending trademark protection, for example, by making it clear that protection should not by itself confer “an unjustified advantage for a single trader,”⁵³ and that trademark law offers no protection “against practices inherent in competition.”⁵⁴ Still, the overall effect of the development of the CJEU’s practice was to the benefit of trademark holders.⁵⁵ This also affected the way the limitations and exceptions were used. For example, in *Gillette*,⁵⁶ the CJEU was asked to decide if and to what extent the seller of non-original blades that fit Gillette’s razor handles could use the Gillette brands on its packaging. The seller argued its use of Gillette’s marks to indicate the product’s intended purpose was in accordance with “honest practices” and thus was permitted under Article 6 of the Directive. The Court, however, interpreted the limitations in the Directive narrowly, stating that the “honest practices” requirement in Article 6

47. *Id.* art. 13.

48. Case C-206/01, *Arsenal Football Club Plc v. Matthew Reed*, 2002 E.C.R. I-10299, ¶¶ 45–46.

49. Case C-355/96, *Silhouette International Schmied GmbH & Co. KG v. Hartlauer Handelsgesellschaft mbH*, 1998 E.C.R. I-4822, ¶¶ 25–27.

50. Case C-10/89, *SA CNL-SUCAL NV v. HAG GF AG*, 1990 E.C.R. I-3711, ¶ 13 (Hag II).

51. *Joined Cases C-108/97 & C-109/97, Windsurfing Chiemsee*, 1999 E.C.R. I-2810, ¶ 25.

52. *Koninklijke Philips Electronics NV v. Remington Consumer Products Ltd.*, 2002 E.C.R. I-5490, ¶ 79.

53. Case C-104/01, *Libertel Groep BV v. Benelux Merkenbureau*, 2003 E.C.R. I-3822, ¶ 54.

54. Case C-323/09, *Interflora Inc v. Marks & Spencer Plc*, 2011 E.C.R. I-8625, ¶ 57.

55. *E.g.*, Annette Kur, *Trade Marks Function, Don't They? CJEU Jurisprudence and Unfair Competition Principles*, 45 INT'L REV. INTELL. PROP. & COMPETITION L. 434 (2014); Martin Senftleben, *Trademark Protection – A Black Hole in the Intellectual Property Galaxy?*, 42 INT'L REV. INTELL. PROP. & COMPETITION L. 383, 383 (2011).

56. Case C-228/03, *Gillette Company v. LA-Laboratories Ltd.*, 2005 E.C.R. I-2337.

“in substance [constitutes] the expression of a duty to act fairly in relation to the *legitimate interests of the trademark owner*.”⁵⁷ As I have argued elsewhere with Lisa Ramsey, while the “honest practices” language thus could be perceived as permitting open-ended balancing of the interests of the mark holder, competitors, and the public in a trademark dispute, this interpretation of Article 6 in *Gillette* provides for one-way-only flexibility to consider solely the interests of rights holders.⁵⁸ The *Gillette* decision in this way illustrates how the gravitational forces of EU trademark law were tending to the trademark holders’ interests.⁵⁹ The climax for this development arguably came in *L’Oréal v. Bellure* where the CJEU explained that the protected functions of a mark are not limited to the origin function, but include other functions such as “guaranteeing the quality of the goods or services in question and those of communication, investment, or advertising.”⁶⁰ Even though the CJEU has so far relied on the functional analysis in a limited number of instances, and only to restrict the scope of the so-called “double identity” rule,⁶¹ the broadness of the protected functions have arguably left trademark holders with ample and strong arguments for further pushing the development their way.

C. Summing Up

To sum up this very brief overview of EU trademark law: the development in the case law of the CJEU, based on the legal reforms in the 1980s and 90s, was an overall tendency for the Court to further the *internal market and the economic effects of trademark* and to develop the law primarily with a view to the interests of incumbent trademark holders. Importantly, the expansion in terms of the rights and protection offered to trademark holders was not matched by a similar development in terms of the rights and protection of *users* (private and/or commercial). Until the recent amendments (discussed below), the catalogue of limitations and exceptions had not been touched. It was against this basis that when the trademark system of the EU was being reformed, a call was issued for a new limitation infrastructure that could ensure a balanced application of resulting norms in the future vis-à-vis the societal

57. *Id.* ¶ 49.

58. See Ramsey & Schovsbo, *supra* note 4, at 676 (referring to the CJEU’s narrow interpretations of the statutory limitations in Case C-48/05, *Adam Opel AG v. Autec*, 2007 E.C.R. I-1034, ¶¶ 18, 22 and Case C-558/08, *Portakabin Ltd. v. Primakabin BV*, 2010 E.C.R. I-6963).

59. *Id.*

60. Case C-487/07, *L’Oréal SA v. Bellure NV*, 2009 E.C.R. I-5185, ¶ 58. The case and the functionality analysis have been widely debated. See Kur, *supra* note 55; see also Martin Senftleben, *Function Theory and International Exhaustion: Why it Is Wise to Confine the Double Identity Rule in EU Trademark Law to Cases Affecting the Origin Function*, 36 EUR. INTEL. PROP. REV. 518 (2014).

61. The provision is found in the 1989-Directive, *supra* note 9, art. 5(1)(a). According to Recital 11, the protection in such instances is “absolute.” However, the CJEU has consistently made clear that protection under this rule is limited to instances in which a third party’s use of the sign affects or is liable to affect the functions of the trademark. *L’Oréal*, 2009 E.C.R. I-5185. In this way the protection is made conditional on the effect on a function and is not “absolute.”

interests in freedom of expression and competition.⁶²

IV. THE NEW EU TRADEMARK RULES

For the present purposes, the most important (but not the only)⁶³ novelty is the following Recital in the Preamble of the new EU trademark Regulation:⁶⁴

(21) The exclusive rights conferred by an EU trademark should not entitle the proprietor to prohibit the use of signs or indications by third parties which are used fairly and thus in accordance with honest practices in industrial and commercial matters. In order to create equal conditions for trade names and EU trademarks in the event of conflicts, given that trade names are regularly granted unrestricted protection against later trademarks, such use should be only considered to include the use of the personal name of the third party. It should further permit the use of descriptive or non-distinctive signs or indications in general. Furthermore, the proprietor should not be entitled to prevent the fair and honest use of the EU trademark for the purpose of identifying or referring to the goods or services as those of the proprietor. Use of a trademark by third parties to draw the consumer's attention to the resale of genuine goods that were originally sold by or with the consent of the proprietor of the EU trademark in the Union should be considered as being fair as long as it is at the same time in accordance with honest practices in industrial and commercial matters. Use of a trademark by third parties for the purpose of *artistic expression* should be considered as being fair as long as it is at the same time

62. Senftleben et al., *supra* note 4; see also Annette Kur, *Fundamental Concerns in the Harmonization of (European) Trademark Law*, in *TRADEMARK LAND AND THEORY – A HANDBOOK OF CONTEMPORARY RESEARCH* 151, 176 (Graeme B. Dinwoodie & Mark D. Janis eds., 2008).

63. The new Directive/Regulation introduced some minor changes in terms of the substantive provisions. Some of these changes aimed at bolstering protection, e.g., in regard to goods in transit (Regulation art. 9(4)) or to geographical indications (Regulation art. 8(4a)). Others are pushing in an opposite direction and will likely benefit users of trademark-protected products; most notably a novel limitation for the purpose of identifying or referring to goods or services as those of the proprietor of that trademark was introduced (Regulation art. 12). This limitation covers, e.g., the use of a third party's trademark for selling that party's used goods or for selling parallel imported goods, i.e., the "double-identity"-situation. In the same vein, Recital 18 of the Directive now makes it clear that an infringement of a trademark can only be established if there is a finding that the infringing mark or sign is "used in the course of trade for the purposes of distinguishing goods or services." The use of marks for, say, decorative purposes or the accidental use of a mark cannot constitute an infringement.

64. A similar provision is found in the new Directive, point 27. The 1989-Directive did not include similar wording. Instead, it contained a provision in Recital 7 that the EU rules do not "exclude the application to trademarks of provisions of law of the Member States other than trademark law, such as the provisions relating to unfair competition, civil liability or consumer protection." Even though not excluding the application of provisions of fundamental rights, such as free speech, such interests are clearly not on the mind of the drafters of this Recital. The Trademark Directive should be fully implemented on January 15, 2019. See 1989-Directive, *supra* note 9, arts. 54–55. Since the Regulation entered into force already on March 23, 2016, the legal situation is a bit chaotic and will remain so until the Directive has been put into effect. One would expect national courts, however, to pay very close attention to the Regulation since the rules and provisions there will soon become effective regarding national trademarks too.

in accordance with honest practices in industrial and commercial matters. *Furthermore, this Regulation should be applied in a way that ensures full respect for fundamental rights and freedoms, and in particular the freedom of expression.*⁶⁵

Recital 21 covers a number of different issues and topics, which all have in common that they aim to indicate limits for trademark exclusivity. In this way, the Recital could be seen as answering the call mentioned above for a stronger limitations infrastructure to match the expansion of trademark law. The first part of the Recital provides for limitations but only to the extent that the use by third parties is fair and in accordance with honest practices in industrial and commercial matters.⁶⁶ The application of fundamental rights and freedoms is not, however, made subject to the “fair and honest practices” test. Instead, this part constitutes a freestanding test (cf. the use of the word “furthermore”). This is also the effect of the use of the opening word—“furthermore”—and by the adjective “*full* respect.” It thus follows from the wording of the Recital itself that these interests should be taken into account when applying *any* rule or principle of trademark law (see more *infra*) including the definition of which uses are “fair” and in conformity with “honest practices.”

The process which eventually led to the adoption of the new Regulation and Directive in December 2015, began in 2009 when the EU Commission initiated a review of the EU trademark system.⁶⁷ Following this, a first proposal was published in 2013.⁶⁸ The references to fundamental rights (and artistic expression) now found in Recital 21 of the Trademark Regulation were not included in the original proposal. Instead, they were introduced late in the legislative process and without much further ado.⁶⁹ In fact, the provision has hardly left any trace at all and very little interpretative aid can be found in the *travaux préparatoire*. The important MPI Study from 2011, which was commissioned by the Commission and contains an extensive study of the trademark rules including a comprehensive stakeholder analysis, did not foresee any mentioning of fundamental rights.⁷⁰ Nor did the 2013 Commission proposal, which aimed only at certain uses within the traditional framework of trademark law and the overarching concept of “honest practices in industrial and commercial matters.”⁷¹ This included a new limitation on referential use (which was eventually adopted, see *infra*) but contained no reference to

65. Trademark Regulation, *supra* note 1, at preamble (emphasis added).

66. *Id.*

67. *Trade Mark Protection in the EU*, EUR. COMMISSION, http://ec.europa.eu/growth/industry/intellectual-property/trade-mark-protection_en [<https://perma.cc/52U5-A5TY>] (last visited June 10, 2018).

68. *Proposal for a Regulation of the European Parliament and of the Council Amending Council Regulation (EC) No 207/2009 on the Community Trade Mark*, COM (2013) 161 final (Mar. 27, 2013).

69. Directive 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 O.J. (L 336) 1, 4.

70. See MAX PLANCK INST. FOR INTELLECTUAL PROP. & COMPETITION LAW, STUDY ON THE OVERALL FUNCTIONING OF THE EUROPEAN TRADE MARK SYSTEM 120 (2011).

71. *Proposal for a Regulation of the European Parliament and of the Council Amending Council Regulation (EC) No 207/2009 on the Community Trade Mark*, *supra* note 68, at 4, 13.

fundamental rights (nor to artistic use).⁷² A suggestion to add fundamental rights and freedoms was first made by the Committee on Legal Affairs⁷³ and later backed up by the Committee on the Internal Market and Consumer Protection.⁷⁴ In its first reading on February 25, 2014, the European Parliament suggested to incorporate these concerns via an express limitation aimed at parody, artistic expression, criticism, or comment.⁷⁵ In the subsequent process, however, this suggestion was not followed. Instead it was agreed to amend the recitals and insert the wording mentioned above and to not address the matter directly in the substantive provisions.⁷⁶ Unlike a substantive law provision (such as an Article), the provisions found in the recitals do not normally create legally binding rights. Instead, courts rely on recitals to cast light on the interpretation of a legal rule.⁷⁷

A. The Constitutionalization of Trademark Law

The new Recitals in the Preamble on fundamental rights confirm and reflect a general trend of *constitutionalization* of IPR in EU law. As described above this process involves a more direct involvement of constitutional norms in the interpretation and application of IPR than previously known. Furthermore, Geiger points out how a constitutional dimension enables (perhaps even forces) courts to integrate concerns and values which have not been expressed directly in the traditional IPR into their analysis. This could in turn help courts focus more on the

72. *Id.* at 4 (“The exclusive rights conferred by a European trademark should not entitle the proprietor to prohibit the use of signs or indications which are used fairly and in accordance with honest practices in industrial and commercial matters. In order to create equal conditions for trade names and trademarks in case of conflicts against the background that trade names are regularly granted unrestricted protection against later trademarks, such use should be considered to include the use of one’s own personal name only. It should further include the use of descriptive or non-distinctive signs or indications in general. Moreover, the proprietor should not be entitled to prevent the general fair and honest use of the European trademark for identifying or referring to the goods or services as those of the proprietor.”).

73. *Draft Report on the Proposal for a Regulation of the European Parliament and of the Council Amending Council Regulation (EC) No 207/2009 on the Community Trade Mark*, European Parliament, Comm. on Legal Affairs, at 5–7 (Oct. 31, 2013).

74. REGINA BASTOS, EUROPEAN PARLIAMENT, COMM. ON THE INTERNAL MKT. & CONSUMER PROT., 2013/0088(COD), OPINION OF THE COMMITTEE ON THE INTERNAL MARKET AND CONSUMER PROTECTION FOR THE COMMITTEE ON LEGAL AFFAIRS ON THE PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING COUNCIL REGULATION (EC) NO 207/2009 ON THE COMMUNITY TRADE MARK 7 (2013), <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+COMPARL+PE-516.700+03+DOC+PDF+V0//EN&language=EN> [https://perma.cc/3LUM-A9CN].

75. European Parliament Legislative Resolution of 25 February 2014 on the Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 207/2009 on the Community Trade Mark, 2014 O.J. (C 285) 209, 219–20.

76. Council of the European Union, Statement of the Council’s Reasons, 2013/0088 (COD), 10373/1/15 REV 1 ADD 1, 1, 6–7; *Communication from the Commission to the European Parliament*, at 4, COM (2015) 589 final (Mar. 27, 2013).

77. *See, e.g.,* Case C-215/88, *Casa Fleischhandels-GmbH v. Bundesanstalt für Landwirtschaftliche Marktordnung*, 1989 E.C.R. 2799, 2808.

general societal effects of the protection and on maintaining an appropriate balance between different interests.⁷⁸

The CJEU has dealt with IPR and Fundamental Rights in a number of judgments. So far, most of these have concerned copyright.⁷⁹ In the following, I will mention only some examples. Even though copyright cases are arguably more prone to arguments based on free speech because of copyright's subject matter, one would expect the general principles developed by the CJEU to apply generally within all fields of IPR. The concrete analyses depend of course on the boundaries set up by the specific legislation including, for instance, the detailed limitations and exceptions found in the legislation in question.⁸⁰ For this reason, I will first describe the development in copyright law and then turn to trademark law.

1. *The Example of Copyright*

In 2006, the CJEU found in *Laserdisken* that a provision which restricted parallel importation from third countries of copyright protected material⁸¹ did not violate the principle of freedom of expression.⁸² In so finding the Court explained that the rule does not prevent copyright holders from communicating their ideas but rather to control the first marketing of the object protected by the right.⁸³ The important point, as seen from a constitutional perspective, is not the actual result but the way the CJEU framed its assessment of the validity of the exhaustion rule under the general balancing principle established by ECHR Article 10 on Freedom of Expression.⁸⁴ In this way the Court implicitly accepted the relevance of that

78. See Geiger, "Constitutionalising" Intellectual Property Law?, *supra* note 4, at 371 *et seq.*

79. See Case C-201/13, *Deckmyn v. Vandersteen*, 2014; Case C-314/12, *UPC Telekabel Wien GmbH v. Constantin Film Verleih GmbH*, 2014; Cases C-457/11 to C-460/11, *Verwertungsgesellschaft Wort (VG Wort) v. Kyocera*, 2013; Case C-283/11, *Sky Österreich GmbH v. Österreichischer Rundfunk*, 2013; Case C-180/11, *Bericap Záródástechnikai Bt. v. Plastinnova 2000 Kft.*, 2012; Case C-360/10, *Belgische Vereniging van Auteurs, Componisten en Uitgevers CVBA (SABAM) v. Netlog NV*, 2012; Case C-277/10, *Luksan v. Van der Let*, 2012; Case C-145/10, *Painer v. Standard Verlags GmbH*, 2011; Case C-70/10, *Scarlet Extended SA v. Société Belge des Auteurs, Compositeurs et Éditeurs SCRL (SABAM)*, 2011 E.C.R. I-12006; Case C-275/06, *Productores de Música de España (Promusicae) v. Telefónica de España SAU*, 2008 E.C.R. I-309; Case C-479/04, *Laserdisken ApS v. Kulturministeriet*, 2006 E.C.R. I-8089. For an in-depth analysis and a (then) full-history account, see Mylly, *supra* note 4, at 110.

80. As a notable example of the general character of the constitutionalization, Case C-170/13, *Huawei Technologies Co. v. ZTE Corp.*, 2015 (on competition law and standard essential patents) indicated as a starting point for its analysis that a balance should be struck between maintaining free competition and the requirement to safeguard that proprietor's intellectual-property rights guaranteed by Article 17(2), ¶ 57.

81. The rules on exhaustion are found in Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society [2001] OJ L 167/10, art. 4.

82. *Laserdisken*, 2006 E.C.R. at I-8131.

83. *Id.* at I-8130.

84. Convention for the Protection of Human Rights and Fundamental Freedoms art. 10, Nov. 4, 1950, 213 U.N.T.S. 221 ("1. Everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers. This Article shall not prevent States from requiring the licensing of broadcasting, television or cinema enterprises. 2. The exercise of these freedoms, since it

provision for the evaluation of the provision in copyright. By way of inference it also accepted that it might have found the provision in the Directive to be unjustified in the light of the balancing principle contained in Article 10. The Court in this way recognised, at least in principle,⁸⁵ that it would be able to use the (external) fundamental right (*in casu* the ECHR Article 10) to second guess the (internal) balancing of the copyright legal instrument. In *Promusicae*⁸⁶ from 2008, the Court found that the EU rules only impose limited obligations on Internet Service Providers (ISPs) to communicate personal data in order to ensure effective protection of copyright. The CJEU explained⁸⁷ that the case raised the need to reconcile different fundamental rights, *viz.* the right to respect for private life on the one hand,⁸⁸ the rights to protection of property,⁸⁹ and to an effective remedy.⁹⁰ To reconcile those interests, the CJEU instructed national courts to “take care to rely on an interpretation of the directives which allows a *fair balance to be struck* between the various fundamental rights protected by the Community legal order.”⁹¹ In particular, courts should not just interpret national laws in a manner consistent with EU directives. They should also make sure that they do not rely on an interpretation of them “which would be in conflict with those fundamental rights or with the other general principles of Community law, such as the principle of proportionality . . .”⁹² Not only is the balancing test and the principle of proportionality introduced as the basic way of reconciling the different interests. It is also explained that the balancing test should, furthermore, be applied in a way which makes it clear that the need to secure the “effective protection of copyright” (i.e., the fundamental right to property)⁹³ does not trump the interests inherent in protecting the communication of personal data (i.e. the fundamental right to effective judicial protection⁹⁴ and the protection of personal data and of private

carries with it duties and responsibilities, may be subject to such formalities, conditions, restrictions or penalties as are prescribed by law and are necessary in a democratic society, in the interests of national security, territorial integrity or public safety, for the prevention of disorder or crime, for the protection of health or morals, for the protection of the reputation or rights of others, for preventing the disclosure of information received in confidence, or for maintaining the authority and impartiality of the judiciary.”).

85. On the other hand, unlike the Advocate General in the case, the Court never engaged in any substantive discussion but simply stated that “the alleged restriction on the freedom to receive information is justified in the light of the need to protect intellectual property rights.” Opinion of Advocate General Sharpston, Case C-479/04, *Laserdisken ApS v. Kulturministeriet*, 2006 E.C.R. I-8093, I-8108–09. According to Mylly, *supra* note 4, at 112, *Laserdisken* represents the “culmination of the rejection and ignorance period [of the CJEU] in IP matters.”

86. Case C-275/06, *Productores de Música de España (Promusicae) v. Telefónica de España SAU*, 2008 E.C.R. I-309, ¶ 65.

87. *Id.* ¶ 68.

88. *Id.* ¶ 65 (this right is recognized in the EU Charter, art. 8).

89. *Id.* (i.e., EU Charter, art. 17).

90. *Id.* (i.e., EU Charter, art. 47).

91. *Id.* ¶ 68 (emphasis added).

92. *Id.*

93. *Id.* ¶ 62.

94. *Id.*

life).⁹⁵ Safeguarding copyright as a fundamental right in other words does not take priority, but is just one interest amongst other equally important interests. Next, in 2011, in *Scarlet Extended*,⁹⁶ the Court rejected that the EU rules on enforcement of copyright vis-à-vis ISPs require them to install all-encompassing filtering systems. The CJEU remarked inter alia that

The protection of the right to intellectual property is indeed enshrined in Article 17(2) of the Charter of Fundamental Rights of the European Union (‘the Charter’). There is, however, *nothing whatsoever in the wording of that provision or in the Court’s case-law to suggest that that right is inviolable and must for that reason be absolutely protected.*⁹⁷

Instead the protection of the fundamental right to property, which includes the rights linked to intellectual property, must be balanced against the protection of other fundamental rights⁹⁸ with a view of striking “a fair balance between the protection of copyright and the protection of the fundamental rights of individuals who are affected by such measures.”⁹⁹ The latter includes the freedom to conduct a business enjoyed by operators such as ISPs pursuant to Article 16 of the Charter.¹⁰⁰ In *UPC Telekabel*¹⁰¹ from 2014, the CJEU explained that in deciding whether or not to grant injunctions prohibiting ISPs from allowing customers’ access to web-sites containing copyright infringing material, national courts should balance the involved interests as these have been expressed through the rules on fundamental rights and other general principles such as the principle of proportionality.¹⁰² As explained in *Scarlet*, those interests include Article 16 which, according to the Court, includes inter alia “the right for any business to be able to freely use, within the limits of its liability for its own acts, the economic, technical and financial resources available to it.”¹⁰³ Consequently, an injunction which imposes grave costs or other disproportional burdens on ISPs would not be justified.¹⁰⁴ Furthermore, the Court explained that an ISP, in choosing the measures to be adopted in order to comply with an injunction, should include the interests of the *users* in using the provider’s services in order to “lawfully access information.”¹⁰⁵ Failing to take the interests into account as part of the balancing would, the Court explained, not take due account of the “freedom of information” of the users.¹⁰⁶

95. *Id.* ¶ 63.

96. Case C-70/10, *Scarlet Extended SA v. Société Belge des Auteurs, Compositeurs et Éditeurs SCRL (SABAM)*, 2011 E.C.R. I-12006.

97. *Id.* ¶ 43 (emphasis added).

98. *Id.* ¶ 44.

99. *Id.* ¶ 45.

100. *Id.* ¶ 46.

101. Case C-314/12, *UPC Telekabel Wien GmbH v. Constantin Film Verleih GmbH*, 2014.

102. *Id.* ¶ 46.

103. *Id.* ¶ 49; *see generally* Gustavo Ghidini & Andrea Stazi, *Freedom to Conduct a Business, Competition and Intellectual Property*, in GEIGER, *supra* note 4, at 410 (discussing Article 16 of the EU Charter).

104. Case C-314/12, *UPC Telekabel Wien GmbH v. Constantin Film Verleih GmbH*, ¶¶ 52, 53.

105. *Id.* ¶ 56.

106. *Id.*

The national court must check that these limits are respected.¹⁰⁷ Remarkably, the CJEU here relies on the fundamental right of freedom of information to impose obligations on a private party (the ISP) vis-à-vis another private party (the user).¹⁰⁸ Finally, yet importantly, in the 2014 case, *Deckmyn*,¹⁰⁹ the Court linked the existence of the exception on parodies in the Infosoc Directive to the Charter. The Court explained that the exception should be interpreted in a way which enabled the effectiveness of the exception thereby established to be safeguarded.¹¹⁰ Also the interpretation should strike a fair balance between, on the one hand, the interests and rights of right holders and, on the other, the freedom of expression of the user of a protected work who is relying on the exception for parody.¹¹¹

2. *Summing Up*

As it can be seen, the CJEU, in all these decisions, in one way or the other, factored arguments based on fundamental rights norms into the assessment of the legality or effects of the IP legislation. In this way, the *external* fundamental rights norms have come to serve, at the same time, as legitimizing the IPR norms and as instruments of interpretation of the *internal* IPR rules. The traditional two-pillar approach¹¹² is corroding. The central mechanism in the decisions from the CJEU, is the *balancing of interests*.¹¹³ As explained by Griffiths the term “balancing” should be understood merely as a metaphor for a process which involves a detailed exercise of comparison between the requirements of competing interests.¹¹⁴ Unlike a traditional IPR analysis, the constitutional balancing uses fundamental rights norms to frame the issues and as the basis for finding the relevant arguments.¹¹⁵ As seen in this perspective, the weight on the right holder’s side of the scale is provided by the right to property.¹¹⁶ On the other side of the scale, one might find the right to freedom of expression¹¹⁷ or the freedom to conduct a business.¹¹⁸ The nature of the interests and their weights cannot, however, be gauged once and for all but must be determined through a case-by-case analysis. This *open-endedness* lies at the very heart of the test. Another part is the *turning about* of the base line for assessing which

107. *Id.* ¶ 57.

108. See Geiger, *Reconceptualizing the Constitutional Dimension of Intellectual Property*, *supra* note 4, at 150 et seq. (seeing these remarks as a constitutionally based push towards the recognition of “users’ rights”).

109. Case C-201/13, *Deckmyn v. Vandersteen*, 2014.

110. *Id.* ¶ 23; see also Case C-174/15, *Vereniging Openbare Bibliotheken v. Stichting Leenrecht*, 2016 ¶ 51 (on the public lending limitation).

111. Case C-201/13, *Deckmyn*, 2014 ¶ 27.

112. See *supra* point 2.

113. See *supra* notes 91, 92.

114. Griffiths, *supra* note 4, at 74.

115. See *supra* point 2.1.

116. Griffiths, *supra* note 4, at 71; Schovsbo, *supra* note 23. The textbook example from design law is Judgment of the District Court of The Hague of May 4, 2011, 389526 / KG ZA 11-294, *Nadia Plesner Joensen v. Louis Vuitton Malletier*, ECLI:NL:RBSGR:2011:BQ3525 (Neth.).

117. EU Charter art. 11(1).

118. EU Charter art. 16.

is the main rule (exclusivity or freedom of information) and which the limitation (injunction or access to use) as identified above, point 2.1 which makes any *a priori* assumption about a narrow or broad interpretation of the limitations problematic. Accepting balancing as the basis of a legal analysis is thus to accept that cases cannot be decided based on deduction or with reference alone to IPR systematic concerns.¹¹⁹ This is also the gist of the dictum in *Scarlet* that IPR is “not inviolable” and must not be “absolutely protected.”¹²⁰

V. IMPACT ASSESSMENT

A. Generally

The new Recitals have confirmed that trademark law is part of the broader trend of constitutionalization. The more pronounced role of constitutional norms in trademark law proper is most likely going to serve as a *catalyst* for trademark analysis simply by opening the normative space and forcing courts to hear new types of arguments in trademark cases. Thus, Geiger has identified a number of *general* advantages in recognizing fundamental rights as a foundation for the IP system including:

- Fundamental rights are included in the national constitutions and bind the legislature,
- the legislature has to consider all fundamental rights equally,
- fundamental rights represent ethical values which enjoy widespread consent and acknowledgment under international law, and
- if legislation does not represent these values the judges have to interpret the laws in the light of the fundamental right anyway.¹²¹

These points would seem to hold true for trademark law, too, and will directly affect the way courts at all levels perceive the relationship between IPR and fundamental rights. It is also going to affect the way courts balance interests in concrete cases involving the interpretation of trademark provisions, be that the rules which determine which signs can be protected, the scope of protection in infringement cases, or the application of limitations.

Apart from confirming that trademark law is part of this overall trend, it is submitted that the active step of internalizing fundamental rights into trademark by the new Recitals is going to *accelerate* the processes identified by Geiger. This will most likely not revolutionize EU trademark law. As explained above, the well-known rules and principles remain in force, and the constitutionalization does not mandate (nor prescribe) *contra legem* interpretation of the legislation by courts. Nor does the development detract the societal value of trademark protection or diminish

119. Schovsbo, *supra* note 23.

120. Case C-70/10, *Scarlet Extended SA v. Société Belge des Auteurs, Compositeurs et Éditeurs SCRL (SABAM)*, 2011 E.C.R. I-12006.

121. GEIGER, *supra* note 4, at 138 et seq.

the importance of fair and honest commercial practices. The constitutionalization does, however, open the door for new arguments and perspective in trademark cases. As seen from the traditional starting point of the CJEU, above, and its emphasis on *market integration*, the inclusion of the *non-economic* constitutional norms is going to add to the general *softening* of the focus of the EU treaty following the adoption of the Lisbon treaty.¹²² Furthermore, the explicit internalization of those norms could well leap-frog any hesitations following from the traditional external/internal view described above. The effect on national courts will come in part via the CJEU¹²³ and in part via the national implementation. In both instances, courts are going to rely on the preamble to cast light on the interpretation of a legal rule. For courts such as Danish ones, which have traditionally been reluctant to rely on arguments derived from fundamental rights, this will no doubt make the application of free speech arguments, etc. more accessible than previously.

B. Concrete Issues

Turning to the most likely concrete effects and the ability of the new trademark system to address some of the concerns raised, Senftleben has made the following observations (before the adoption of the new provisions):

In the area of limitations of the scope of trademark protection, the analysis revealed that with the continuous expansion of trademark protection in the EU, inherent limits of exclusive rights become less and less reliable safe harbours for free speech. It has become more difficult to demarcate exactly the limits of actionable trademark use. Besides forms of use that would interfere with the essential trademark function of signalling the commercial origin of goods and services, EU trademark owners may also have success in invoking trademark rights against forms of use, such as criticism, comment and parody that do not impair the basic origin function, but may adversely affect brand image and goodwill. This expansion of trademark rights is likely to have an increasingly deterrent effect. The mere risk of being sued for trademark infringement because of a biting comment or parody may prevent users from engaging in these forms of free speech. To safeguard freedom of expression, it is thus advisable to reassure users of

122. Stephen Weatherhill, *From Economic Rights to Fundamental Rights, in THE PROTECTION OF FUNDAMENTAL RIGHTS IN THE EU AFTER LISBON* 11 (Sybe de Vries et al. eds., 2013) (pointing out that the “softening” is in part coursed by the removal from the Treaty of the purpose of creating a “system ensuring that competition in the internal market is not distorted” (i.e. Article 3(1)(g) of the pre-Lisbon treaty)); see also Davis, *supra* note 9 (pointing out how the focus of the CJEU on ‘the market’ led to a lowering of the requirements for considering signs to be distinctive and thus protectable and thus expanded the reach of trademark law); Stephen Weatherhill, *Protecting the Internal Market from the Charter, in THE EU CHARTER OF FUNDAMENTAL RIGHTS AS A BINDING INSTRUMENT: FIVE YEARS OLD AND GROWING* 213 (Sybe de Vries et al. eds., 2015) (pointing out that as seen from the perspective of Free Movement cases, the Charter has provided “confirmation, not transformation” as the Internal Market law was already “fundamental rights compliant” at the time of the entry into force of the TFEU).

123. National courts are obliged to refer preliminary questions to the CJEU when in doubt on the interpretation of EU law. TFEU art. 267 and previous decisions are binding on national courts.

trademarked signs that certain forms of use are exempted from the control of the trademark owner by adopting appropriate exceptions that can be invoked as defences against alleged infringement. In this way, legal certainty can be re-established, and socially and culturally valuable use can be encouraged.¹²⁴

Following this analysis, I will focus my assessment of the impact of the changes in relation to two issues: (1) demarcation of the limits of actionable trademark use and (2) limitations as safe harbors for fundamental rights.¹²⁵

1. Demarcation of the Limits of Actionable Trademark Use

Senftleben has noticed a deterrence effect arising from the actual or perceived ability of trademark holders to rely on the extended protection offered to marks with a reputation to successfully invoke trademark rights against forms of use, such as criticism, comment, and parody that do not impair the basic origin function, but may adversely affect brand image and goodwill.¹²⁶

The trademark reform made the extended protection of *marks with a reputation* (or “well-known marks”) *mandatory* (and not optional) for member states.¹²⁷ In this way, the new system cast one of the prime examples of the expansion of trademark law in stone.¹²⁸ In terms of the substantive rules, no changes occurred. According to the Directive article 10(2)(c) (Regulation Article 9(2)(c)), holders of such marks may thus still *prevent the use of such marks where such use without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the EU trademark.*

The potential scope of the protection under EU law, for marks with a reputation, is very broad. Thus, in *L’Oréal/Bellure*, the Court stated that *taking unfair advantage* of a mark with a reputation covers in particular “cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is *clear exploitation on the coat-tails of the mark with a reputation.*”¹²⁹ According to this test, the burden of proof for finding infringement is very light.¹³⁰ Arguably, the CJEU has so far limited the application of the “standing on the coattail” test to cases where imitations are

124. Senftleben, *supra* note 4, at 376.

125. The EU courts have also relied on provisions in the Charter in cases involving trademarks and procedural matters. See Case T-585/10, *Aitic Penteo v. O.H.I.M.*, 2012 E.C.R. 251 (on the EU Charter art. 41(2)(c) and the obligation of the administration to give reasons for its decisions); see also Case C-530/12, *O.H.I.M. v. Nat’l Lottery Comm’n*, 2014 E.C.R. 186 (on EU Charter art. 47 and fair trial). I will disregard these decisions in the following and focus instead on substantive trademark law.

126. Senftleben, *supra* note 4.

127. Trademark Directive, *supra* note 1, art. 10(2)(c).

128. See *supra* points 1, 3.2.

129. Case C-487/07, *L’Oreal v. Bellure NV*, 2009 E.C.R. I-5185, ¶ 41.

130. The burden for establishing that the use would be detrimental to the distinctive character of the earlier mark is higher. Case C-252/07, *Intel Corp. v. C.P.M. United Kingdom*, 2008 E.C.R. 655, ¶ 77 (requiring “evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future”).

offered for sale.¹³¹ This reading, however, is open to challenge, and what remains is a broad and wide area for trademark holders to argue their case. For artists who include trademarks in artworks which are offered for sale or, for example, NGOs who use trademarks or parodies to express criticism in ways which involve a commercial element (e.g., the selling of T-shirts) determining the scope of the coattail test is complicated and may prevent even beneficial activities. Also, commercial users who depend on, for example, the rating or the comparing of companies or who provide general information about products and rely on trademarks to identify those companies or products could find themselves liable to infringement suits even beyond the sphere where the use dilutes or harms the trademarks in question.

In light of the potential broadness of the scope of the protection for well-known marks, Di Cataldo has pointed to the importance of the balancing potential of the *without-due-cause* criterion both in limiting the scope of protection and in making it clear that the limitations also apply for marks with a reputation.¹³² If understood as a separate and negative criterion, it may limit protection by providing for a counterbalance to the positive criteria in Article 10 (i.e., unfair advantage or detriment). The role and function of the “due course” requirement is not clear. The German Supreme Court relied on this criterion for finding the use of a trademark as a parody to be legal in the light of the artistic freedom (the colour purple used for Milka chocolate and with a text which alluded ironically to the trademark).¹³³ So far, however, the CJEU has not devoted much energy to develop this part of the provision on marks with a reputation. In *Leidseplein Beheer*, the Court explained that the purpose of the due course requirement is to help strike a balance between the interests of third parties and the holder of the trademark.¹³⁴ Moreover, in *Interflora*, the CJEU recognized the use of someone else’s trademark to inform consumers about alternative offers in the marketplace as falling within the ambit of fair competition and to constitute a “due cause.” The acceptance was limited, however, to uses where the third party did not offer “mere imitations” or used the mark in

131. Joined Cases C-236/08, C-237/08 & C-238/08, *Google France S.A.R.L. & Google Inc. v. Louis Vuitton Malletier S.A.* (C-236/08), *Google France S.A.R.L. v. Viaticum S.A. & Luteciel S.A.R.L.* (C-237/08) and *Google France S.A.R.L. v. Centre National de Recherche en Relations Humaines (C.N.R.R.H.) S.A.R.L. & Others* (C-238/08), 2010 E.C.R. 159, ¶¶ 102–03.

132. Vincenzo Di Cataldo, *The Trade Mark with a Reputation in EU Law*, 42 INT’L REV. INTELL. PROP. & COMPETITION L. 833, 833 (2011).

133. Judgment of the German Supreme Court, *Gewerblicher Rechtsschutz und Urheberrecht* [OLG Hamm] [German Supreme Court] Feb. 3, 2005, LILA-POSTKARTE, 583, 583 (with picture). Senfleben, *supra* note 4, at 364 (pointing out that the court did in fact find the use to be capable of constituting an infringement, so the “due course” criterion was relied upon as a “last stop”); *see also* Judgment of the German Supreme Court, *Gewerblicher Rechtsschutz und Urheberrecht* [OLG Hamm] [German Supreme Court] Apr. 2, 2015, SPRINGENDER PUDEL, 114 (with pictures) (finding that the use of a mark depicting a pudel leaping over the word PUDEL infringed PUMA’s well-known brand, depicting a catlike animal leaping over the word PUMA). The case is distinctly different from the Lila Postkarte case because the leaping pudel was used commercially and in a way that could lead to separate trade mark protection if accepted.

134. Case 65/12, *Leidseplein Beheer B.V. & Hendrikus de Vries v. Red Bull GmbH & Red Bull Nederland*, 2014 E.C.R. 49 ¶¶ 45–46.

ways that caused dilution or tarnishment or which adversely affected the functions of the trademark concerned.¹³⁵ It is not clear from this decision whether the due-cause criterion is to be seen as a separate criterion or whether it is merely factored into the broader assessment of the admissibility of the use. In future cases from the CJEU on the understanding of the due-cause criterion, the Court will need to consider the new Recitals and the reference to fundamental rights (including Article 16 on the Right to conduct a Business) into its assessment. Arguably, these new perspectives would point towards a robust application of the due cause defence. By accepting the test as establishing a separate criterion the CJEU would thus, in a very precise way, enable national courts to engage in the *balancing of interest* which, as it has been explained above, constitute the gist of the constitutionalization. Such an application would thus make it clear that trademark holders have to accept use of their marks which could be said to take advantage of or be detrimental if such use is *not undue*. In this way the new provisions will invite users to indicate their reasons for the use and courts to conduct a balancing of the involved interests.

For the use of trademarks for the purpose of *artistic expression*, the first step in an analysis would normally be to consider whether or not the marks are used “in the course of trade, in relation to goods or services.”¹³⁶ For marks which make out part of the motif in a painting (such as the painting in the Nadia Plesner decision discussed above) this would normally not be the case. Defining “artistic use” may be tricky, however. In finding the boundaries, Recital 21 now makes it clear that the mere existence of a commercial interest should not bring the activity within the ambit of trademark exclusivity. It thus follows directly from the Recital that uses for the purpose of artistic expression should be considered as being fair “as long as it is at the same time in accordance *with honest practices in industrial and commercial matters*.”¹³⁷ The Recital clearly is based on the assumption that artistic use of a trademark may be in accordance with “honest practices” and thus that even uses with a commercial element should be accepted as long as they are fair. In finding those boundaries one may ask whether the courts should begin their analysis from the perspective of the artist or from the perspective of what is fair as seen from a commercial point of view. In other words: should the fairness standard be seen as referring to a market-based conception or to a conception based on the artistic purpose? Arguably, courts should rely on the latter part of Recital 21 in finding the balance. According to this part of the Recital “this Regulation should be applied in

135. Case C-323/09, *Interflora Inc. v. Marks & Spencer Plc*, 2011 E.C.R. I-8625, ¶ 91 (“By contrast, where the advertisement displayed on the internet on the basis of a keyword corresponding to a trademark with a reputation puts forward – without offering a mere imitation of the goods or services of the proprietor of that trademark, without causing dilution or tarnishment and without, moreover, adversely affecting the functions of the trademark concerned – an alternative to the goods or services of the proprietor of the trademark with a reputation, it must be concluded that such use falls, as a rule, within the ambit of fair competition in the sector for the goods or services concerned and is thus not without ‘due cause’ for the purposes of Article 5(2) of Directive 89/104 and Article 9(1)(c) of Regulation No 40/94.”).

136. Trademark Directive, *supra* note 1, art. 10; Regulation, *supra* note 1, art. 9.

137. Trademark Directive, *supra* note 1, art. 21 (emphasis added).

a way that ensures full respect for fundamental rights and freedoms, and in particular the freedom of expression.”¹³⁸ Importantly, this part of the Recital does not contain references to fairness or honest practices. For artistic uses of trademarks, the *combination* of these two parts of the Recital would seem to imply that *pure artistic use* (i.e., use which is clearly supported by freedom of expression) should be allowed for even if it contains a commercial element. For example, putting a painting which uses a trademark as part of its motif on the market for sale would seem to not fall within the scope of trademark protection if such use can be defended from an artistic point of view. If, however, a work of art containing a trademark as an important part of the motive is used in secondary ways, for example as merchandise or in other commercial and non-artistic ways—such as the use on the Nadia Plesner case of the Simple Living motif on a T-shirt—trademark protection may be triggered. In those instances, courts are now instructed by the Recital to take into account whether the use for the purpose of artistic expression is *fair and in conformity with honest practices*.¹³⁹ If that is not the case, the artist would violate trademark law if there is a risk of confusion or (for well-known marks) the use is taking unfair advantage of the mark or is detrimental. Traditional analyses would often have led to the same results,¹⁴⁰ but the Recital is, without any doubt, going to make it easier for courts to draw the lines and to include the user’s interest in the assessment too.

A constitutional reading which puts an accent on the *freedom to conduct a business* would arguably also make it easier for courts to assess in a comprehensive way which novel practices should be allowed for as being “inherent in competition”¹⁴¹ and which should be deemed illegal. Some of these uses would fit well within the known categories, for example, the use of trademarks in comparative advertising.¹⁴² Other uses would be harder to access such as the use to identify products known only under the trademark.¹⁴³ Considering, however, the fast pace of innovation, it is hard to foresee which novel kinds of uses may emerge. So far, many of the activities which have challenged trademark law—keywording, metatags, the use by on-line auction sites etc.—have not relied on trademarks as indications of commercial origin in the traditional sense but rather as fodder for searching activities. It is hard to see why future uses would not continue to develop new ways for trademarks to be used. In order for trademark law to keep up and to deliver legal solutions which strike the right balance between the legitimate interest of the holder of rights in marks and of those marks, flexibility is needed. The inclusion of the

138. *Id.*

139. *See id.*

140. Senftleben, *supra* note 4, at 363.

141. Case C-323/09, *Interflora Inc. v. Marks & Spencer Plc*, 2011 E.C.R. I-8625.

142. Directive art. 10(2)(f) (Regulation art. 9(3)(f)) now makes it clear that it constitutes a trademark infringement to use a sign in comparative advertising in a manner that is contrary to Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising, OJ L 376, 27.12.2006, at 21.

143. Di Cataldo, *supra* note 132, at 839 et seq. (mentioning the Segway as an example).

“freedom to conduct a business” standard makes it clear that in finding such balancing points one should not just include the interests of trademark holders but also of *users* in access to use trademarks in their commercial activities.¹⁴⁴

2. *Limitations as Safe Harbors for Fundamental Rights*

Should courts also in trademark cases decide to take their cue from the *Deckmyn*-decision¹⁴⁵ one could expect them to engage in an open-minded discussion which recognise the interests of users on the same level as those of trademark holders. Such an approach would imply a rejection of any *a priori* assumptions that limitations and exceptions should be construed narrowly and to the benefit of the trademark holder.¹⁴⁶ This does not mean that courts would automatically interpret limitations in favour of users. Instead, the new line of arguing would suggest that users’ interests should be recognized as being of a high-ranking nature to the extent that they are backed up by fundamental rights interests. This would cover not only free speech interests but also commercial interests if access is necessary to engage in normal and fair commercial activity. Concretely, one would expect the framing of the balancing of interest in *Gillette*¹⁴⁷ to not be continued. Instead of measuring the effects as seen from the perspective of the trademark holder only, one would expect the CJEU and national courts to begin their balancing of interests with empty scales and to apply the “honest practices” criterion in an open-ended way.

CONCLUSION

As seen from a broader perspective, the new Recitals have confirmed the development in case law from the CJEU of the growing importance of fundamental rights to IPR and of the close interrelationship between the two areas of the law. The *constitutionalization* identified by Geiger as a means of reining in IPR protection and placing IPR within a legal framework which focuses on the effects (i.e., costs) of the protection system as seen from a general societal perspective is now cast in stone for trademark law. In terms of the future application of trademark law, the Recitals have clarified the existence of a two-layer framework which combines open-ended standards from fundamental rights with a catalogue of specific limitations. On the overall level, this structure is recommendable as it combines flexibility and clarity to give the courts room of manoeuvre.¹⁴⁸

144. See, in the same vein on competition law, *supra* note 19, and Thomas Riis & Jens Schovsbo, *Compulsory Licenses and Trade Marks*, 34 EUR. INTEL. PROP. REV. 651, 651–53 (2012) (arguing that access to use the trademark may even warrant the granting of a compulsory license via *competition law* to use the mark (if the original function is not jeopardized)).

145. Case C-201/13, *Deckmyn v. Vandersteen et al.*, ECLI: EU:C:2014:2132 at 2.1, 4.1.1.

146. See GEIGER, *supra* note 4, at 146 et seq.

147. Case C-228/03, *Gillette Company v. LA-Laboratories Ltd.*, 2005 E.C.R. I-2337 at 3.2.

148. RAMSEY & SCHOVSBO, *supra* note 4 (pointing out that already under the existing “constitutionalization,” this is the model preferred by the EU and that a similar position is emerging in US trademark law and recommending the approach on an international level).

The new Recitals are not going to revolutionize EU trademark. They are, however, going to have an effect even beyond the outlier cases where trademark law and fundamental rights come head to head. For those cases—which are important—the Recitals will provide clarity and help relieve any chilling effects stemming from the practices of aggressive trademark holders. More generally, the inclusion of fundamental rights norms into trademark legal analysis is going to enable parties and courts to broaden the scope of their arguments to go beyond the traditional trademark values in undistorted competition and the free movement of goods. These values will continue to be important for future cases, but it is now clear that they do not stand alone and that courts should, in drawing the lines for what is actionable or not under trademark law, recognize users’ interests in access to use protected marks when appropriate. This will, in turn, most likely mean that the broad and open-ended provisions of trademark law will become more important. In particular, the provisions on *due cause* and on *honest practices* are very susceptible to broader and value-based arguments and are most likely going to be relied upon both by the CJEU and national courts in a more pronounced way in future case law. Even other open-ended provisions such as the requirement that a sign must be “distinctive” is inviting arguments, and one could well imagine that, for example, a claim that a certain sign should *not* be protected since it has general importance as being of “cultural significance”¹⁴⁹ could be backed up with a reference to fundamental rights, and that access to this sign should remain free to not unreasonably restrict free speech or commercial freedom.¹⁵⁰ In this way, the overall effects of the constitutionalization are most likely going to be a trademark system which is going to put more emphasis on aspects of *(un)fairness* of the use of marks than on the protection of investments of trademark holders. Depending on the future development and the room the CJEU decides to leave to national courts to develop the potential of the balancing principle and to factor the fundamental rights concerns into the analysis of national trademark provisions, Recital 21 may serve as “national correction mechanisms”¹⁵¹ to the harmonized trademark provisions. Unlike unfair marketing law, which many EU countries have used to supplement the protection afforded by the national trademark, Acts to prevent certain unfair uses or to protect signs not covered by the harmonized trademark rules the fundamental rights cannot be derogated by EU harmonization. Because of their high-ranking nature, they are resilient and bind both national and EU legislators and courts.

149. Senftleben, *supra* note 4, at 356, 358 et seq.

150. See GEIGER, *supra* note 4, at 148 et seq.

151. Kur, *supra* note 55, at 453.