

All consuming

The relevance of consumer surveys in trademark proceedings in Germany is considered by Bardehle Pagenberg's **Philipe Kutschke**

Consumer surveys are of utmost importance when it comes to trademarks that are not distinctive or descriptive. Such surveys are relevant in many respects and may accompany the complete life of such a trademark: they may serve to obtain and retain trademark protection, but also to enforce trademark rights. Besides, the results of consumer surveys can be a meaningful basis when determining the degree of distinctiveness of the elements of complex signs in litigation proceedings.

Registration proceedings – proof of acquired distinctiveness (secondary meaning)

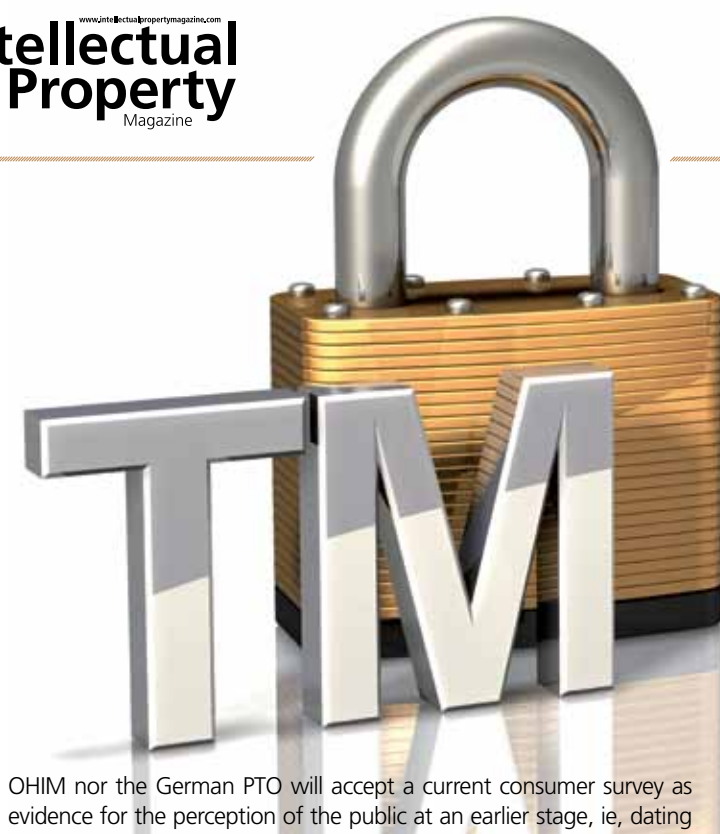
In Germany like in many other countries, signs that are intrinsically descriptive or not distinctive are not eligible for registration. In Germany, the applicant may overcome these absolute grounds for refusal by proving acquired distinctiveness (secondary meaning) through use in commerce. The same is true in Community trademark (CTM) application proceedings before the Office for Harmonization in the Internal Market (OHIM).

1. Relevant point in time

A CTM application will be rejected if the applicant fails to prove acquired distinctiveness/secondary meaning at the time of filing the trademark application. The German system is more flexible: if the applicant proves acquired distinctiveness (secondary meaning) at a subsequent date, the German patent and trademark office (PTO) must grant trademark protection, but the "filing date" as the controlling date in cases of conflicts between rights will be set as the date as of which acquired distinctiveness has been proven to exist. Both OHIM and the German PTO will accept post-filing evidence as proof of the perception of the public at the time the trademark application has been filed, if the evidence allows to deduce or to conclude by some other means that distinctiveness had been acquired at the date of filing.

How to prove acquired distinctiveness? Although regulations and case law allow for a broad variety of means of evidence (eg, affidavits of the applicant or third parties regarding sales figures and marketing expenses and marketing activities, press releases, all of these in respect of the specific trademark and goods or services concerned), the most promising and convincing evidence is a consumer survey. This is provided that the result demonstrates a convincing degree of market awareness ie, demonstrate acquired distinctiveness (secondary meaning) of the sign and provided that the consumer survey has been conducted in accordance with accepted scientific standards of market surveys. Furthermore, that it is in accordance with the standards established by the case law, and preferably by a renowned and reliable survey institute. In particular, at the time just before or concurrent with the market launch of a product, when powerful marketing campaigns already have started, proving a favourable degree of market awareness by assessing the perception of the public, appears to be a promising approach.

In trademark cancellation proceedings, the burden of proof lies with the applicant of the cancellation request. He must prove that the mark should have been refused as descriptive or non-distinctive at the time the trademark had been registered, whereas the perception at the time of deciding the cancellation request is not relevant. This leads to difficulties of gathering respective evidence, because in general, neither



OHIM nor the German PTO will accept a current consumer survey as evidence for the perception of the public at an earlier stage, ie, dating years back. Post-registration acquisition of distinctiveness through use (secondary meaning) will result in the refusal of a cancellation request both under Community trademark law and under German law.

2. Subject of consumer survey

Some consumer surveys, however, fail even before they have started, because the applicant fails to test the correct sign that is subject to the application. This is of particular importance when the application concerns the shape or colour of a product that is not being used alone, but together with word signs or figurative elements. In these cases, the consumer survey should be carried out with the "unclothed" product, ie, the product without any other marks than the one subject to the trademark application (eg, its shape, colour, etc.).

3. Questionnaire

The applicant has to prove acquired distinctiveness/secondary meaning in the fields of trade concerned. The result of the consumer survey – which should consider responses from approximately 1,000 interviewees, therefore has to reveal the market awareness in the relevant fields of trade. Therefore, the interview will usually start with a question to determine whether the interviewee belongs to the relevant public. A usual question is whether the interviewee at least from time to time buys and/or uses such products. This question is not necessary if the goods or services address the general public (eg, everyday items). In order to avoid rejection of the consumer survey on the grounds that it did not consider all relevant fields of trade, it is advisable to pose this question at the end of the interview and, as the case may be, put aside all preceding answers of the persons having answered this last question with "no".

The first sign-related question is whether the interviewee has ever seen the sign in question before in connection with the products concerned. All interviewees responding with "yes" will be asked the second question, ie, whether they believe that the sign concerned serves to indicate that products marked with the sign as originating from one or more undertaking, or whether the sign does not indicate such origin. Interviewees who believe the sign in question, regardless of its nature (eg, word sign, colour or shape) – indicates that the products originate from one or more undertakings or that it is always distributed under the same trademark will be asked in a third step whether they remember the name of the company/companies or trademark(s). Only companies/trademarks that are directly or indirectly linked to the applicant will be considered in favour of the applicant. In most of the cases interviewees

will need further guidance, which is offered by so-called “assisted” questions, because they do not *ad libitum* remember the name of the company/companies and/or trademark(s). Such “assisted” questions will offer a list of names or marks. Such guidance is generally admissible.

4. Required degree of market awareness

As regards the necessary degree of market awareness, legal prerequisites and case law do not provide specific figures. Rather, the necessary degree depends on the circumstances of the case, in particular the nature and substance of the sign concerned. As a rule, all types of signs – word signs, figurative signs, colours, shapes – are equal and, thus, the prerequisites are generally the same. However, the situation is similar to George Orwell’s *Animal Farm* – some signs are more equal than others. As regards shapes and colours of products, one has to take into account that consumers tend to perceive these signs as merely decorative or functional and not “as a trademark”. Therefore, a higher degree of market awareness may be required than for word or figurative signs to demonstrate acquired distinctiveness/secondary meaning. As a rule of thumb, in Germany in general a degree of 50% will be necessary, whereas some signs will require an even higher degree of market awareness.

Litigation proceedings – proof of infringement

In trademark litigation proceedings, the relevance of consumer surveys is two-fold: on the one side, they may serve to prove market awareness of the sign-in-suit (trademark of the plaintiff) and therefore serve as an indicator of its degree of distinctiveness; on the other side, if contested, they may also serve to demonstrate that the relevant public perceives the contested sign as an indication of origin, ie, “as a trademark”.

1. Sign-in-suit

As regards the sign-in-suit, one has to distinguish between registered signs and unregistered signs.

If the complaint is based on registered trademark rights, in Germany the court is bound to the office’s decision to register the trademark. The court has no competence to deny or even question the validity of the mark. In case the defendant wants to challenge the validity on absolute grounds, he has to initiate cancellation proceedings before the competent authorities, ie, the German PTO. If he has done so and the infringement court is of the opinion that the cancellation request is likely to succeed, it may stay litigation proceedings until the office renders a final decision regarding protectability of the sign-in-suit. However, in practice courts are reluctant to stay proceedings. As regards Community trademarks, the court called upon to decide on infringement is also competent to decide on the validity of the asserted Community trademark if this is challenged by way of a counterclaim.

Although the infringement court is bound to the registration decision, the court is free in assessing the degree of distinctiveness.

If the complaint is based on non-registered trademark rights regarding (potentially) non-distinctive or descriptive signs, the results of consumer surveys are vital to prove that the sign-in-suit enjoys trademark protection. A high percentage of market awareness most likely will convince the court that the trademark – or a specific element of a complex sign – even enjoys a broad scope of protection, perhaps even amounting to “reputation” and thus potentially entitling it to protection even in the absence of likelihood of confusion.

2. Contested sign

Even if the trademark holder succeeds in proving acquired distinctiveness/secondary meaning of the sign-in-suit, the respective consumer survey does not necessarily serve to prove that the perception of the public regarding the allegedly infringing sign is the same. Transferring the result regarding the sign-in-suit to the infringing

sign is only possible if the contested sign is (almost) identical with the sign-in-suit. The more dissimilar the conflicting signs are, the more it is unlikely that the court will mirror the result. Things get even more complicated when claimed trademark rights and/or the contested sign concern complex signs, comprising various signs potentially serving as an indication of origin, eg, word signs, figurative signs or the shape of the product or packaging. If the claimant cannot base his claims on a more specific registered trademark, he will have to carry out consumer surveys in order to determine the significance of each of the relevant elements of the complex sign. For example, if the plaintiff argues that trademark rights in the shape of a product are infringed, but only holds registered trademarks for complex signs comprising the shape, colour, decorative elements and name of the product, it is recommendable and perhaps even necessary to conduct a consumer survey with the mere shape of the product, deleting all other elements revealed on the product or packaging.

3. Court’s assessment

Although the result of a consumer survey is a strong indicator whether or not a sign serves as an indication of origin, it is not a definite means of glory or defeat. The figures provided in the result are a matter of fact, but evaluation of the consumer survey and consideration of the further circumstances of the case are a matter of law.

Even if the court comes to the conclusion that both conflicting signs or their relevant elements serve as an indication of origin, the outcome – of the infringement test – ultimately depends on the question whether there exists likelihood of confusion on the part of the public (or not). Consumer surveys may show the actual perception of the public, and thus also show actual confusion or likelihood of confusion. However, in any event, under the prevailing doctrine in Germany, likelihood of confusion is ultimately a question of law.

The same is true if the plaintiff bases its claims on “reputation” of a trademark: although consumer surveys are appropriate evidence to show “reputation”, they are not conclusive on the issue of infringement, ie, detriment to or taking advantage of distinctiveness or reputation.

Summary

Consumer surveys are a useful and sometimes even vital means of evidence when filing a trademark application, as well as in cancellation proceedings and when enforcing or defending in litigation proceedings. But consumer surveys present complex issues requiring thorough preparation – otherwise they may be useless.

In practice, successfully applying for a sign that is not inherently distinctive or that is descriptive is reasonable within limits if the applicant can prove acquired distinctiveness/secondary meaning. On the contrary, successful litigation proceedings based on such signs are rather exceptional in Germany, even if the sign-in-suit acquired distinctiveness/secondary meaning through use. Case law shows that trademark holders often fail to prove that both signs (sign-in-suit and infringing sign) will be perceived as an indication of origin.

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The practice of Philippe Kutschke comprises advice and litigation in IP-related matters, in particular in the field of trademarks, copyrights and designs. Besides his work as a lawyer, he lectures on trademark and design law at the Technical University of Munich and regularly publishes articles concerning IP-related topics.