

European Union - Adidas Wins Battle against Belgian Shoe Maker over Three Parallel Stripes Trade Mark

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In its judgment of 1 March 2018 in case T-629/16, the General Court of the European Union (the “Court”) dismissed the appeal brought by Shoe Branding Europe BVBA (“SB”) against the decision of the European Union Intellectual Property Office (“EUIPO”) to refuse registration for its trade mark following the opposition filed by Adidas AG (“Adidas”).

On 1 July 2009, SB filed an application for registration for an EU trade mark consisting of two parallel lines positioned on the outside surface of the upper part of a shoe, to be registered for “Footwear”. Adidas opposed the registration on the basis of Article 8(1) of Regulation No 207/2009 on the Community trade mark (the “TM Regulation”), now Regulation 2017/1001 on the European Union trade mark, *i.e.*, the likelihood of confusion between the trade marks, and of Article 8(5) of the TM Regulation, *i.e.*, SB’s taking unfair advantage of the reputation of the Adidas trade marks.



What followed was a long series of appeals and referrals which brought the case before the General Court and the Court of Justice of the European Union (the “ECJ”) in 2016. When the ECJ upheld the General Court’s finding that the signs were confusingly similar, the case was referred back to the Second Board of Appeal of the EUIPO.

Following the ECJ judgment, the Board of Appeal of the EUIPO sided with Adidas and rejected SB’s trade mark application. This time, SB appealed to the Court alleging that the EUIPO had made several errors of assessment as regards: (i) the evidence of the reputation of the Adidas trade mark; (ii) the existence of damage to the reputation or distinctive character of the trade mark; and (iii) the absence of any due cause for the use of the trade mark applied for.

In its judgment, the Court rejected all arguments and therefore dismissed the appeal in its entirety.

Reputation of Adidas Trade Mark

Article 8(5) of the TM Regulation protects an earlier trade mark that enjoys a reputation in the European Union. SB argued that the evidence of the reputation of the Adidas trade mark was insufficient. In its assessment of SB's argument, the Court took into account: (i) the high degree of awareness by the relevant public of the Adidas trade mark consisting of three parallel stripes (particularly when affixed to a shoe); (ii) the existence of several decisions of national courts noting the reputation of the Adidas trade mark; and (iii) the significant sponsorship activity undertaken by Adidas and the fact that many sports personalities wear footwear bearing the Adidas trade mark. In view of these factors, the Court held that Adidas had adequately demonstrated the reputation of its trade mark.

Injury to the Reputation or Distinctive Character of the Adidas Trade Mark

SB argued that its contested trade mark application did not take unfair advantage of nor was it detrimental to the distinctive character or the reputation of the Adidas trade mark. To that end, SB contended that Adidas had not shown evidence of injury. According to SB, its own two-stripe sign and the Adidas trade mark had coexisted "peacefully" for a great number of years. The Court disagreed and indicated that there had been no "peaceful coexistence" of the two trade marks as Adidas had already challenged the applicant's trade mark twice in the past. The Court also referred to the Board of Appeal's finding that the Adidas trade mark enjoyed a high, long-held and enduring reputation and that it benefitted from a power of attraction, linked to an image of quality and prestige, acquired after decades of investment, innovation and publicity. The Court added that the stronger the reputation of the trade mark, the more likely a subsequent trade mark is likely to take unfair advantage of it.

Furthermore, the Court noted that SB had clearly alluded to the Adidas trade mark in using the slogan "two stripes are enough" in a 2007 promotion campaign. By doing so, SB had clearly referred to the Adidas trade mark and had suggested that the goods which it sold under a two-striped trade mark had equal qualities to those sold by Adidas under a three-striped trade mark. The Court therefore rejected SB's argument.

Due Cause of Use of SB's Trade Mark

Finally, the Court also held that there was no due cause for the use of SB's trade mark as such use did not satisfy the conditions set out in the Court's case law. In particular, the applicant did not show that it had used the trade mark throughout the European territory. Moreover, the two trade marks had not coexisted peacefully and the Court noted that SB was unlikely to use its trade mark in good faith considering the 2007 campaign. The Court therefore dismissed SB's appeal.

This ruling is an important victory for Adidas in its long-running dispute with SB. Nonetheless, the battle surrounding the Adidas three-stripe trade mark continues after the EUIPO declared the Adidas three-stripe trade mark invalid for lack of distinctive character in separate proceedings initiated by SB. Adidas has appealed that decision to the General Court.

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