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**TRADE MARK PROTECTION OF THE FASHION
INDUSTRY IN THE EUROPEAN UNION**

Bachelor Thesis

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I hereby declare that I am the sole author
of this Bachelor Thesis and it has
not been presented to any other
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Abbreviations

OHIM	The Office for Harmonisation in the Internal Market
CTM	Community Trade Mark
EUIPO	European Union Intellectual Property Office
EUTM	European Union Trade Mark
CJEU	Court of Justice of the European Union
ECJ	European Court of Justice
IP	Intellectual Property
IPR	Intellectual Property Rights

Introduction

Throughout trade marks' history, trade marks have been considered as important factors of companies' marketing strategies and the growth of firms.¹ Trade marks are seen as beneficial intangible assets² and have evolved to be more than just a badge of origin, creating broader brand values, which are epitomized by the marks.³ The mark's owner has the right to prohibit unauthorized third parties from using the same or similar sign in the course of trade.⁴ Trade marks can add significant value to products.⁵ They enable consumers to link the trade marked products to something else that they find tempting or desirable, for instance link it to their dream or to their favorite celebrity they find attractive.⁶ This connection consumers make in their heads then increases the appeal of the products.⁷ This is especially important in the fashion industry, where the purchasing of products is not done only for the actual need to buy something, such as food or pharmaceutical products, but the purchases are done because of conception or image of something the consumer wants to be or to acquire, or because of the valued reputation of the mark.⁸ The purchase decisions are therefore not only functional, but also emotional and based on perceptions without the possibility of close comparison.⁹ Trade marks can even be said to be a way of achieving certain social status.¹⁰ This makes an important connection between trade marks and fashion, makes trade marks a major part of fashion, and makes it important for the fashion industry to be able to use the marks.

At first, trade marks may not seem like the evident choice of intellectual property protection for the fashion industry, but this has evolved being so, and the industry has perhaps even broadened the scope of trade marks.¹¹ Trade marks can be said to be even more important to fashion in the United States, because in the European Union, copyrights

¹ Bently, L., Davis, J., Ginsburg, J.C. *Trade Marks and Brands An Interdisciplinary Critique*. Cambridge, Cambridge University Press 2008. p 43

² *Ibid*, p 42

³ *Ibid*, p 66

⁴ *Ibid*, p 245

⁵ *Ibid*.

⁶ *Ibid*, p 246

⁷ *Ibid*.

⁸ Adler, D.M. *Fashion Law: Protecting Brands and Designs*. *Landslide*, Vol. 5, Issue 3, 2013 pp. 21-24

⁹ Lindemann, J. *The Economy of Brands*. England, Palgrave Macmillan 2010. p 65.

¹⁰ Bently, L., Davis, J., Ginsburg, J.C., *supra nota* 1p 252

¹¹ *The Devil Wears Trademark: How the Fashion Industry Has Expanded Trademark Doctrine to Its Detriment*. *Harvard law Review*, January 2014, Vol. 127 Issue 2, pp. 995-1016.

are also important in protecting fashion and designers.¹² However, copyright law is not as harmonized as the trade mark law is in the EU, despite the many directives on the matter, and there are many questions that are not answered in the EU-level.¹³ Because trade marks have been and keep being important especially in the United States, the thesis will analyze the level of protection in court cases between the U.S. and EU. As will be found out later in the thesis, the place of action can play a major role in the protection of a trade mark and therefore it is useful to compare European cases to other case-law. The case-law chosen also shows the difficulties a fashion company may face when they try to protect their decorative elements, such as geometrical patterns, as trade marks because of the more probable lack of distinctiveness.¹⁴ The thesis will examine the importance of the trade mark protection of the fashion industry in the European Union, and how the protection of trade mark law functions in reality for the industry. It is an excellent time to research this topic because changes are currently being done in the field of trade mark law in the EU, the fashion industry has grown massively, and the topic has been discussed and has made progress in the U.S. but not yet in Europe.

The thesis consists of four chapters. The introduction is followed by the first chapter giving an overview of what is a trade mark and the second chapter introducing the sources of relevant trade mark law and the current situation of the fashion industry. In the third chapter, the case law of European courts and United States Courts will be analyzed and compared. This will give a better understanding of the actual level of protection and the firms' ability to enforce their trade marks in Europe. In the fourth chapter, the author analyzes what the future of trade marks and their protection of the industry is likely to be, especially after the trade mark reform package comes completely into force. The thesis will end to the conclusions of the topic, which includes the findings to the research questions. The research will be carried out by using qualitative methods and comparative analysis. The author will focus on the trade mark protection of fashion industry in the European Union using cases from the U.S. as a comparison and as an important dimension to see the strength of trade mark protection in the EU. The older Trade Marks Directive and Regulation will be used in chapters one to three, and the new revised Directive and

¹² *Ibid.*

¹³ Geiger, C. *Constructing European Intellectual Property: Achievements and New Perspectives*. Cheltenham, Edward Elgar Publishing Limited 2013 p 21

¹⁴ Giannino, M. Louis Vuitton's chequerboard: Iconic, Not Distinctive. *Journal of Intellectual Property Law & Practice*, 10 (12) pp.893-894, 2015.

Regulation are analyzed in chapter four about the future of trade marks. Sources from the EU will be emphasized, but sources from the United States will also be used due to the fact that fashion law is its own field of law in the United States, and many of the articles dealing precisely with fashion are U.S. based.¹⁵ EU and U.S. case-law will also be used to find out how the rules work in practice. Comparative analyzing will be used to determine, does the case-law show clear and consistent approach to cases of the fashion industry, and how the level of protections differs compared to case-law from the U.S., where fashion has acquired its own field of law, and trade marks are perhaps even more important for the industry.

The research questions are:

- Does the trade mark protection of the European Union law and the requirement of distinctiveness work in practice for the protection of fashion companies and their products in the European Union?
- What is the level of protection in the European Union, especially compared to the U.S. on the basis of case law, and are the fashion companies able to enforce their rights?
- Why the trade mark protection of the fashion industry is important in the European Union?

The author's hypothesis is that trade marks are important for the fashion industry worldwide and the topic deserves more discussion in Europe. The decisions concerning trade marks are not always consistent because of the complexity of protecting fashion with intellectual property rights, and therefore the actual level of protection may be lower than expected.

¹⁵ Digesta Raakaversio, Juridinen Aikakausilehti. www.artikla.fi/uploads/digestat/Digesta_2013_4.pdf 2013 (15.3.2017)

1. What is a Trade Mark?

There is not a clear definition on what is a trade mark provided by the EU law or international conventions. The Paris Convention nor the TRIPS agreement do not give a definition of trade marks.¹⁶ The EU law, the Trade Mark Directive and the Community Trade Mark Regulation, only offers a non-exhaustive list of what a trade mark can be.¹⁷ Article two of the Trade Mark Directive offers a list of what a trade mark may consist of. These include “signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging.” They must be capable of distinguishing the goods or services from other companies’ products.¹⁸ Article 4 of the Trade Mark Regulation¹⁹ gives the same list for requirements for trade marks, but does not give a clear definition either. Therefore, there is no clear definition provided for a trade mark, but three requirements that need to be fulfilled can be found: 1) it must be a sign 2) capable of being represented graphically and 3) must be capable of distinguishing the goods or services.²⁰

Trade marks’ scope of protection is the protection of a sign in the course of trade. This includes, for example, adding the sign to the goods or services or to their packaging, putting them on the market, importing or exporting the goods with the particular signs, or using it in advertising.²¹ The mark protects both the products and the goodwill of the company, which is the owner of the mark.²² Trade marks have also different functions. The essential function is to guarantee identity of the origin and distinguish the goods or services from those that have other origin. This was acknowledged in *Hoffmann - La Roche v. Centrafarm*.²³ Trade marks also have quality function, descriptive function and advertising or investment function.²⁴ The distinction between the different functions cannot be clearly established because they have dependency -relations between each other. The functions are created from the interaction that is established through the intellectual property rights

¹⁶ Friedmann, D. Trademarks and Social Media: Towards Algorithmic Justice. Cheltenham, Edward Elgar Publishing Limited 2015 p 28

¹⁷ *Ibid.*

¹⁸ 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).

¹⁹ Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (codified version).

²⁰ Spence, M. Clarendon Law Series: Intellectual Property. Oxford, Oxford University Press 2007 p 248

²¹ Geiger, C., *supra nota* 13 p 45

²² Prime, T. European Intellectual Property Law. Aldershot, Dartmouth Publishing Ltd 2000 p 75

²³ Bently, L., Davis, J., Ginsburg, J.C., *supra nota* 1 p 79

²⁴ Pihlajarinne, T. Johdatus immateriaalioikeuteen. Helsinki, University of Helsinki 2014 p 128

owner's way of using the trade mark and the associations that are created for the target group of the mark.²⁵

Companies build their brands over decades because it is a long process.²⁶ Trade marks are important in creating a brand image for new product or services, and to further increase sales of products or services that are already in the markets.²⁷ Trade marks protect investments that have been required in order to raise the public awareness of the services or products of the company, and have always been linked to advertising and business strategies of companies.²⁸ The value lays mostly in the commercial message the trade mark communicates to consumers. This makes a clear distinction between trade marks and other intellectual property rights and may seem even more immaterial or abstract.²⁹ Trade marks may be even the most relevant assets of a business. The owners have generally thought that the trade marks should do more than protect the owner from unauthorized use of their mark or a similar mark. The idea is that trade marks should also protect them in a way that competitors or others cannot freeride and tarnish their goodwill and reputation.³⁰ Even though trade marks are relevant and profitable business assets, they are also probably the least stable asset of a business.³¹

Trade marks can be either registered or acquired through use.³² Trade marks can acquire distinctive character through use if the use of the mark has gained recognizability in its target group in a way that it now has business value.³³ The mark has to be commonly known in the target group. This does not mean that everyone in the group should recognize the mark. A rough estimate is that for example 50% of the target group knows and recognizes the trade mark.³⁴ There is not a clear amount or percent on the amount of what the commonly known means found from legal texts or case law. Therefore, it is safer to register the mark than to trust that the mark will acquire distinctive character later. Later

²⁵ Drockila, L. Tavaramerkkien sekoitettavuudesta ja harhaanjohtavuudesta. Helsinki, Lakimiesliiton Kustannus 1986 p 33

²⁶ Lindemann, J., *supra nota* 9 p 126.

²⁷ Drockila, L., *supra nota* 25 p 35

²⁸ Gillieron, P. Online advertising business models and distinctive signs – should one rethink the concept of confusion? International Review of Intellectual Property and Competition Law 2008.

²⁹ Pihlajarinne, T., *supra nota* 24 p 127

³⁰ Dinwoodie, G. Intellectual Property and General Legal Principles, Is IP a *Lex Specialis*? ATRIP Intellectual Property Series. Gelthenham, Edward Elgar Publishing Limited 2015 p 161

³¹ Gillieron, P., *supra nota* 28

³² Pihlajarinne, T., *supra nota* 24 p 135

³³ *Ibid*, p 145

³⁴ *Ibid*.

in a conflict, it can be difficult to show and prove the acquired distinctiveness. The evidence should always be directed towards the past when the violation actually happened. The present market analysis, for example, will not prove the distinctiveness at the time of the violation in the past.³⁵ The significance of intellectual property in the competition between companies has increased and the interests of intellectual property rights owner have been seen increasingly important.³⁶ Especially today, fashion moves fast and it is based on change. Trade marks, however, can last forever, if only renewed and used, which could again be argued to create an imbalance.³⁷ To guarantee safety and protection, it is smart to register a mark. Nonetheless, it is not a mandatory way to secure the right, and there are many signs that are not registered in the course of everyday trade.³⁸

It is perhaps the easiest to think that trade marks protect the companies' names and logos. However, with thoughtful design, for example including clearly visible logos or names in the designs, and smart marketing, the design may be linked to a specific company and affect its reputation.³⁹ In this case, trade mark becomes one of the most important intellectual property right to protect the fashion item together with the brand protection, even though trade marks do not usually protect the items alone.⁴⁰ Fashion is at some occasions classified as being a form of art. However, it has its own distinct concerns, and that is why it should be considered as its own sector, separate from traditional view of what is considered as being art.⁴¹ The problem with fashion industry's trade marks is not only the illegal counterfeits. Fashion evolves through getting inspiration from others, which may lead to products and marks that are very similar. The problem what comes up then is, whether it is possible for the marks in the fashion products to be distinctive.

³⁵ *Ibid.*

³⁶ *Ibid*, p 27

³⁷ Harvard Law Review, *supra nota 11*

³⁸ Center for International Legal Studies. Intellectual Property Law Series, International Intellectual Property Law: New Developments. Chichester, Jon Wiley & Sons Ltd 1995 p 111

³⁹ Farkas, T. Does the United Kingdom need a general law against unfair competition? A fashion industry insight: Part 1. European Intellectual Property Review 33(4) 2011 pp. 227-237

⁴⁰ *Ibid.*

⁴¹ Arnold, R. A. Very short Introductions: Fashion: A very short introduction. Oxford University Press 2009 p 34

2. Sources of trade mark law and the role of fashion industry in Europe

2.1 International sources

The activity of the European Union, being a regional activity, must also be assessed and examined with broader international activity in a global level.⁴² The Paris Convention for the Protection of Industrial property (1883)⁴³ was the first attempt to co-operate on trade and intellectual property. It does not only cover trade marks, but also other industrial property rights. The Convention obliges the signatory states to give effect to four principles related to trade marks: 1) to protect well-known marks 2) to prevent registration and use of armorial bearings, flags, and emblems of Convention countries 3) to provide effective protection against unfair competition and 4) to accept registration of any mark which is duly registered in its country of origin.⁴⁴

The Madrid Agreement⁴⁵ was created to extend the framework of Paris Convention and to guarantee better protection in international level. The better international protection was guaranteed by the Central Registration Bureau in Geneva. Mark registered in a company's home state may obtain protection for the trade mark in other contracting states for 20 years by a single application.⁴⁶ Because of the agreements perceived 'weakness', it had only few members.⁴⁷ That is why in 1989, the Madrid Protocol⁴⁸ was agreed on to better the Madrid Agreement's protection and to attract more members.⁴⁹ The Protocol is, however, independent from the agreement.⁵⁰

TRIPS Agreements⁵¹ is an Agreement on Trade-related Aspects of Intellectual Property Rights by the World Trade Organization. The agreement puts together the national treatment –principle from Paris Convention and the principle of most favored national treatment found in WTO agreement, which is obligatory for the member states.⁵² The

⁴² Geiger, C., *supra nota* 13 p 61

⁴³ Paris Convention for the Protection of Industrial Property of March 20 1883 (amended the latest 1979) www.wipo.int/treaties/en/text.jsp?file_id=288514

⁴⁴ Prime, T., *supra nota* 22 p 79

⁴⁵ Madrid Agreement Concerning the International Registration of Marks 1981

⁴⁶ Prime, T., *supra nota* 22 p 80

⁴⁷ Annand, R., Norman, H. Blackstone's Guide to the Community trade mark. London, Blackstone press limited 1998 p 4

⁴⁸ Protocol Related to the Madrid Agreement Concerning International Registration of Marks 1989.

⁴⁹ Annand, R., Norman, H., *supra nota* 47 p 5

⁵⁰ *Ibid.*

⁵¹ Agreement on Trade-Related Aspects of Intellectual Property Rights 1994 www.wto.org/english/docs_e/legal_e/27-trips.pdf

⁵² Annand, R., Norman, H., *supra nota* 47 p 4

agreement also gives support for the main international conventions obligating states to take part to the latest versions of the conventions.⁵³ It itself provides certain minimum standards for trade marks, copyrights and related rights, patents, integrated circuits and confidential information.⁵⁴

Trade marks are always registered for certain specification list of goods or services. The Niece Agreement for the International Classification of Goods and Services from 1957⁵⁵ divides trade marks for services to eight classes and trade marks for goods to 34 classes. It is kept up to date by the World Intellectual Property Organization (WIPO).⁵⁶ The Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks (1973)⁵⁷ created a classification for figurative elements in trade marks. It also includes a list for classification of two and three-dimensional shapes. The Agreement does not have many participants, but it has influenced the Madrid and Community systems widely.⁵⁸

2.2 European Union

The system of trade marks in the European Union consists of national systems harmonized by the Directive coexisting with the regime established by the Community Trade Mark Regulation.⁵⁹ Intellectual property is one of the fields of law that is the most affected by the European Union.⁶⁰ From the EU IP law, trade mark law is probably the most comprehensive and successful harmonized area of Intellectual Property.⁶¹ That is why it is not possible to consider trade marks only nationally, but the EU regulation needs to be always taken into account when dealing with trade marks inside the European Union.⁶² The European Union has regulated trade marks within the Union with the European Trade Marks Directive 2008/95/EC and the Community Trade Marks Regulation No 207/2009. There is also a recast Directive of the European parliament and of the Council 16 December

⁵³ *Ibid.*

⁵⁴ *Ibid.*

⁵⁵ Niece Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks 1957 (newest 7th edition 2017)

⁵⁶ Annand, R., Norman, H., *supra nota* 47 p 5

⁵⁷ Vienna Agreement Establishing and International Classification of Figurative Elements of Marks 1973 (newest 7th edition 2013)

⁵⁸ Annand, R., Norman, H., *supra nota* 47 p 6

⁵⁹ Geiger, C., *supra nota* 13 p 123

⁶⁰ Prime, T., *supra nota* 22 p preface vii

⁶¹ Geiger, C., *supra nota* 13 p 27

⁶² Pihlajarinne, T., *supra nota* 24 p 132

2015 to approximate the laws of the Member States relating to trade marks, which will take effect from 15 January 2019.⁶³ Under the EU law, directives are binding as to the end results. This means that Member States will choose the ways how to achieve the result, which harmonizes the laws, but the laws are not necessarily identical.⁶⁴ The Regulation provided an autonomous Community Trade Mark Office (OHIM) to be established.⁶⁵ When the new Regulation came into force, the name of OHIM was changed into European Union Intellectual Property Office (EUIPO). It is the office, situated in Spain, in which the European Union Trade Mark, earlier called the Community Trade Mark, can be registered in.⁶⁶ The office also keeps a Register of the trade marks which is open to the public.⁶⁷ The mark is unitary and has therefore equal effect throughout the European Union. The registration, transferring, surrendering, revocation or declaring a mark invalid always happens in respect of the whole EU, which can be helpful but may also cause difficulties to a company.⁶⁸ The Regulation promotes free movement of services and goods by creating a single market for trade marks.⁶⁹

2.2.1 Concept of distinctiveness in the EU trade mark law

The test of distinctiveness is at the same time actually a test of validity of a mark.⁷⁰ Distinctiveness is considered separately and more precisely in this chapter because the requirement is often difficult for a fashion company to fulfill and the issue often comes up in the case-law. The requirement of distinctiveness is found in the absolute grounds for refusal in Article three of the Trade Mark Directive, but a mark which does not have any distinctive character may still overcome this ground by presenting evidence that it has acquired distinctiveness through use.⁷¹ The Article 3 states that trade marks which are devoid of any distinctive character cannot constitute a trade mark and should not be registered, or if registered, they should be declared invalid.⁷² In addition to the absolute grounds, distinctiveness can also be found from the vague 'definition' of trade marks in

⁶⁴ Graig, P., De Burca, G. EU Law Text, Cases and Materials. Oxford, Oxford University Press 2003 p 200

⁶⁵ Prime, T., *supra nota* 22 p 111

⁶⁶ *Ibid.*

⁶⁷ Prime, T., *supra nota* 22 p 112

⁶⁸ Prime, T., *supra nota* 22 p 117

⁶⁹ Kirkham, C.W., Swaminathan, R. Legislative Developments: Implementation of Community Trade Mark Regime, Columbia Journal of European Law, Vol. 2, Issue 2, 1996 pp. 383-394

⁷⁰ Annand, R., Norman, H., *supra nota* 47 p 32

⁷¹ *Ibid.*, p 33

⁷² 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)

Article 2 of the Directive.⁷³ The vague definition states that marks must be capable of distinguishing the goods or services from other companies' products or services. Distinctiveness can be of two kinds: intrinsic, which means the consumer directly recognizes the mark as distinguishing, or it can be acquired through secondary meaning, which is usually applicable for more non-traditional marks.⁷⁴ Non-traditional or nonconventional marks are generally not inherently distinctive, but will require substantial acquired distinctiveness or consumer recognition to be registered.⁷⁵

In the case *Sabel v. Puma*, it was stated that trade marks that have particularly distinctive character may give rise to a greater likelihood of confusion, and vice versa.⁷⁶ The ECJ stated that the likelihood of confusion is to be appreciated globally and based on the overall impression of the marks. In this, the mark's distinctive and dominant components must especially be taken into account.⁷⁷ There may be an infringement because of likelihood of confusion where a mark is used in the course of trade, and the mark is identical or similar to the earlier mark and it is used in relation to goods or services similar to those of the earlier mark is registered.⁷⁸ In the case *Koninklijke Electronics NV v Remington Consumer Products Ltd*, the ECJ stated that if a sign has acquired distinctiveness through use, it is by definition capable of distinguishing.⁷⁹ The ECJ in its case law has stated that shapes and colors are in practice less distinctive than a word or figurative mark.⁸⁰ If a Community Trade Mark lacks distinctiveness in one Member State or in more EU-countries, it can only be registered, if the distinctiveness is acquired through use in all of EU.⁸¹

2.3 Fashion industry in Europe

The textile and clothing industry, and therefore fashion overall, has a great value and importance in Europe, which makes it important to protect the industry's investments and contributions. The fashion industry is growing worldwide and it has become one of the biggest industries in the world. The revenues globally amount to a trillion dollars a year

⁷³ Spence, M., *supra nota 20 p 249*

⁷⁴ Zhan, Q. *The International registration of non-traditional trademarks: compliance with the TRIPS Agreement and the Paris Convention. World Trade Review 2017 p 13*

⁷⁵ *Ibid*, p 13

⁷⁶ Geiger, C., *supra nota 13 p 140*

⁷⁷ Case c-251/95 *Sabel BV v Puma AG*

⁷⁸ Spence, M., *supra nota 20 p 273*

⁷⁹ *Ibid*, p 250

⁸⁰ *Ibid*, p 254

⁸¹ *Ibid*.

being four percent of the global GDP.⁸² The European Union is the second biggest exporter of fashion products and textiles in the world. In 2015, the European Union production of clothing and textiles had a turnover of 169 billion euros.⁸³ In 2015, the estimated number of people working in textile and clothing industry was a total of 1.684,000 persons in a total of around 174.480 companies in the EU.⁸⁴ It is estimated that until year 2025, there will be around 600,000 jobs created in the fashion industry in Europe.⁸⁵ Because the industry has grown to become such an influential industry, it is important to give it a closer look and examine it in more detail.

It has been argued, that the industry has acquired trade mark protection to marks that would not normally be protected, due to the fact that the designers have failed to get protection under other intellectual property rights, such as copyrights or patents.⁸⁶ The CJEU in its decisions has been expanding the scope of trade marks in the EU in the past years.⁸⁷ It has also been claimed that the trade mark protection of the industry can also harm innovation because it changes the focus from designs and innovation to focus mainly on logos, which do not contribute to creativity or to the society.⁸⁸ When the companies focus only in logos and their brands, it may backfire because the more distinctive the logo is, the easier it is to copy.⁸⁹ A good example of this is Louis Vuitton in 2002, when the company introduced a new concept printing their “LV” initials with geometric shapes on their handbags. This became the “it” product in the fashion world and was very successful for the business. However, it led to the situation that other fashion houses produced similar kinds of prints on their bags based on inspiration from Louis Vuitton and it accelerated the number of illegal counterfeits.⁹⁰ Fashion industry is one of the most counterfeited industries in the world. Counterfeit means a product that is copied, forged or imitated without the right to

⁸² Harvard Law Review, *supra nota 11*

⁸³ Euratex Annual Report 2015.

euratex.eu/fileadmin/user_upload/documents/Library/Annual_Report/Euratex-annual_report-2015-LR.pdf (18.2.2017).

⁸⁴ Key Figures 2015 – The EU-28 Textile and Clothing Industry in the year 2015.

euratex.eu/fileadmin/user_upload/documents/key_data/Euratex_Keyfigures_-_2015.pdf (31.3.2017).

⁸⁵ Euratex Annual Report 2015.

www.euratex.eu/fileadmin/user_upload/documents/Library/Annual_Report/Euratex-annual_report-2015-LR.pdf (18.2.2017).

⁸⁶ Harvard Law Review, *supra nota 11*

⁸⁷ Geiger, C., *supra nota 13 p 137*

⁸⁸ Harvard Law Review, *supra nota 11*

⁸⁹ *Ibid.*

⁹⁰ Kaufman, S. Trend Forecast: Imitation is a Legal Form of Flattery – Louis Vuitton Malletier v. Dooney & Bourke, Inc. Cardozo Arts & Entertainment Law Journal, Vol 23., Issue 2, 2005, pp. 531-566.

do it and done with the purpose of deceiving.⁹¹ Unlike other sectors of creative industries, fashion operates on partnerships, derivation, and is based on some imitation of older styles and knockoffs.⁹² The acquired trade mark protection can last forever if renewed and actually used. Some argue, that for a creative industry like fashion that is constantly changing, this renewable protection is excessive.⁹³ There is, however, another point of view that trends may come and go, but style and certain trends will always last.⁹⁴ Many brands stay at the top of fashion for centuries and therefore need adequate intellectual property protection, which is the core of their business.⁹⁵

Different companies in the fashion industry have different kinds of strategies related to intellectual property protection. Some companies, such as Louis Vuitton, are proactive and even aggressive with their protection strategy and they pro-actively want to enforce their intellectual property rights and especially trade mark rights.⁹⁶ For some, the protection is not a big concern. For example, the luxury brand Prada's head designer Miuccia Prada has stated that they actually let others to copy their work. In their view, the strategy increases their own creativeness and craftsmanship because when someone copies them, they will themselves drop it and create something new and better.⁹⁷

Infringements of trade mark protection can be very different inside the industry depending of the popularity and the size of a company. A smaller company may notice that a bigger company has taken their trade marked logo or pattern in their new collection and used it as their own without a right to do so. For example, a Finnish design company Marimekko has trademarked their iconic, but internationally not very well-known poppy pattern. In 2013, a bigger and substantially more famous Italian company Dolce & Gabbana, used Marimekko's poppy pattern in their collection. Marimekko sued Dolce & Gabbana for trade mark infringement, but the case was initially settled quietly and with an unknown sum of money before going to court.⁹⁸ In turn, a bigger fashion house may suffer from multiple trade mark infringements by smaller companies that try to benefit from the

⁹¹ *Ibid.*

⁹² *Ibid.*

⁹³ Harvard Law Review, *supra nota 11*

⁹⁴ Darcy, J. Under-regulated or under-enforced: Intellectual property, the fashion industry and fake goods. European Intellectual Property Review 35(2) 2013 pp. 82-92 p 2

⁹⁵ *Ibid.*

⁹⁶ Kaufman, S., *supra nota 90*

⁹⁷ Darcy, J., *supra nota 94*

⁹⁸ Marimekko ja Dolce & Gabbana sopuun. www.yle.fi/uutiset/3-6114973 (24.3.2017).

popularity of the successful firm.⁹⁹ Big fashion houses, such as Louis Vuitton or Chanel, are constantly on the top of the most counterfeited brands list and serve as inspiration to other designers and companies in the industry.¹⁰⁰

Trade mark protection is important in becoming successful for any business because trade marks are the essence of competition.¹⁰¹ To be successful, fashion industry, which is vulnerable to intellectual property infringements, needs trade marks just like any other company. Intellectual property rights are in the core of fashion industry.¹⁰²

⁹⁹ Härkönen, H. Muotioikeus: Fashion law'n synty, ydin ja ongelmat. University of Lapland, 2013.

¹⁰⁰ The WCO Illicit Trade Report 2013.

www.wcoomd.org/~media/wco/public/global/pdf/topics/enforcement-and-compliance/activities-and-programmes/illicit-trade-report/illicit-2013-_en_lr2.pdf?la=en (31.3.2017)

¹⁰¹ Manley, C.M. Trademark Paradox: Trademarks and Their Conflicting Legal and Commercial Boundaries. Frankfurt, Peter Lang GmbH Internationaler Verlag der Wissenschaften 2015 p 15

¹⁰² Darcy, J., *supra nota 94* p 3

3. Present state of trade marks and the level of trade mark protection of the fashion industry

3.1 Situation now

Fashion used to be something that was only available for the wealthiest part of society.¹⁰³ The growth of cities affected fashion to become more important for people to develop their identity, and make their social and financial statuses noticeable for others.¹⁰⁴ Starting from 1930s, less expensive clothing was introduced by the fashion houses to attract broader customer groups.¹⁰⁵ In the 20th century, the designers' names became the driving force in fashion and even though this trend has been challenged, it keeps being that way.¹⁰⁶ In the past, the fashion industry was not as afraid of their reputation being harmed by intellectual property infringements as they have started to be recently.¹⁰⁷ Copycat-goods and imitations were even welcomed and the companies were proud that their products were copied.¹⁰⁸ This was in the past, before the copycat-business became a multi-national business of billions of dollars, as it is today.¹⁰⁹ Applying and acquiring intellectual property rights demands money and a period of time that was earlier seen as being too long for fashion, which is constantly changing.¹¹⁰ The industry has now realized that their designs change from season to another, but trade marks can last forever, and that is why they are worth the application costs and court expenses.¹¹¹

The recast Directive of the European Parliament and of the Council 16 December 2015 to approximate the laws of the Member States relating to trade marks will completely take effect from 15 January 2019.¹¹² Until then, the older Directive is still partly in force before the rest of the provisions will take effect and Member States have implemented the changes. The new amending Trade Mark Regulation took force in 23rd March 2016. The

¹⁰³ Farkas, T., *supra nota 39*

¹⁰⁴ Arnold, R. A., *supra nota 41* p 15

¹⁰⁵ *Ibid*, p 20

¹⁰⁶ *Ibid*, p 28

¹⁰⁷ The Fashion Law: Fashion's High Stakes: The Role of Intellectual property. www.thefashionlaw.com/home/fashions-high-stakes-the-role-of-intellectual-property (1.4.2017).

¹⁰⁸ Kaufman, S., *supra nota 90*

¹⁰⁹ *Ibid*.

¹¹⁰ The Fashion Law: Fashion's High Stakes: The Role of Intellectual property. www.thefashionlaw.com/home/fashions-high-stakes-the-role-of-intellectual-property (1.4.2017).

¹¹¹ Harvard Law Review, *supra nota 11*

¹¹² Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (recast).

regulation and the Directive are both part of the EU Reform Package of Trade Marks.¹¹³ The name of OHIM was changed into European Union Intellectual Property Office (EUIPO) and the name Community Trade Mark was changed into European Union Trade Mark (EUTM) when the regulation came in effect.¹¹⁴ The Reform Package also includes other changes to the current rules, which the author will analyze later in the thesis.

The importance and value of trade marks has increased which has consequently increased the number of infringements.¹¹⁵ The industry has come to realize the value and importance of intellectual property for their business. It is now commonly understood that copying is more than an IPR infringement; it also affects how the company is seen and valued by consumers.¹¹⁶ The industry has realized that trade marks can be designed in a way that they epitomize emotions or personal images, and consequently create psychological responses in buyers.¹¹⁷ What could be especially mentioned in relation to fashion industry, behind the trade mark provisions, trade marks may include a set of values that can protect high quality products and “good-quality” life.¹¹⁸ As mentioned above, in the 20th century, the designer himself or herself became the guiding force in fashion. Today, there are more and more competitors coming to the industry and people want to create their own identities through fashion, but designers and their marks keep being important business assets.¹¹⁹ Because the designers and names keep being a driving force, specifically the higher-quality “status goods” have become prevalent targets of copying.¹²⁰ It is essential to take into account this development of the industry and fashion. Because the fashion industry has grown to be one of the major industries in Europe and in the world, the need for the protection has also changed. The valuable designs and brands of the fashion houses need to be protected and the companies have the money and willingness to apply and enforce their rights. Also, because more people are interested in the fashion products, the number of counterfeits and the amount of copying increases. This all affects the number of cases concerning fashion trade marks. There are not many fashion-related trade mark cases that

¹¹³ Uusi EU-tavaramerkkiasetus. euiipo.europa.eu/ohimportal/fi/eu-trade-mark-regulation (6.4.2017).

¹¹⁴ World Trademark Review: The European trademark package: what’s changing; when and how to prepare. [www.worldtrademarkreview.com/Blog/detail.aspx?g=5a9c3922-443d-47f2-bd4a-5d2920415b73\(2.4.2017\)](http://www.worldtrademarkreview.com/Blog/detail.aspx?g=5a9c3922-443d-47f2-bd4a-5d2920415b73(2.4.2017)).

¹¹⁵ Manley, C.M., *supra nota 101* p 18

¹¹⁶ The Fashion Law: Fashion’s High Stakes: The Role of Intellectual property. www.thefashionlaw.com/home/fashions-high-stakes-the-role-of-intellectual-property (1.4.2017).

¹¹⁷ Webster, E. Have Trademarks become descriptive? The WIPO Journal 2015.

¹¹⁸ Dinwoodie, G., *supra nota 30* p 180

¹¹⁹ Arnold, R. A., *supra nota 41* p 28

¹²⁰ Kaufman, S., *supra nota 90*

are not from the 21th century, which shows the trend of more active and aggressive trade mark enforcement.

In the European Union, consumer protection may be seen as a primary focus that puts the protection of companies' goodwill as a secondary concern through, for example, competition laws, at least when compared to the U.S.¹²¹ In the present situation, however, trade marks do not only protect the distinctive function of the marks and help consumers to distinguish products, but have become property rights for their owners.¹²² The expansion of the trade mark protection has developed through lobbying of trade marks owners and through case-law, especially in the United States, but also in Europe.¹²³ Trade mark owners have pushed and managed to shift the primary goal of trade marks by moving it towards full property rights of their brand.¹²⁴ Today, trade mark laws are subject to process where new kinds of trade marks emerge constantly and trade marks appear in new contexts.¹²⁵ In this process, the current rules easily fall behind the progress. The author's view is that lawyers and judges are not always aware of the changes and of the specialties of the fashion industry, which may result in unexpected outcomes. Fashion law is already a recognized field of law in the United States. The schools teach law students to understand this new approach and the graduating lawyers will have a better understanding on the special needs of the fashion industry.¹²⁶ There will be special professionals available to help the companies with their IPR. As long as fashion law is not taught in European universities, European lawyers or law students do not have the same education on the topic, and the field is evolving more in the U.S. Many cases are not only based on the appearance or characteristics of a mark, but the company's strategy and decisions play an important role. That is why the education plays an important role for the protection of the fashion industry's IPR and therefore trade marks.

The case law analyzed in the following sub-chapters shows that fashion industry faces different kinds of legal problems related to their trade marks. Especially the requirement of distinctiveness is often a problem when applying for the protection, but also when

¹²¹ Dinwoodie, G., *supra nota* 30 p 160

¹²² *Ibid*, p 161

¹²³ Dinwoodie, G., *supra nota* 30 p 163 and Geiger, C. *Constructing European Intellectual Property: Achievements and New Perspectives*. Cheltenham, Edward Elgar Publishing Limited 2013 p137

¹²⁴ Gillieron, P., *supra nota* 28

¹²⁵ Zhan, Q., *supra nota* 74

¹²⁶ Härkönen, H., *supra nota* 99

enforcing the trade mark right. Cases from the EU and from the U.S. will be analyzed and compared to see how the rules work in practice, and what is the actual trade mark protection level of the fashion industry in the EU. The same fashion houses face infringements and charges in both continents and the same trade mark cases are dealt under both jurisdictions. The following case-law will give a better understanding of the actual level of protection a fashion company has under the EU law and how the companies are able to enforce their trade mark rights in the EU.

3.2 Adidas and their famous three stripes

In the Case C-396/15 P¹²⁷, the Court of Justice of the European Union decided, repeating earlier decisions, that Adidas may oppose the registration of parallel stripes placed on the side of sport shoes as a Community mark (EUTM). The case was about a Community trade mark opposition by Adidas that had trademarked very similar mark for similar goods earlier than Shoe Branding Europe. In the case it was considered, whether there was a likelihood of confusion with the earlier mark.¹²⁸ The battle of the stripes was discussed and analyzed in many phases.

In May 2015, *Adidas v OHIM and Shoe Branding Europe (two parallel stripes on a shoe)* (T-145/14), the General Court set aside the decision of the Second Board of Appeal of OHIM, concerning opposition proceedings between Adidas AG and Shoe Branding Europe. A Belgian company, Shoe Branding Europe, had filed an application of registration to OHIM to register their mark of two parallel stripes on the side of a sport shoe.¹²⁹ After the application was published in Community Trade Marks Bulletin No 107/2010 of June 2010, Adidas filed an opposition based on different claims but most importantly their Community figurative mark registered on 26 January 2006.¹³⁰ The Opposition Division rejected the opposition made by Adidas. Following this, Adidas filed an appeal to OHIM against the Opposition Division's decision, but the Second Board of Appeal dismissed this appeal. The Second Board of Appeal stated that the differences in the number stripes and the position of these stripes were sufficient to make the marks dissimilar. Even when considering the reputation of Adidas' earlier mark, the differences were enough to exclude any likelihood of confusion in the eyes of reasonably well-

¹²⁷ CJEU 17.2.2016, C-396/15, *Shoe Branding Europe v Adidas AG*

¹²⁸ *Ibid.*

¹²⁹ See annex 1 to compare the two trade mark designs

¹³⁰ See annex 2 to compare the two trade mark designs

informed, observant and circumspect public.¹³¹ After this decision, Adidas submitted an application at the Registry of the General Court on 3 March 2014 seeking annulment of the contested decision. This time, the General Court accepted Adidas' application and annulled the decision in favor of Adidas.¹³²

The dispute between the parties continued when Shoe Branding Europe appealed against General Court's decision. They tried to set aside the judgement by General Court and confirm the contested decision in the European Court of Justice. In their appeal, Shoe Branding claimed that the General Court did an incorrect assessment of the average consumer criterion. It criticized that the Court had held that the average consumer did not demonstrate high level of attention. Also, that the Court held that sports footwear are everyday consumer goods and that the court failed to take account that some parts of sports clothing serve an advertising purpose. Shoe Branding also criticized that the Court held incorrectly, that the average consumer could not distinguish between brands of sports items and then did a mistake in law holding that a consumer is not observant and not able to distinguish between different brands and that the observation that the level of attention of the average consumer of sporting clothing is low is not correct. It was also claimed that incorrect assessment of likelihood of confusion of the marks had occurred because some factors had been weighted as being more important than others.¹³³ However, the CJEU held that General Court did not hold that the average consumer was not observant. They remarked that according to the EU case-law, likelihood of confusion on the part of the public must be appreciated globally, taking into account all factors relevant to the circumstances of each particular case. That global assessment must be based on the overall impression given by the marks taking especially into account the distinctive and dominant components of the mark. Consequently, the whole appeal was dismissed as being unfounded.¹³⁴ The differences in the design were not sufficient to preclude possible confusion.¹³⁵ This was completely different view that Second Board of Appeal had decided earlier when they concluded the differences to be enough to distinguish the products. In all

¹³¹ CJEU 17.2.2016, C-396/15, *Shoe Branding Europe v Adidas AG*

¹³² *Ibid.*

¹³³ *Ibid.*

¹³⁴ *Ibid.*

¹³⁵ The Fashion Law: Adidas to Competitors: 'Two Stripes, You're Out. [www.thefashionlaw.com/home/adidas-lawsuits-us-implications\(3.4.2017\)](http://www.thefashionlaw.com/home/adidas-lawsuits-us-implications(3.4.2017)).

of the phases of the dispute, it was considered whether the marks were similar to enough to create confusion.

In the U.S., courts have concluded that Adidas' trade mark is a famous mark.¹³⁶ For example, the shoe retail company Payless had sold shoes which had two or four stripes on the side of the shoes. The U.S. District Court for the District of Oregon found Payless to be infringing Adidas' mark in all except one of the shoe design of Payless' shoe design line.¹³⁷ Some of the designs of Payless were also similar to Adidas' designs and in that way were also copying Adidas more broadly than only with the trade mark infringement. However, the Court focused on analyzing the stripes and trade mark infringement, and decided on favor of Adidas. Adidas was also afforded more than 300 million dollars in reparation.¹³⁸

3.2.1 The findings and the importance of Adidas cases

In the end of the dispute in Europe, Adidas won the battle against Shoe Branding Europe and against OHIM's decision, even though the first two decisions were against Adidas and the protection of their three stripes in the EU. OHIM had found that both of the marks were distinctive and dissimilar enough to acquire protection. Also the Second Board of Appeal stated that the two marks were both distinctive and dissimilar, even when taking into account the popularity and reputation of Adidas' mark. After the General Court ruled in favor of Adidas, Shoe Branding responded with annulment with several claims which were dismissed. General Court held that the two marks had only slight differences such as the length of the stripes or the angle of the stripes which would not be noticed by an average consumer. Therefore, the differences were not sufficient and did not affect the overall impression. However, the final decision was that the differences were not sufficient, which is interesting after two opposite conclusions.

In the end, Adidas was afforded with a wide protection for their sport shoe. After the battle against Shoe Branding, Adidas has continued to file a growing number of trade mark

¹³⁶ *Ibid.*

¹³⁷ US District Court for the District of Oregon, Adidas America and Adidas AG vs Payless Shoesource, Inc (2008)

¹³⁸ Case Study: How Much are adidas' three stripes worth? 2009. www8.gsb.columbia.edu/financialstudies/news/1514/case-study-how-much-are-adidass-three-stripes-worth (1.4.2017).

infringement lawsuits.¹³⁹ Even if stripes may seem very common for fashion, Adidas has won a number of cases and courts have held that Adidas' three-stripe design is a famous trade mark.¹⁴⁰ For the author, such strong protection for a commonplace mark seems nearly excessive. Because of the popularity of Adidas' shoes, the author believes that consumers would distinguish the three-stripe shoes from, for example, shoes only having two stripes, and there would not be confusion between the shoes to affect the purchasing decision in most cases. However, the mark is very valuable for Adidas which makes it understandable that the will to protect their trade mark is strong and the company has chosen a rather proactive strategy for their IP protection. The value of Adidas' brand and the value of their stripe trade mark is high. As of May 2016, Adidas was in the Forbes list of the World's hundred most valuable brands with a market cap of 25,2 billion dollars.¹⁴¹ For example, after Helsinki Olympics in 1952, Adidas silently bought a three-tripe mark from a Finnish sports company Karhu with the sum that the Finnish company claims to have been two bottles of whiskey and 1600 euros.¹⁴² It shows that the well-known company Adidas successfully used their trade mark and build their brand with it to be one of the most valuable brands in the world from small sums of money. It could be argued that trade marks are probably the most useful and valuable for bigger and more well-known companies in big markets. What the author also wants to point out is that it might be safer to negotiate certain disputes silently rather than taking the issue to court where the outcomes might be unexpected even though Adidas has been successful in court. In negotiations, it can be easier for a fashion company to get their preferred result.

In all the cases discussed earlier, the designs of Shoe Branding Europe and Payless have also been quite similar to Adidas' designs in addition to having the stripes on the shoes.¹⁴³ That might have been an important factor why Adidas has won the cases, even though the cases have been about the three-stripe trade mark. Adidas has successfully made the brand and the trade mark known in public, which gives them advantage when enforcing their right. Both in the EU and the U.S., Adidas has been successful with their trade mark strategy and has reached a strong protection for their stripes.

¹³⁹ The Fashion Law: Adidas to Competitors: 'Two Stripes, You're Out. www.thefashionlaw.com/home/adidas-lawsuits-us-implications (3.4.2017).

¹⁴⁰ *Ibid.*

¹⁴¹ The World's Biggest Public Companies, Adidas 2016. <https://www.forbes.com/companies/adidas/>(2.4.2017)

¹⁴² Three Stripes and Karhu 2015. blog.karhu.com/three-stripes-trademark-sold-to-adidas/ (2.4.2017).

¹⁴³ The Fashion Law: Adidas to Competitors: 'Two Stripes, You're Out. www.thefashionlaw.com/home/adidas-lawsuits-us-implications (3.4.2017).

3.3 Louis Vuitton's Iconic Chequerboard-Pattern and the Colorful Initials

Louis Vuitton, a luxury goods manufacturer from France, has for some time been one of the most copied and imitated brands in the world. Louis Vuitton is known from its proactive and even aggressive battle against counterfeits.¹⁴⁴ One of the recent cases in the EU, about the validity of their famous chequerboard-pattern trade mark¹⁴⁵, was not about counterfeit products, but about the validity of their mark in the first place.¹⁴⁶ The issue was first dealt with in OHIM (now EUIPO) and later appealed in the General Court's Second Chamber. The case gives a great example of a recent decision on trade mark protection of a fashion company and its products. The distinctive feature of a sign is the main factor in the case, and it shows the difficulties the fashion companies often face with their marks. What was interesting is that there was a difference found in the Louis Vuitton's chequerboard-pattern being iconic but not sufficiently distinctive.¹⁴⁷

In 2009, Nanu-Nana, a German retail company, started invalidity proceedings in OHIM (EUIPO) seeking cancellation of the chequerboard-pattern mark on several grounds that were all rejected, except for the claim of lack of distinctiveness.¹⁴⁸ The reasoning was that the mark was not distinctive because the pattern is frequently used in designs in fashion. Following the decision, Louis Vuitton appealed the decision to the General Court. Vuitton claimed that OHIM had misapplied the rules because they did not only assess whether marks had a minimum degree of distinctive character, but also whether the marks possessed other features that draw attention to customers. Their opinion was that the Court therefore required higher threshold of distinctiveness from their mark than what was the standard. Their other claim was that OHIM had requested proof that marks had acquired distinctive character in each EU Member States separately, instead of in a substantial part of the EU, which they saw to be sufficient.¹⁴⁹ The General Court stated that OHIM had applied proper test to evaluate the distinctive character of Louis Vuitton's trade mark. The Court found that the mark did consist of basic and commonplace figurative pattern, and therefore OHIM was right to say that there was no distinctive character in the mark. The Court also

¹⁴⁴ Kaufman, S., *supra nota* 90

¹⁴⁵ See annex 3.

¹⁴⁶ Case T-359/12 Louis Vuitton Malletier v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) and Nanu-Nana Handelsgesellschaft mbH für Geschenkartikel & Co. KG (2015)

¹⁴⁷ Giannino, M., *supra nota* 14

¹⁴⁸ Case T-359/12 Louis Vuitton Malletier v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) and Nanu-Nana Handelsgesellschaft mbH für Geschenkartikel & Co. KG (2015)

¹⁴⁹ *Ibid.*

remarked that distinctive character must be proved in all of the territory, where the mark originally did not have protection. If a mark lacks distinctive character as a whole in the EU, acquiring of such character must be proved in relation to each Member States individually.¹⁵⁰

Louis Vuitton's trade mark have been evaluated in the U.S. courts also. Both in *Louis Vuitton Malletier v Dooney & Bourke, Inc*¹⁵¹ and in *Louis Vuitton Malletier v. Burlington Coat Factory Warehouse Corp.*, Louis Vuitton had sued the opponents for trade mark infringement. In both of the cases, the Courts hold that the Louis Vuitton trade mark was valid.¹⁵² In *Dooney & Bourke*, Louis Vuitton lost the case when the Court did not find their dilution claim to be valid, but it did not rule the mark to be invalid either.¹⁵³ In the *Burlington Coat Factory Warehouse Corp.* case the court's finding was that the mark had power because of the harmony of colors and more traditional Louis Vuitton trademarks created when combined. It was not about protecting the whole hand bag, but the colorful trademark on it.¹⁵⁴ The trade mark in question in the case against Burlington Coat Factory Warehouse Corp. was Louis Vuitton's initials "LV" printed in the bags in different colors.¹⁵⁵ The author's view is that in this case the US court was very open towards the fashion industry and the mark was in the very edge of what should be protected. It remained open to challenge whether someone else could trademark their own similar kind of style initials and whether that would infringe Louis Vuitton's mark.¹⁵⁶ In the Court's reasoning, it is said that Louis Vuitton is not seeking to prevent others from using bright colors in their handbag designs, but the question about initials does not come up which leaves the question open.¹⁵⁷

¹⁵⁰ *Ibid.*

¹⁵¹ United States Court of Appeals, Second Chamber, *Louis Vuitton Malletier v. Dooney & Bourke, Inc* (2006)

¹⁵² Harvard Law Review, *supra nota 11*

¹⁵³ Paterson, U., Flaherty, S. *Louis Vuitton v. Dooney and Bourke: the Lanham Act Meets Haute Couture.* Journal of Contemporary Legal Issues, Vol 19 pp 333-340, 2010

¹⁵⁴ Harvard Law Review, *supra nota 11*

¹⁵⁵ *Ibid.*

¹⁵⁶ *Ibid.*

¹⁵⁷ United States Court of Appeals, Second Circuit *Louis Vuitton Malletier v. Burlington Coat Factory Warehouse Corp* (2005).

3.3.1 The findings and the importance of Louis Vuitton cases

The case exemplifies how difficult it may be for a fashion company to protect decorative elements in the shape of geometrical patterns as trade marks, because of the very probable lack of distinctiveness they have.¹⁵⁸ It also shows that even when a fashion company has once acquired the mark, there might be problems ahead when enforcing the right or when competitors contest the validity of a mark. It is also important to notice that if a mark has not acquired distinctiveness in all the EU Member States individually, the European Union Trade Mark may be lost in all of Member States, even if the mark has acquired distinctiveness in a substantial part of the Member States. This is the negative side of the EUTM, which can by one application be afforded to be in force in all of the EU, but consequently may be declared invalid the same way.

Louis Vuitton has earlier been pro-active in its IPR strategy and this case will probably influence their operations concerning their trade marks. It is not excluded that other companies will make adaptations in their plans either. The cases from the U.S. show that Louis Vuitton was quite courageous with their infringement suits, but with rather good results. In the cases from U.S., where Vuitton was the one claiming that an infringement had occurred, the validity of their own mark was not questioned, but the court focused more on the claim. In the U.S., copyrights are not a choice for a designer to protect their fashion items and fashion is in a way more accessible for others to get inspiration or actually copy.¹⁵⁹ Because copyrights are excluded, trade marks become even more important than they are in the EU, where copyrights are an IPR option.

The author thinks it is interesting also to compare Louis Vuitton's mark and its fate to Adidas. For the author, both stripes and checkerboard pattern seem commonplace designs but at the same time both of the companies and their marks are also well known and recognizable. If the checkerboard-pattern was said to be too common to be protected, it seems bizarre that stripes may still be awarded protection. Adidas' trade mark is the three-stripe mark, but the protection has prevented others from using for example two-stripe designs. The mark's validity has not been put to test, which was the case for Louis Vuitton. What happened for Louis Vuitton was that in the Court's view, the mark had not acquired

¹⁵⁸ Giannino, M., *supra nota 14*

¹⁵⁹ Kuljetko kopiovaatteessa? Muodin sisäpiiri paljastaa, kuinka häikäilemättömästi ketjuliikkeet jäljittelevät huippusuunnittelijoita 2017. www.is.fi/mystyle/art-2000005121786.html(2.4.2017).

distinctive character in each Member State. It is then analyzed whether the distinctiveness is acquired in the target group of the products.¹⁶⁰ The fact that the chequerboard pattern is not known in its target group could be challenged, but in court, Louis Vuitton itself failed to prove this. The proof that the distinctiveness has been acquired can be difficult to prove because it has to be presented that at the time of the violation or when the issue came up, the distinctive character had already been acquired.¹⁶¹ That is why current analysis on the situation is not sufficient. Because of the difficulty to prove the distinctiveness, it is safer to register the mark than to trust on the strength of the mark and leave it to acquire distinctiveness. The case may also serve as an example for other fashion companies to show what kind of evidence is required from the company in similar proceedings.

3.4 Christian Louboutin's Red Sole Mark

Christian Louboutin, a French designer known from his designer shoes, has faced difficulties with their red sole mark in Europe and in the United States. The question of whether Louboutin's red soles should be entitled trade mark protection has been discussed in different courts without unanimous results.¹⁶²

Christian Louboutin started to use the red soles in his shoe design in 1993.¹⁶³ The first try to enforce their right to their red sole trade mark in the U.S. took place in 2011 against its competitor Yves Saint Laurent (YSL) in the District Court for the Southern District of New York.¹⁶⁴ The case was about YSL's completely red shoes, which Louboutin claimed to be identical to his design.¹⁶⁵ The Court decided that the mark was unqualified for trade mark protection and not registrable. The Court's finding was that the mark had the potential to harm competition in the industry and that it was only a functional mark.¹⁶⁶ The Court did not consider whether or not the mark had a secondary meaning and they did not focus only on the mark in question, but focused on considering and analyzing the distinctive feature of the whole fashion industry¹⁶⁷ The distinctive criteria may be overrun if a mark has

¹⁶⁰ Pihlajarinne, T., *supra nota* 24 p 145

¹⁶¹ *Ibid.*

¹⁶² Guehenno, C. Color War: The Louboutin Decision and Single-Color Marks in the Fashion Industry *Journal of Sports & Entertainment Law Harvard Law School*: pp.226-262

¹⁶³ *Ibid.*

¹⁶⁴ *Ibid.*

¹⁶⁵ Trademarks – Is there a Monopoly on Color in the Fashion Industry? *NYU Journal of Intellectual Property & Entertainment law*, 2017. blog.jipel.law.nyu.edu/2016/10/trademarks-is-there-a-monopoly-on-color-in-the-fashion-industry/

¹⁶⁶ Guehenno, C., *supra nota* 162

¹⁶⁷ *Ibid.*

acquired distinctive character through use.¹⁶⁸ In the Second Circuit, the decision was revised in part.¹⁶⁹ The reasoning was that the trade mark had acquired a secondary meaning as a distinctive symbol.¹⁷⁰ The court also stated that the symbol identifies the Louboutin brand.¹⁷¹ The reasoning was that the color red alone was not distinctive, but customers did identify and distinguish Louboutin's shoes from others because of their soles, and therefore they had acquired a secondary meaning.¹⁷² This was somewhat a victory for Christian Louboutin because they got to keep their trade mark for their red soles. However, the Court limited the protection only to those shoes that were not completely red. Louboutin has the protection to the color red in the soles as long as it is in contrast with other parts of the shoes, in other words any other color than red.¹⁷³

This case is important to analyze because the case woke up the industry, academics and legislators to consider what kind of protection the fashion industry should have. It shows how difficult it may be to apply intellectual property laws and especially trade marks to fashion industry.¹⁷⁴ It also shows that the courts analyze the same case differently and take different things into account when considering trade marks of the fashion industry in the U.S. The first court did not give any weight to the red sole mark having a secondary meaning, which after the appeal was the main reason the Court afforded the protection. The first Court also used its own fashion industry- analysis in its consideration which the second circuit rejected. This shows the inconsistency that exists in the procedures also in the U.S. courts, which creates legal uncertainty for the industry.

¹⁶⁸ 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).

¹⁶⁹ Trademarks – Is there a Monopoly on Color in the Fashion Industry? NYU Journal of Intellectual Property & Entertainment law, 2017. blog.jipel.law.nyu.edu/2016/10/trademarks-is-there-a-monopoly-on-color-in-the-fashion-industry/

¹⁷⁰ Harvard Law Review, *supra nota 11*

¹⁷¹ Trademarks – Is there a Monopoly on Color in the Fashion Industry? NYU Journal of Intellectual Property & Entertainment law, 2017. blog.jipel.law.nyu.edu/2016/10/trademarks-is-there-a-monopoly-on-color-in-the-fashion-industry/

¹⁷² *Ibid.*

¹⁷³ Guehenno, C., *supra nota 162*

¹⁷⁴ *Ibid.*

3.4.1 Benelux

In *Libertel Groep v. Benelux-Merkenbureau* (case c-104/01)¹⁷⁵ the Sieckmann-criteria was used to color trade marks for the first time when the Matter in Benelux was referred to ECJ. It was also considered whether they may be considered valid trade marks or not.¹⁷⁶ The Benelux court referred the matter to the ECJ, which stated that even when an individual color does not distinguish goods and services from those of another undertaking by itself, it may be registered if it has developed a secondary meaning. The secondary meaning means that the distinctive character is acquired in use and it is also acknowledged by consumers.¹⁷⁷ The mark must also meet the *Sieckmann*- criteria, when represented graphically, and therefore it should be clear, precise, self-contained, easily accessible, intelligible, durable and objective. The applicant must also demonstrate that the mark is unusual or striking – not commonly used.¹⁷⁸ This case is important to point out even when it does not involve Louboutin, because it has been referred in later cases and the decision was given from a high level for other courts to follow. The ECJ stressed the requirement of distinctiveness, which was in this case by acquiring secondary meaning through use of the mark, and the graphical representation requirement in its consideration.

Later in 2013, the validity of the Louboutin's mark was tested in Benelux in the *Van Dalen*-case.¹⁷⁹ The mark was first invalidated in Belgium, Luxembourg and Netherlands, when Van Dalen won the dispute.¹⁸⁰ In 2014, the case was overruled, and Red Sole acquired their protection back.¹⁸¹ In the first *Van Dalen* -case, the court saw the Louboutin's mark as a shape mark and due to that, Van Dalen won the case. The Court of Appeal of Brussels on the other hand agreed with Louboutin that the mark should be considered as figurative mark.¹⁸² When the mark was considered as a figurative mark, the earlier decision was overruled and the trade mark protection was again awarded. Van Dalen argued that the mark was a color trademark to which higher requirements apply than what applies to two

¹⁷⁵ ECJ Case c-104/01 6.5.2003, *Libertel Groep v. Benelux-Merkenbureau*

¹⁷⁶ Hocking, A.H. Desmousseaux, A. Why Louboutin Matters: What Res Soles Teach Us About the Strategy of Trade Dress Protection, *The Law Journal of International Trademark Association*, 2015, Vol 105 No. 6

¹⁷⁷ *Ibid.*

¹⁷⁸ *Ibid.*

¹⁷⁹ Commercial Court of Brussels *Christian Louboutin v Van Dalen AR 2013-6514 (2014)*

¹⁸⁰ Belgian court declares Louboutin trademark invalid in three European countries. www.fashionlawbusiness.com/flb/belgian-court-declares-louboutin-trademark-invalid-in-three-european-countries-2014 (3.4.2017).

¹⁸¹ Hocking, A.H., *supra nota 176*

¹⁸² *Ibid.*

dimensional figurative marks. Because at first the court held that the mark was a color mark the mark was successfully challenged. The Court of Appeal in Brussels held that the mark should not be considered as a color mark but a figurative mark in which the color red is just one of the components. Therefore, the ground to invalidate the mark because of the mark being the shape which gives the substantial value to products was not applicable anymore and Louboutin got their trade mark back and found Van Dalen to be infringing Louboutin's mark because of sufficient similarity.¹⁸³ In Louboutin's cases against Van Dalen, the courts applied different criteria and saw the marks differently. Therefore, the court's practice was inconsistent and created uncertainty for Louboutin and other fashion companies.

3.4.2 France

Louboutin has filed application for trade marks multiple times in France. Louboutin's first application in France took place in 2000, where both the design and the color were included in the mark. The protection was afforded.¹⁸⁴ In November 2008, the enforceability of the trade mark protection was considered in the case *Christian Louboutin v. Zara*.¹⁸⁵ Louboutin claimed that the clothing retailer Zara had infringed their trade mark right and was also engaging in unfair competition. To this, Zara responded claiming cancellation of Louboutin's mark stating that it did not fulfill the *Sieckmann*-criteria. The Court of First Instance decided in favor of Louboutin and the registration staid in force. The court analyzed distinctiveness as a "complex" mark of combined factor, not separately.¹⁸⁶ Zara appealed the decision to the Paris Court of Appeal¹⁸⁷, which cancelled Louboutin's mark in June 2011. The Court concluded that the representation that Louboutin had to offer of their mark did not fulfill the *Sieckmann*-criteria and therefore was not registrable. The court said that Zara could continue to sell their shoes and Louboutin actually had to pay damages to them.¹⁸⁸ The French Supreme Court also came to the same solution on the issue.¹⁸⁹ For the courts, the mark was vague and the color red was not specific enough for protection.¹⁹⁰

¹⁸³ *Ibid.*

¹⁸⁴ *Ibid.*

¹⁸⁵ The Paris court of First Instance *Christian Louboutin v Zara* (2008)

¹⁸⁶ Hocking, A.H., *supra nota 176*

¹⁸⁷ The Paris Court of Appeal, *Christian Louboutin v Zara France* (2011)

¹⁸⁸ Gorman, D. Revisiting Single Color Trademarks in Fashion after Louboutin, *Cardozo Arts & Entertainment Law Journal*, 2012, Col 31, Issue 1, pp 209-2014.

¹⁸⁹ French Supreme Court, Commercial Chamber, *Zara France v Christian Louboutin* (2012)

¹⁹⁰ *Louboutin v Zara: Battle of the Soles* 2012. www.thefashionlaw.com/home/louboutin-v-zara-battle-of-the-soles?rq=zara (15.3.2017)

During this time, Louboutin filed a second application for a trade mark in France, where protection was given both from France as a national mark and as a community trade mark in the EU. This second mark has not been enforced yet and its strength remains to be seen.¹⁹¹ A more recent case from France concerning Christian Louboutin was the case *Christian Louboutin v. Laken Ngami*.¹⁹² In the case, Louboutin claimed infringement from the e-commerce company. To this, Ngami filed a counterclaim to invalidate the mark.¹⁹³ The Court found that there was a secondary meaning for the color red and that the Louboutin's trade mark was enforceable.¹⁹⁴ In this case, Ngami could not demonstrate sufficiently that the use of the color red in soles of shoes was common and widespread. The court also considered whether the mark had acquired a secondary meaning which Louboutin successfully demonstrated.¹⁹⁵

What is interesting in the cases from France is the lack of coherent decisions and criteria to be used when analyzing the mark. In these cases, the graphical representation criteria emerged as the crucial factor whether the protection was awarded or not together with secondary meaning analysis. Also, it is interesting that different court levels see the mark differently, which may turn the decision upside down. Some development in the Louboutin's defense and justification may be seen in the most recent case against Ngami, where Louboutin was able to successfully demonstrate the needed documents and other information. This may show that now and in the future Louboutin will be more successful and has learned to defend their rights.

3.4.3 OHIM

In 2010, Louboutin filed an application for the protection of their Red Sole in OHIM (EUIPO) which refused the application of red sole trade mark. Christian Louboutin appealed against the decision and the Second Board of Appeal later in 2011 accepted the registration.¹⁹⁶ The second Board of Appeal accepted the trade mark application on the reasoning that the color red is not a typical color of the soles of high-heels, and therefore the mark had a distinctive character.¹⁹⁷ This time the acquired distinctive character was the

¹⁹¹ Hocking, A.H., *supra nota 176*

¹⁹² TGI Paris *Christian Louboutin v Laken Ngami* (2014)

¹⁹³ Hocking, A.H., *supra nota 176*

¹⁹⁴ TGI Paris *Christian Louboutin v Laken Ngami* (2014)

¹⁹⁵ Hocking, A.H., *supra nota 176*

¹⁹⁶ OHIM decision recourse R2272/2010-2.

¹⁹⁷ Hocking, A.H., *supra nota 176*

decisive factor for the mark to be registered as a Community Mark, which differs for example from the cases from France where the graphical representation requirement and the *Sieckmann*-criteria was stressed more. This, again, shows the differences between court-levels and between different places inside the EU.

3.4.4 The findings and the importance of the Louboutin Red Sole cases

The cases show, that an applicant must have a smart strategy for their IPR, and they should carefully select the jurisdictions and the adverse parties when they want to enforce their trade mark rights. A good example of this careful strategy and choice of the place of enforcement is Christian Louboutin, a French designer, who sued Yves Saint Laurent, another European fashion house, in New York, U.S., not in France or elsewhere in Europe. The use of mark and obtaining recognition from people is very important, when assessing the validity of the mark. These cases also show that cases are not uniformly decided across the EU and that is why the author wanted to point out several cases across Europe. There have also been divergent decisions in the U.S., but for Louboutin the U.S. jurisdiction has been chosen over EU to enforce their trade mark. The Louboutin cases can serve as an example to other companies on how to protect color trade marks, but also show how burdensome it may be. Even though there is a great amount of harmonization in the trade mark laws, the trade mark practice still needs harmonization. It was also seen from the Louboutin -cases that different judges and courts may see a mark differently. Some may see and consider it as a whole, as a complex mark, when others separate the mark into parts. For Louboutin, the graphical representation requirement ended up being a troublesome challenge in most of the cases. Better preparation or proficiency might have helped the company in the disputes.

3.5 Summary of the recent decisions and the lessons learnt

As seen from the above cases, the situations and infringements vary and trade marks of the fashion industry are discussed in courts for multiple reasons. A new mark that is same or similar with an earlier mark may come up and either the owner of the earlier mark or the one seeking for trade mark protection takes the issue to court. The validity and distinctiveness of the mark may be contested by a competitor or the mark may be unconventional in a way that it causes problems first when acquiring the protection and

also later with enforcing the trade mark. It can be concluded that even though the laws of the EU Member States have been harmonized, the practice of the authorities and courts are not always coherent inside the EU. The different treatment may take place between Member States or inside a Member State. For example, Christian Louboutin received different kind of decisions from different levels of authorities and courts in France. This shows that people involved in a case from the side of the fashion company, the opposing party of the dispute, and the IPR strategy of the company wishing to enforce their trade mark right all influence in the outcome of a case together with the chosen place of action. This creates lack of legal certainty because the outcomes and decisions are not predictable. The decisions have not always been coherent, but the harmonization is still in progress¹⁹⁸ The courts develop and harmonize the decisions when new cases come into their consideration. For example, the Sieckmann criteria has helped in the decision making.¹⁹⁹

Distinctive character of marks and the graphical representation requirements come up in all the cases. It may be difficult for a fashion company to have a mark that is distinctive in everyone's eyes. For example, in the Louis Vuitton case, the court found their mark's pattern to be frequently used and commonplace. On the other hand, Adidas' three stripe mark has not been invalidated and it has managed to acquire strong protection. It is not always logical what is distinctive enough for a fashion trade mark and it is not easy to predict what is too common or frequently used. The product type in question might also play a decisive role in the courts reasoning. It could be questioned, whether for example sport shoes in the fashion markets by a major sporting company are treated differently than a luxury shoe brand known from their expensive high-heels or a luxury handbag company, and whether the average consumer criteria and the recognizability in the product's target group criteria work in the same way to different kind of marks. The burden to prove to prove these lies on the fashion company, which might still mean that different kind of proof might be required and expected. That is why it is probably the most useful to follow similar type of firms and their strategies and make adaptations accordingly. However, getting inspiration from other fashion houses and copying to some extent may also promote creativity.²⁰⁰ Firms, such as Zara, that are based on copying or being inspired by more expensive brands are very successful. For example, Zara is now the world's leading fashion

¹⁹⁸ *Ibid.*

¹⁹⁹ *Ibid.*

²⁰⁰ Harvard Law Review, *supra nota 11*

retail company and its owner is one of the richest persons in the world.²⁰¹ Therefore, a fashion company may become famous without trade marks, but these companies might be based on different values and lesser creativity than those firms that do need trade marks in becoming known.

It is important for a fashion company to be prepared and have a clear understanding of what is needed from the company in case they end up in court. It is also important that the firm has the proficiency and experience to protect their mark. The applicant and later the owner must be able to represent their mark clearly. All this requires proficiency. Proficiency is also needed to acquire distinctiveness through use or to acquire secondary meaning for a mark, in which marketing plays an important role. To have acquired distinctiveness, the mark's target group must recognize the mark and distinguish it from other undertakings. It is not always smart to go to court. The company might get better and more predictable outcomes when the disputes are not taken to court, but negotiated more silently. For example, Zara is known that it tries to stay out of court rooms and they prefer rather to pay for their opponents than to wait for courts decisions.²⁰²

With these facts, the author wants to demonstrate that it might be very burdensome to protect trade marks in the fashion industry even though the trade mark laws are harmonized in the EU and the rules would seem to apply easily to fashion. The outcomes are not coherent or predictable, which creates uncertainty among fashion companies. Even with the inconveniences, to compete and to be successful, trade marks are important for fashion companies just as they are to other industries and that is why the fashion companies should try to protect their marks.

²⁰¹ How Zara Grew into the World's Largest Fashion Retailer 2012. www.nytimes.com/2012/11/11/magazine/how-zara-grew-into-the-worlds-largest-fashion-retailer.html (2.4.2017)

²⁰² Kuljetko kopiovaatteessa? Muodin sisäpiiri paljastaa, kuinka häikäilemättömästi ketjuliikkeet jäljittelevät huippusuunnittelijoita 2017. www.is.fi/mystyle/art-2000005121786.html (2.4.2017).

4. Future

4.1 The New Directive and Regulation

The European Commission launched a review of trade mark system in the EU in 2009 and found the basics of the rules to be still valid. However, it was also concluded that some changes should be done to bring the rules up to date and make the rules more efficient.²⁰³ The Commission proposed a revised version of the legislation and finally on 15 December 2015, the Trade Marks Reform Package was approved.²⁰⁴ The idea behind the package is to make the rules and the system more accessible and efficient for businesses by reducing costs, speeding the process, and providing greater predictability and legal certainty.²⁰⁵ It also focuses on protection against counterfeits, which is especially important for the fashion industry.²⁰⁶

There will be a number of changes that will affect everyone dealing with trade marks, including the fashion industry. The graphical representation requirement will be replaced. Instead, signs may be represented in any appropriate way using all available technologies. This may increase the applications of non-traditional marks.²⁰⁷ In many trade mark cases and especially fashion-related cases, the graphical representation and its meaning has been a significant factor considered.²⁰⁸ The recital 9 of the new Regulation states that the requirement of graphical representation is abolished to ensure legal certainty and flexibility.²⁰⁹ The recital 13 of the revised Directive also repeats this, but lays down further criteria for the representation. The signs must be represented in a way that is “clear, precise, self-contained, easily accessible, intelligible, durable, and objective”.²¹⁰ This in parts describes the *Sieckmann*-criteria and the consideration the courts have been using. The change is that the representing does not have to be graphical, but it can be presented in any

²⁰³ Trade mark protection in the EU ec.europa.eu/growth/industry/intellectual-property/trade-mark-protection_en (3.4.2017).

²⁰⁴ *Ibid.*

²⁰⁵ European Commission Press Release. www.europa.eu/rapid/press-release_IP-15-4823_en.htm(21.3.2017).

²⁰⁶ *Ibid.*

²⁰⁷ World Trademark Review: The European trademark package: what’s changing; when and how to prepare. www.worldtrademarkreview.com/Blog/detail.aspx?g=5a9c3922-443d-47f2-bd4a-5d2920415b73 (2.4.2017).

²⁰⁸ Brown, A.E.L. *Illuminating European Trade Marks*. Script-ed, Vol. 1, Issue 1, 2004.

²⁰⁹ Regulation (EU) 2015/2424 of the European Parliament and of the Council of 16 December 2015

²¹⁰ Directive (EU) 2015/2336 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (recast).

way if these requirements are fulfilled. There are also changes to the absolute grounds of refusal. Functional signs, such as colors, will be treated as shapes have been treated before, and are therefore subject to certain prohibitions.²¹¹ This means that shapes may not only be functional, that is, that the shape is the result of the nature of the good, it confers substantial value of the product or it is necessary for the product to work.²¹²

The directive also sets as its objective the procedural rules together with the substantial law.²¹³ The procedural laws of the Member States and the procedures themselves have been diverse.²¹⁴ The directive also wants to help the trade mark owners to protect their marks against counterfeits. The new rules extend trade mark owners possibilities to prevent third parties bringing counterfeit goods in the course of trade to EU in all customs situations even when those goods are not intended to be sold in the EU.²¹⁵ The EU Commission's new Transit Guidelines will also promote the battle against counterfeits.²¹⁶

4.1.1 The possible effects on fashion industry

The abolishment of graphical representation requirement and its likely consequence of increased number of non-traditional trade marks may help the fashion industry to acquire trade marks. Some argue, that the requirement has not been a big concern in the past because colors and shapes, important to fashion industry, have been able to acquire protection.²¹⁷ However, as seen in Chapter 3, the protection of more unusual marks, such as the color red on a sole of a shoe, might be difficult to acquire and later enforce when infringements occur. For example, for Louboutin, the graphical representation was the problematic requirement in many of the cases. Even after acquiring the protection of a trade mark, problems may occur with the enforceability of the mark. Therefore, this change is

²¹¹ World Trademark Review: The European trademark package: what's changing; when and how to prepare. www.worldtrademarkreview.com/Blog/detail.aspx?g=5a9c3922-443d-47f2-bd4a-5d2920415b73(2.4.2017).

²¹² Kur, A. The EU trademark reform package (too) bold a step ahead or back to status quo? *Marquette Intellectual property law Review*, 2015, Vol. 19, Issue 1 pp 15-38.

²¹³ Directive (EU) 2015/2336 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (recast).

²¹⁴ Kur, A., *supra nota 212*

²¹⁵ The EU Commission Publishes its Guidelines on Counterfeit Goods in Transit 2016. kluwertrademarkblog.com/2016/07/19/eu-commission-publishes-guidelines-counterfeit-goods-transit/ (1.4.2017)

²¹⁶ *Ibid.*

²¹⁷ European Union: What future after EU reforms? www.worldtrademarkreview.com/Magazine/Issue/61/Country-correspondents/What-future-after-the-EU-reforms (3.4.2017)

likely to be welcomed by the industry to help firms first to acquire the mark and later enforce that right, especially with unconventional marks. Colors are important for the industry because consumers tend to notice and connect a color of a good or its packaging over other characteristics and many fashion companies have taken advantage of it.²¹⁸ Colors are the characteristics to first attract the attention of a consumer and they also play a psychological part in the appeal of the product and where the consumer links it.²¹⁹ Using of color marks can even be said to increase distinctiveness of fashion houses' designs and make it more difficult for others to copy them.²²⁰ Designers change their color palettes every season in a way that new colors are taken in and old ones are left behind. That is why maintaining a certain color may be very distinctive and make a connection in customers' minds.²²¹ This makes it important that the representation requirement is modernized so that any available technologies can be used and the fashion company can demonstrate their mark in better ways.

Because the graphical representation requirement will be changed and instead the representation has to clearly represent the mark by using any technology, the requirement of distinctiveness may play even greater role than it is has had so far, since they both used to be in the Trade Mark Directive's 'definition' of a trade mark. When the trade mark does not have to be represented graphically, and all available technologies are sufficient to present the mark, the requirement of distinctive character could be concluded to be the main criteria for a trade mark. Distinctiveness may often be challenging for fashion because some of their designs or patterns of the mark may seem too commonplace or frequently used, as was the case with Louis Vuitton's chequerboard-pattern.

The change with functional signs may critically make it harder for a fashion company to acquire trade mark protection, especially to signs placed on products, which is usually the case with the industry's trade marks. Functional signs will be subject to limitations which makes it important for the company to have a clear strategy and plan to avoid them.

²¹⁸ Sreepada, S. The New Black: Trademark Protection for Color Marks in the Fashion Industry. *Fordham Intellectual Property, Media & Entertainment Law Journal*, Vol. 19, Issue 4, 2009, pp. 1131-1168.

²¹⁹ *Ibid.*

²²⁰ *Ibid.*

²²¹ *Ibid.*

4.2 Other changes

One of the future concern for trademarks is the social media, which is likely to change the trade mark law and its interpretation. One point of view is that the current trade mark law is actually being interpreted narrowly because it is only limited to the use of the mark in trade, and that this is likely to change in the future.²²² The unauthorized use of trade mark or use of similar mark can spread in social networks rapidly. That will increase the potential that the reputation of companies will be damaged, and will then also affect the number of trade mark-related infringements.²²³ Fashion companies are prominently up in different medias and that is why the growth of social media might be a factor to consider inside the industry.

For some time now, fashion has been focusing on names and logos.²²⁴ It remains to be seen in what direction the fashion will develop. The shape and the design of the product determines quite far, what kind of IP protection could be used. That is why the fashion itself determines on some level the future of trade marks in the industry. The IP strategies the companies will also have a great influence. The author believes that if companies enforce their trade marks successfully, it is likely that other companies will follow their examples. Also, when there are more cases concerning the industry, the legal certainty of the outcomes advances because there are more cases to refer to and to learn from.

Public's attitude towards fashion and the attitudes towards fashion amongst legal scholars and decision makers are also factors that will affect the future of trade mark protection of the fashion industry. Questions such as will fashion get their focus and whether or not for example fashion law will be taught in the European law schools can affect fashion trade mark's future. There are still prejudices towards fashion and the whole industry, which can still influence the decisions, and that is why changes in attitudes are important to consider.

²²² Friedmann,D., *supra nota 16* preamble xi

²²³ Friedmann,D., *supra nota 16* p 1

²²⁴ Harvard Law Review, *supra nota11*

Conclusions

This research was conducted to find out whether the fashion industry and their products are sufficiently protected by the trade mark law in the European Union, focusing on requirements such as distinctiveness, and how the rules work in practice. The case-laws between the EU and the U.S. were analyzed and compared to find out the level of protection of the industry in the EU, and how the enforcement of the rights actually works in practice. European case law was also compared to the U.S. because same multinational fashion companies face infringements and seek to enforce their trade marks both in the EU and in the U.S. Even though a company has successfully enforced their right in the U.S., it may face difficulties in Europe, and vice versa. The author started from the hypothesis that the industry should be well-protected and trade marks are important in the development of the industry, but the practice might have some issues and inconsistencies.

The interest in fashion is growing and therefore fashion houses have to increasingly keep up with upcoming trends. That is why getting inspiration from others and some imitation is inevitable in the industry.²²⁵ Therefore, it is not smart to over-protect the fashion industry and stop the development. The fashion industry should not rely solely on trade mark protection either. For the development of fashion, it is important that the products and their shapes and uniqueness are protected, not only the logos and names.²²⁶ In the EU, unlike in the U.S., it is possible to protect fashion also with copyright and design protection and the designers should take advantage of it. Still, trade marks are very important for the companies to get successful and in today's fashion, the marks are important part of the products.

The scope of trade mark protection has expanded, which has helped some of the fashion companies to grow their businesses. There is now more of copying and free-riding than before, which means that there are more cases in courts where the fashion industry is involved. Also, the change that the companies want to protect their trade marks better than before has increased the number of cases. Companies see the enforcement of their rights valuable and important, not just a waste of time and money. The increased number of fashion-related cases will give other firms more lessons to learn from. From the earlier cases, the industry can learn, for example, what is expected from them to prove in court if

²²⁵ Kaufman, S., *supra nota 90*

²²⁶ Harvard Law Review, *supra nota 11*

the validity of their mark is contested. The case-law might also become more coherent and easier to follow when there is more material on the matter. Today, unconventional trademarks are appearing in new contexts, which creates difficulties to the competent authorities and the courts. The industry needs professionals to help them with acquiring and enforcing trade marks. If fashion law as a field of law continues to develop and follow the trend from the U.S., the law schools in Europe will start to teach the subject and the industry will have more experts to help them with their IPR, including trade marks.²²⁷ This will help the industry to protect their trade mark rights better also in the EU.

The Trade Mark Reform Package will soon completely take effect. The overall influence of the Trade Mark Reform Package will remain unknown at the time this research was conducted. The author could only analyze the known changes the package includes, apply them to the industry, and predict the future amendments of the trade mark protection of the fashion industry in the EU in this thesis. The new rules aim to ensure better legal certainty in trade mark cases.²²⁸ After the new rules, a company may use any available technologies to present the mark instead of the requirement of graphical representation. This is probably a change that is appreciated in the industry. When the graphical representation requirement is changed, only the distinctiveness-requirement will be left in the 'definition' of a trade mark. Therefore, in the future, the distinctive feature of trade marks is perhaps even more important and stressed than it is now. Distinctiveness is not and has not been an easy requirement for the fashion companies' trade marks to fulfill, which means that if the requirement will be stressed more, it might cause difficulties for the firms. If acquiring trade mark protection will become easier and cheaper, there will possibly be more trade mark applications. Increased amount of applications can consequently increase the potential that the new applied trade marks are same or similar than earlier marks, which also highlights the importance that a mark has a distinctive character. Another difficult future change is the change of functional signs that will be subject to certain limitations. This may have a negative impact in the industry. The author believes that acquiring distinctiveness through use, achieving recognizability and especially proving this in court may be more difficult for certain types of firms than others. However, the new rules have as their object to make the rules and the practice more predictable, which will help all the

²²⁷ Digesta Raakaversio, Juridinen Aikakausilehti. www.artikla.fi/uploads/digestat/Digesta_2013_4.pdf 2013 (15.3.2017)

²²⁸ European Commission Press Release. www.europa.eu/rapid/press-release_IP-15-4823_en.htm(21.3.2017).

industries dealing with trade marks, including the fashion industry. It is important to follow the current cases because the case-law together with the revised rules will show the final change. The new rules aim to help the industries that deal with trade marks, including the fashion industry, but certain changes might also prove to be inconvenient for the firms. In this thesis it was found, that the trade mark protection of the fashion industry in the European Union may not be as strong as it could be imagined to be. In answer to the research question one, the author has concluded that even though some argue that the trade mark doctrines have already expanded too much, the outcome of each case is somewhat a surprise and the trade mark law does not afford legal certainty and strong protection for fashion industry's marks in every case.

The author also believes that the fashion industry may itself determine to some extent how much they need trade marks in the future by changing the focus away from designers' names or logos, if they prefer to trust other IPR over trade marks. Also, the attitudes among people may be influential for the development of trade mark protection. If fashion as an industry is appreciated, it is likely that it will gain more focus among legal scholars, the topic is discussed, and may be developed. However, different kind of attitude-changes, such as the will to protect smaller and more individual designers may change the focus towards emphasizing other IPR over trade marks or reduce the strength of certain popular trade marks.

There is a difference in having a trade mark and enforcing the right. Even though a mark is once granted, the enforceability may be difficult later on. For example, Louis Vuitton had acquired their chequerboard-mark in 1998, but lost the trade mark in 2015.²²⁹ It is important for the firms to have a clear strategy and know when to take action and under which jurisdiction. Fashion is not only art or culture, but the industry has grown to become a remarkable and influential field of business. For any business, to become successful and to stay where they are, the protection of trade marks is important. Trade marks are important when a company wants to grow their business and also when they try to make the consumers to identify the specific product from others because this will influence the purchasing decision. Trade marks are essential for competition. It is not about protecting

²²⁹ EU General Court 21.4.2015, T-359/12, *Louis Vuitton Melletier* (2015)

the weak and the poor, but protecting the investments a company has put in its business. It is not beneficial to have IP rights if they do not generate economic benefits for their owner.

It might not be a smart strategy for certain companies to go to court, but instead silent negotiations could be more useful to get the desired solution. This is especially the case with bigger firms, such as the companies considered in this thesis. As was earlier seen from the negotiations between Adidas and Karhu, negotiations can lead to great results. Karhu has stated that after the Helsinki Olympics, Adidas bought Karhu's three-stripe mark with an amount of 1600 euros and two bottles of whiskey.²³⁰ The similar kind of negotiations have taken place recently, for example, between the big fashion house Dolce & Gabbana and Finnish clothing brand Marimekko.²³¹ These kind of negotiations might not always be possible, but when feasible, they can help the company to keep their trade mark and leave it out of invalidity considerations. If a company goes to court, it must have a thought-out plan and clear understanding of what they need to prove and say.

The hypothesis was that the decisions concerning trade marks are not always consistent because of the complexity of protecting fashion with intellectual property rights, and therefore the actual level of protection may be lower than expected. This was proven to be true when researching and analyzing the cases considering the fashion industry. From the chosen case-law it was clear that the reasoning of the courts and the decisions were variant. There were also inconsistencies in the case-law from the U.S., but for example Christian Louboutin preferred the U.S. jurisdiction over the EU, which may show that U.S. rules are more trustworthy. Adidas has also been successful in the U.S., which makes it understandable that the German firm wishes to choose U.S. as the jurisdiction, if possible. In answer to the research question two, the author has shown that certain companies have trusted the U.S. jurisdiction over EU. In the U.S., the field of fashion law has developed and fashion is generally only protected by trade marks. These may be factors why the U.S. system is seen more trustworthy to enforce trade mark rights than the EU. It is possible to enforce trade mark rights in the EU also, but the outcomes may be surprising. Some have argued, that a uniform legislation should be created in a worldwide level for intellectual property.²³² The idea seems promising, but difficult to execute in reality. The laws may,

²³⁰ Three Stripes and Karhu 2015. blog.karhu.com/three-stripes-trademark-sold-to-adidas/ (2.4.2017).

²³¹ Marimekko ja Dolce & Gabbana sopuun. www.yle.fi/uutiset/3-6114973 (24.3.2017).

²³² Buchalska, J. Fashion Law: A New Approach? Queen Mary law Journal, VOL. 7 Special Conference Issue, 2008, p 13-26.

however, influence each other and the cases may also shape the rules towards more uniform rules. In the future, trade mark rules between continents might become more consistent, which could help multinational companies.

In answer to the research question three, the author has concluded that the fashion industry needs trade mark protection because of the economic importance of the marks and the fact that the marks themselves have become part of fashion. In overall conclusion to this research, the author has shown that the level of protection might not be as strong as the harmonized laws would suggest and the decisions may be unpredictable in reality. For certain marks, the requirements of distinctiveness and graphical representation have been difficult to fulfill. After the new rules, some help will be given by replacing the graphical representation requirement. Because there will be changes in how functional signs are considered, the fashion industry's position remains somewhat uncertain. In the EU, a company should have a clear strategy for their IPR, in which trade marks are seen as important part of the strategy, but other IPR are also taken care of. The industry does not need its own laws to help them to protect their trade marks or other rights, but it needs lawyers and other experts who understand the industry's specialties and are able to enforce their rights properly. The industry has realized the potential of trade marks, and the enforcement of their rights is more common than before. In the future, it is very important that the rules and procedures become more predictable and coherent in order that the protection of the EU trade mark law is reliable and the fashion industry is well-protected.

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Annexes

Annex 1



Shoe Branding Europe's sought trade mark depicted.
Footnote 129.

Annex 2



Adidas' Community figurative mark registered on 16 January 2006 depicted.
Footnote 130.

Annex 3



Louis Vuitton's checkerboard-pattern trade mark registered on 17 August 1998 depicted.
Footnote 145.