

# Monopolizing Matratzen in Malaga

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## Monopolizing Matratzen in Malaga: The Mistreatment of Distinctiveness of Foreign Terms in EU and US Trademark Law

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# Monopolizing Matratzen in Malaga: The Mistreatment of Distinctiveness of Foreign Terms in EU and US Trademark Law

Robert Brauneis\*/Anke Moerland\*\*

## Abstract

Courts and scholars on both sides of the Atlantic have sometimes concluded that when domestic consumers do not understand the meaning of foreign terms, or are not likely to “stop and translate” them into the domestic language, the terms are not considered generic or descriptive, and thus should be eligible for immediate trademark protection. This article contends that trademark protection for terms that are generic or descriptive in a foreign language can have anticompetitive effects even when domestic consumers do not currently understand them. This is the case when the terms are likely to be needed in the future to name or describe distinct goods, or when there is a reasonable likelihood that foreign producers will incorporate the terms as part of composite marks. Thus, in most instances, foreign words should be analysed for distinctiveness in the context of their own languages, and should be excluded from protection if they are generic, or protected only upon a showing of secondary meaning if they are descriptive.

## I. Introduction

How should trademark law in a particular jurisdiction consider the distinctiveness of terms in a language that few if any domestic<sup>1</sup>

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<sup>1</sup> When we refer to the “domestic” language, the “domestic” market, or “domestic” consumers or producers, we are referring to the language, the market or consumers or producers in the country whose trademark law we are considering – “domestic” from the perspective of that jurisdiction. (Sometimes, of course, there can be more than one domestic language.) Conversely, when we refer to a “foreign” language, “foreign” markets, consumers or producers, we are referring to a language, a market, or consumers and producers outside of the jurisdiction whose trademark

consumers understand? If the touchstone of trademark law is consumer understanding, one might conclude that when domestic consumers do not understand a word, the word cannot be generic<sup>2</sup> or descriptive<sup>3</sup> and that protection and registration therefore cannot be denied on those grounds.<sup>4</sup> Many courts and scholars on both sides of the Atlantic have concluded just that. The European Court of Justice has held that “Matratzen,” the German term for mattresses, can be registered as a trademark for mattresses in Spain, because the Spanish public is not familiar with that meaning.<sup>5</sup> The US Patent and Trademark Office’s Trademark Trials and Appeals Board has held that “La Posada,” a Spanish term for inn or small hotel, is not generic for a motel in Texas, because consumers are unlikely to translate the Spanish term into English.<sup>6</sup> Several scholars have argued that there is no good reason for

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law we are considering. (Sometimes one jurisdiction can share a language with another jurisdiction, and in that case, the language is not a “foreign” language.)

<sup>2</sup> “Generic” terms are those that “the relevant purchasing public understands primarily as the common or class name for the goods or services,” *In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341, 57 USPQ2d 1807, 1811 (Fed. Cir. 2001), or in European phrasing, that “serve, in trade, to designate the kind ... of the goods” or that “have become customary in the current language or in the bona fide and established practices of the trade,” Art. 4(1)(c) and 4(1)(d) 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 (hereinafter TMD), OJ L 336/1 of 23 December 2015, entered into force 12 January 2016, applicable as of 15 January 2019.

<sup>3</sup> “Descriptive” terms “describe an ingredient, quality, characteristic, function, feature, purpose, or use of the specified goods or services,” *In re TriVita, Inc.*, 783 F.3d 872, 114 USPQ2d 1574 (Fed. Cir. 2015). See also Art. 4(1)(c) TMD; Art. 7(1)(c) Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (codification) (hereinafter EUTMR), OJ L 154/1 of 16.6.2017, entered into force 6 July 2017, applicable as of 1 October 2017.

<sup>4</sup> See Art. 4(1)(c) and 4(1)(d) TMD Art. 7(1)(c) and 7(1)(d) EUTMR; 15 USC. §§ 1052 (excluding from registration terms “by which the goods of the applicant [cannot] be distinguished from those of others); 1052(e)(1)(excluding from registration “merely descriptive” marks).

<sup>5</sup> CJEU, C-421/04, [2006] E.C.R. I-2303; [2006] E.T.M.R. 48 – *Matratzen Concord AG v. Hukla Germany SA (Matratzen)*.

<sup>6</sup> *In re Pan Tex Hotel Corp.*, 190 U.S.P.Q. 109 (TTAB 1976). As we will discuss below, see *infra* 88, under this logic, even if consumers in theory know the meaning of a term like “La Posada,” it will not be treated as generic if they do not access or consider that meaning as they see the term. Other courts have more directly mentioned ignorance of the meaning of a foreign term. See *General Cigar Co. Inc. v. G.D.M. Inc.*, 988 F. Supp. 647, 660 (S.D.N.Y. 1997) (holding that “Cohiba” is not descriptive for cigars because “it seems doubtful that” American purchasers would know that it means “tobacco” in the language of the indigenous people of the Dominican Republic).

refusing to register a mark when “only an insignificant portion of the public can understand the mark and thus, consider it ... non-distinctive.”<sup>7</sup>

We disagree. In this article, we argue that to protect competition for the benefit of both domestic consumers and all producers, the meaning of a foreign word should ordinarily be evaluated in the context of the language to which it belongs. If, under such an evaluation, a word, not accompanied by a distinctive element, is found to be generic for the goods or services in question, registration and protection should be refused. If an unaccompanied word is found to be descriptive, it should be denied protection unless it has developed secondary meaning. If protection is conferred based on secondary meaning, a descriptive fair use defense should be available to competitors. We contend that such an approach is consistent with relevant trademark statutes, directives and regulations, and aligns with the core trademark value of promoting competitive markets. In particular, we explain how protecting foreign generic or descriptive words as trademarks can inhibit competition even if domestic consumers do not understand the meaning of those words, so long as there is a reasonable likelihood that other foreign producers will want to incorporate those words into their branding. We acknowledge that there is conflicting case law, and identify where it needs to be corrected. Finally, we acknowledge that confusion and deception should be treated differently from distinctiveness, but argue that they also raise distinctiveness concerns.

## **II. From Yukigassen to Matratzen: The varied paths from protection of foreign generic and descriptive terms to anticompetitive effects**

It is analytically useful to distinguish between three different types of foreign terms that trademark authorities will encounter when deciding distinctiveness issues: 1) foreign generic or descriptive terms that domestic consumers understand; 2) foreign generic or descriptive terms

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<sup>7</sup> *Serge Krimnus*, The Doctrine of Foreign Equivalents at Death’s Door, 12 N.C.J.L. & Tech. 159, 161 (2010); see *Elizabeth J. Rest*, Lost in Translation: A Critical Examination of Conflicting Decisions Applying the Doctrine of Foreign Equivalents, 96 Trademark Rep. 1211, 1214-1215 (2006) (“The *only* issue [in trademark distinctiveness analysis] should be consumer recognition in the United States.”) (emphasis in original); *Thomas Merantie*, Tomato, Tamatie? Revising the Doctrine of Foreign Equivalents in American Trademark Law, 6 NYU J. Intell. Prop. & Ent. L. 310, 323-324 (2017) (arguing for a presumption of registrability of descriptive foreign-language marks, “[b]ecause in many instances non-English marks are understood by minute percentages of the American marketplace.”).

that have no equivalent in the domestic language, because they represent distinct categories of goods or distinct qualities that have not yet or only recently been introduced domestically; and 3) foreign generic or descriptive terms that have domestic-language equivalents, and that domestic consumers are unlikely ever to understand. In reality, these types blend into each other by degree rather than being separated by bright lines; domestic consumers may be more or less likely to understand a word, either now, soon, or in the distant future. Because we conclude that trademark protection for all three types of foreign terms can have anticompetitive effects, and we recommend the same legal treatment for each, we are not worried about tasking tribunals with sorting cases into these three boxes. However, each type of term generates potential anticompetitive effects through a somewhat different path, and so we consider each type separately.

### **1. Descriptive and generic words that domestic consumers understand**

The first category of foreign terms is those that domestic consumers are likely to understand as the common word in the foreign language for the good, or as being descriptive of the good. The refusal to protect such words falls squarely within the “consumer understanding” model of trademark law, and courts have found it easy to make such refusals. For example, the German Patent and Trade Mark Office concluded that the term “Smartbook” represents a combination of two English words, which German consumers will “immediately and without analytical intermediate steps” understand in the sense of “portable computer with device intelligence”.<sup>8</sup> It therefore rejected as descriptive an application to register the term as a mark for computers and similar devices. The US Trademark Trials and Appeals Board found in 1985 that the term “sorbet” was “not primarily an English term,” and yet had no trouble concluding that American consumers would understand it to mean “sherbet” or “fruit ice.”<sup>9</sup>

While in the above cases the trademark authorities explicitly referred to the understanding of domestic consumers, in other cases they do not mention the group for whom foreign terms are descriptive or generic. Presumably the authorities have domestic consumers in mind when

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<sup>8</sup> See DPMA, 14 December 2010, Decision in the cancellation proceedings, Case ret.: 305 05 515 – S 3/1 0, *Lösch*, para. 2.2. See similarly the UK Trade Marks Registry for the Spanish term MODERNA for furniture, UK Examiner Ian Dore, 5 March 2014, Notification of a Provisional Total Refusal of Protection (not based on an opposition) by the Intellectual Property Office, Intl Reg No: WO0000001192774, p. 1.

<sup>9</sup> *In re Le Sorbet*, 228 U.S.P.Q. 27 (TTAB 1985).

refusing “Petits Gourmet”<sup>10</sup> for mustard and other flavourings in Denmark; “Kouignette” for butter pastry in the UK;<sup>11</sup> “Schoko-Kissen” for cereals,<sup>12</sup> “Rustico” for roofing tiles of clay,<sup>13</sup> and “Reiches C” for orange juice in Hungary;<sup>14</sup> and “Rustica” for pizza in Denmark and Austria.<sup>15</sup> The German Patent and Trade Mark Office also classified as descriptive “Purezza” for drinking water dispensers<sup>16</sup> and “Esencial de los cantigeros” for alcoholic beverages,<sup>17</sup> without explicitly referring to German consumers. It did, however, refer to the need to keep such terms free for all competitors because the use of a descriptive indication cannot be reserved for a single holder.<sup>18</sup>

## **2. Proto-generic terms: no equivalent in the domestic language**

In some cases, a foreign term may not yet be widely known in a particular market, and has no domestic equivalent because it designates a distinct type of good or service that has recently been or is being introduced into that market. Because such a term has a substantial chance of eventually becoming a generic term in the domestic language, we call it a “proto-generic” term. Such terms represent a greater challenge for a trademark model focused narrowly on current consumer understanding. For example, “Radler” is a German term for a drink made with roughly equal parts of lager beer and citrus-flavored soda. It could be translated reasonably well into British English, and more recently into American English, as “shandy,” but it apparently has no equivalent in Slovenian. Nonetheless, a Slovenian court held that the word could

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<sup>10</sup> See Danish Patent and Trademark Office, 22 June 2012, Notification of Total Provisional Refusal of IR 1112078 according to Rule 17(2), p. 2.

<sup>11</sup> See UK Examiner Alun Lewis, 15 December 2014, Notification of a Provisional Total Refusal of Protection (not based on an opposition) by the Intellectual Property Office, Intl Reg No: 1226551.

<sup>12</sup> See Hungarian Intellectual Property Office, 16 January 2013, Provisional refusal based of protection, Intl Reg No: 1128616.

<sup>13</sup> See Hungarian Intellectual Property Office, 4 May 2011, Provisional refusal based of protection, Intl Reg No: 1059429.

<sup>14</sup> See Hungarian Intellectual Property Office, 22 October 2013, Provisional refusal based of protection, Intl Reg No: 1164508.

<sup>15</sup> See Danish Patent and Trademark Office, 7 October 2013, Notification of Total Provisional Refusal of IR 1171834 according to Rule 17(2), p. 2; see also Austrian Patent Office, 2 April 2014, Provisional Refusal of Protection Rule 17 (1), Intl Reg No: 1171834.

<sup>16</sup> German Patent and Trade Mark Office, 19 July 2017, Refusal of Protection, Intl Reg No: 1319558.

<sup>17</sup> German Patent and Trade Mark Office, 30 January 2018, Refusal of Protection, Intl Reg No: 1366880.

<sup>18</sup> See section III.1.

be registered as a trademark for a beer / citrus soda beverage in Slovenia, because it did not yet mean anything to consumers in that country.<sup>19</sup>

In our view, that judgment represents an overly narrow view of the distinctiveness inquiry, which neglects the future use of the term, and many courts have agreed. For example, “Est Est Est” is a term for a type of wine made from grapes grown near Montefiascone, Italy;<sup>20</sup> “Otokoyama” is a term for a type of dry sake made in Japan;<sup>21</sup> “Yukigassen” is the name of a Japanese snowball game;<sup>22</sup> “Matzoon” is the name of an Armenian fermented milk product, similar to yogurt;<sup>23</sup> and “Skr” is the name of an Icelandic cultured milk product, also similar to yogurt.<sup>24</sup> None of these terms had any domestic language equivalents (the domestic language was German in the case of “Skr,” and English in the other cases) because the products that they designated were not developed in those linguistic environments, and there had therefore been no occasion for a domestic-language word to emerge. Nonetheless, in each instance, the court or trademark authority denied trademark protection, and a number of the opinions explicitly refer to the likely future understanding of consumers.<sup>25</sup> In the EU, at least, the consideration of likely future understanding is not limited to foreign terms, but extends to terms in the domestic language as well. Thus, for example, in the *Chiemsee* case, the CJEU held that the competent authority, when assessing descriptiveness under Art. 4(1)(c) or (d) or the Trade Marks Directive,<sup>26</sup> must

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<sup>19</sup> See Judgment of the Administrative Court of the Republic of Slovenia U 106/99-24 on 22 November 2001 in relation to trademark RADLER application no. Z-9770217.

<sup>20</sup> See *Holland v. C. & A. Import Corporation*, 8 F. Supp. 259 (S.D.N.Y. 1934).

<sup>21</sup> See *Otokoyama Co. Ltd. v. Wine of Japan Import, Inc.*, 175 F.3d 266 (2d Cir. 1999).

<sup>22</sup> See Registrar Edward Smith, 17 October 2013, In the matter of an application for Trade Mark Registration No. 2653570, O-411-13.

<sup>23</sup> See *Dadirrian v. Yacubian*, 98 F. 872 (1900).

<sup>24</sup> See Oberlandesgericht Wien, 34R147/15k, 12 January 2016.

<sup>25</sup> See Registrar Edward Smith, 17 October 2013, In the matter of an application for Trade Mark Registration No. 2653570, O-411-13, para. 10 (“Yukigassen”) (recognizing that “[t]he phrase ‘may serve in trade’ [in Sec. 3(1)(c) of the UK Trade Marks Act and Art. 7(1)(c) of the EU Trade Mark Directive] includes within its scope the possibility of future use even if, at the material date of application, words or terms are not in descriptive use in trade”); Oberlandesgericht Wien, 34R147/15k, 12. January 2016 (“Skr”) (The term “Skr” is known to merchants now, or at least will be in the future . . . .”) (our translation); *Holland v. C. & A. Import Corporation*, 8 F. Supp. at 261 (holding that a term that is generic in a foreign language should not be protected as a trademark even though, at the time the product was introduced into the country, “the word ... had no significance to our people generally.”).

<sup>26</sup> Art. 7(1)(c) and (d) EUTMR respectively.



determine whether a trade mark for which registration is sought currently represents, in the mind of the relevant class of persons, a description of the characteristics of the goods or services concerned [or their common name], *or whether it is reasonable to assume that that might be the case in the future.*<sup>27</sup>

Importantly, and in our view correctly, that represents a step away from a strictly descriptive “consumer understanding” view of trademark law to a prescriptive view. It embodies a recognition that competitive markets will work better if there are terms available for all to refer to categories of products and to describe important attributes of those products, and a determination to promote and preserve an adequately rich common vocabulary.

### **3. Foreign generic and descriptive words that domestic consumers do not understand**

Lastly, there are words that domestic consumers do not understand, and are less likely to understand in the future. Typically, this is because there is a domestic-language equivalent of the word, and so there is no need to import it; in our terms, the word is not “proto-generic.” Many courts have readily allowed protection of such terms, reasoning that if domestic consumers do not understand the meaning of a word, it cannot be regarded as descriptive of a good, and hence can perform the origin-identifying function that trademarks ought to fulfil. In the leading EU case on this matter from 2006, the ECJ accepted the registration of the German word “Matratzen” in Spain for mattresses merely on the basis that Spanish consumers are not capable of identifying its meaning, even though in Germany, the term is devoid of distinctive character.<sup>28</sup> Applying this test, many national trademark authorities, both before and after this judgment, have registered foreign terms that they have determined domestic consumers do not understand.<sup>29</sup>

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<sup>27</sup> CJEU, C-363/99, para. 56, referring to CJEU, C-108/97, para. 31 (emphasis added); cf. *Security Center, Ltd. v. First Nat. Security Centers*, 750 F.2d 1295, 1300 (5th Cir. 1985) (holding a term to be descriptive when considering its “likely” use in a “burgeoning industry” where there is an “evidently increasingly common generic use of the term in some form”).

<sup>28</sup> CJEU, C-421/04, para. 26 – *Matratzen*.

<sup>29</sup> See, e.g., Registration of RAPADURA, the Brazilian word for dried sugarcane juice, for whole cane sugar, German DPMA register number 1143537, applied for on December 30, 1988, registered on 24 July 24 1989 and cancelled on 1 January 2009; Registration of CITRUS PARADISI, Latin word for grapefruit, for mineral water, German DPMA register number 2102221, applied for 21 December 1993, registered on 29 July 1994; Registration of MASOLNJE DATSCHNJE, Russian word for ‘garden cucumber’, for vegetables in Germany - descriptive meaning denied by Hamburg District Court, 27 June 2003, No. 416 O 21/03; Registration

Some of these decisions may be criticized on factual grounds, because it seems that the foreign words in question are or will likely come to be understood by domestic consumers. For example, the UK IPO recently decided to register BIER KELLER STEIN for German-style beer restaurants, even though it is doubtful whether the “average, predominantly anglophone public” would indeed not understand “Bier Keller” as a name of a type of restaurant and “Stein” as a name for a type of beer mug.<sup>30</sup>

Suppose, however, that there are foreign terms that are much less likely ever to be understood by domestic consumers. The domestic language equivalents may be perfectly serviceable, and yet have completely different spellings and pronunciations from the foreign words, because the two are not cognates. For example, “Bier” and “Keller” have similar English-language cognates in “beer” and “cellar,” but the Spanish-language term for “mattress” is “colchón,” which, unlike the English word, has no relation or similarity to the German term “Matratze.” If Spanish consumers are unlikely ever to make the jump from “colchón” to “Matratze,” how could protecting “Matratzen” as a trademark in Spain have any anticompetitive effects? The answer, in one sentence, is that producers that have developed composite-mark branding incorporating the foreign term will find it difficult or impossible to use that branding in the domestic market, and that is a significant limitation on competition that will also affect domestic consumers.

**a) Step 1: Effects on producers through exclusion of foreign-language composite-mark branding and labelling from domestic markets**

It is extremely common for a company to adopt composite-mark branding – which here we use to mean branding that incorporates two or more words, whether orthographically separated by a space or not – in which at least one of the words is generic or descriptive in the language that the brand initially targets, so that the brand itself informs consumers of the goods or services the company provides. Consider, for example, CITIBANK, MASTERCARD, NESCAFÉ, CRÉDIT

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of GAZOZ, the Turkish word for sparkling mineral water, for mineral water, as a EUTM, EUTM No 001270255, applied for on 6 August 1999, registered 3 November 2000; see also for an infringement procedure German Federal Supreme Court (BGH), I ZR 23/02, GRUR 2004, 947; Registration of MOU, the Laotian and Thai word for pork, in the UK, see General Court, T-286/02, [2003] E.C.R. II-04953 – *Oriental Kitchen SARL v. EUIPO*.

<sup>30</sup> See UK registrar *Judi Pike*, 17 August 2011, In the Matter of Application Nos 2531254 and 2531068, para. 16.

AGRICOLE, DEUTSCHE TELEKOM, BIRRA MORRETTI, GAZPROM, AEROFLOT, and of course MATRATZEN CONCORD. Many firms that decided to use such composite-mark branding chose the distinctive part of the brand name in part because of how it sounds or looks in combination with the generic part, due to rhyming, alliteration, rhythm or other factors. COCA COLA, DUNKIN' DONUTS, RUST BUSTER, LAFFY TAFFY, and LEAN CUISINE are some of the many brand names that are designed to sound or look good through the combination of generic and distinctive components. Many more famous brands once incorporated generic terms that were abbreviated or omitted only once the brand became so well established that consumer knowledge of the products associated with it could be assumed. APPLE was once APPLE COMPUTER COMPANY, BNP PARIBAS was once BANQUE NATIONALE DE PARIS and BANQUE DE PARIS ET PAYS-BAS, and BMW was once (and as a corporate name, still is) BAYERISCHE MOTORENWERK. In addition, many graphic logos also incorporate additional generic words that may not be part of the brand name in the narrow sense. For example, the Harley-Davidson logo incorporates the term "motorcycles," and the MTV logo incorporates the words "music television."

Once a company builds a composite brand that incorporates a generic or descriptive term, it may want to enter a national market in which a different language is spoken. For example, the German mattress company MATRAZEN CONCORD may wish to enter Spain, including the city of Malaga alliteratively mentioned in this article's title. If under the trademark law of that jurisdiction, exclusive rights may be granted in foreign-language generic terms that are not understood by domestic consumers, the composite-brand company may find that another company has obtained trademark rights for identical goods in a prominent part of its brand name. MATRATZEN CONCORD may find that MATRAZEN has been registered for mattresses by another German company in Spain, as indeed it was. That grant of exclusive rights – of a monopoly on the use of "Matratzen" for mattresses in Malaga, and elsewhere in Spain – will have at least two potential anticompetitive effects. First, to avoid a trademark infringement action, the company that uses the foreign-language generic word will have to change its branding when it enters the domestic market.<sup>31</sup> Companies that manufacture or distribute goods must make sure that branding of stocks of goods can be changed when it turns out that they are destined for distribution in a different country; the brand cannot be permanently

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<sup>31</sup> We argue below in the text accompanying footnotes 59 and 60 that a "descriptive fair use" defense would not adequately protect a company in this situation.

molded into or stamped on the good, and the company must bear the cost of altering the labelling.

Second, the afflicted company will have difficulty using transnational advertising and marketing channels. Those channels will either be less effective, because the company is not using and cannot promote a single transnational brand, or will carry the risk of infringement liability if the company persists in using the term in which another company has gained trademark rights. Thus, for example, if MATRATZEN CONCORD is forced to operate under another name in Spain, and it is considering advertising on the perimeter boards of UEFA Champions League football matches that are televised in both Germany and Spain, it must take into account that an advertisement that features its full German name will not be recognized in Spain, and may even subject it to legal action.

Under traditional infringement analysis, the fact that domestic consumers do not know what the foreign word means – the fact that, from their point of view, it is a fanciful, newly-coined word – will only increase the likelihood of confusion between two brand names that incorporate the word, and will thus increase the likelihood that the new entrant faces the abovementioned anticompetitive burdens.<sup>32</sup> For instance, TISZA CIPŐ is a leading brand of shoes in Hungary, and also offers shoes online at tiszacipo.com. If another firm obtained trademark rights to CIPŐ for shoes in Spain, or Germany, or the United States, TISZA CIPŐ would have to change its branding to operate in those countries, and it would have difficulties using transnational advertising channels. Those burdens would be greater and more certain precisely because consumers in those countries do not know, and may be unlikely ever to learn, that “cipő” is the Hungarian word for “shoe.”

At least one US court has implicitly recognized such burdens. In *Enrique Bernat F., S.A. v. Guadalajara, Inc.*,<sup>33</sup> the Fifth Circuit reasoned: “If we permit Chupa Chups to monopolize the term “chupa” [which the court held was a generic Spanish term for lollipop or sucker], we will impede other Mexican candy makers’ ability to compete effectively in the US lollipop market.” The crucial parts of this statement are the references to the burden on *Mexican* candy makers in particular, and to the *entire* “US lollipop market.” If the court was concerned solely about competition in the Spanish-speaking market in the United States, the burden of granting exclusive rights to “Chupa” would not be limited to Mexican candy makers. Rather, any candy maker that wanted to compete in the US Spanish-speaking market, including US-based candy

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<sup>32</sup> We argue below in the text accompanying footnotes 93 and 94 that courts should be sensitive to this issue in infringement assessments.

<sup>33</sup> 210 F.3d 439, 445 (5th Cir. 2000).

makers, would face the same difficulty of telling consumers who know lollipops by the term “chupa” what product they were offering. The burden falls on Mexican candy makers in particular because many of them will likely have incorporated the Spanish term “chupa” into their branding – as indeed the other party in the *Enrique Bernat* case, “Chupa Gurts,” had. Those candy makers, which developed their branding in a Spanish-language environment, will have to rebrand and relabel to compete even in the (much larger) English-speaking market in the United States, even though consumers in that market do not understand the meaning of the word “chupa”.

The US government and US companies have recognized the importance of avoiding the burden of rebranding and relabelling. For over 30 years, from the 1950s through the mid-1980s, the US Department of Commerce operated a “Generic Word Program” that engaged in efforts to prevent the registration of English-language generic words in foreign countries.<sup>34</sup> It was assisted in those efforts by the United States Trademark Association (now the International Trademark Association), which collected and communicated attempts to register English-language generic words in foreign countries – apparently thousands of attempts over three decades.<sup>35</sup> Many of those attempts involved terms for which there was likely a satisfactory domestic-language equivalent, such as “toy” for games and playthings in Argentina, “ice” for ice and freezing substances in Brazil, and “lamp” for lighting installations in Spain.<sup>36</sup> For toy brands like MANHATTAN TOY,<sup>37</sup> THINKING TOYS,<sup>38</sup> TOOTSIETOY,<sup>39</sup> and many others, the danger of one company obtaining trademark rights to “toy” in Argentina is not that they will be unable to communicate to Spanish-speaking consumers what they offer – a Spanish word like “juguete” will probably work fine – but that they will not be able to use their existing brands in Argentina, and will have a hard time asserting doctrines like descriptive fair use when the term in question is being used as part of their trademark.

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<sup>34</sup> See *Joseph M. Lightman*, Protection of Generic Words Against Trademark Registration Abroad, 54 Trademark Rep. 80 (81-83) (1964); *In re Le Sorbet, Inc.*, 228 U.S.P.Q. 27 (TTAB 1985).

<sup>35</sup> See *id.* at 81 (reporting in 1964 that since 1959, the United States Trademark Association had annually reported an average of 92 attempts to register English-language generic terms).

<sup>36</sup> See United States Trademark Association, USTA Project Report Bulletin, Vol. 39, No. 43 (19 October 1984).

<sup>37</sup> US Trademark Registration 2695090; EU trade mark registration 002419067.

<sup>38</sup> US Trademark Registration 2847082; EU trade mark registration 000733634.

<sup>39</sup> US Trademark Registration 0365092; EU trade mark registration 005319439.

## **b) Step 2: Effects on consumers**

As we have explained above, if words that are generic or descriptive in a foreign language can be protected immediately under domestic trademark law, foreign producers that have incorporated those words in their branding or labelling will find it more difficult to enter the domestic market, and will in any event be saddled with a continuing burden on operations. Those difficulties will almost always have an effect on domestic consumers. If producers decide not to enter the market, or if they find that they must charge higher prices due to costs rebranding, relabelling, or communication, competition will suffer. The holder of exclusive trademark rights in the foreign-language term, and perhaps other domestic producers, will experience less competitive pressure, and will therefore be able to charge higher prices or to sell goods and services of lesser quality. Thus, although foreign producers may suffer, so will domestic consumers, because they will have to pay higher prices or tolerate goods and services of lesser quality.

## **III. Limiting trademark protection for foreign terms: justification, scope, secondary meaning, and the role of a descriptive fair use defense**

### **1. The purpose of keeping certain terms free**

Because recognition of exclusive rights in foreign language descriptive and generic terms can ultimately result in harm to producers and domestic consumers – and can do so for each of the three types of foreign terms we have described above – limitations on such rights are justified by the core protective rationale that underlies the distinctiveness inquiry generally: “to prevent the owner of a mark from inhibiting competition in the sale of particular goods.”<sup>40</sup> In the words of the ECJ in the *Chiemsee* case, the provision that excludes descriptive and generic terms from protection<sup>41</sup> serves the public interest of leaving terms free to be used by all traders and thereby prevents such terms from being reserved to one undertaking only.<sup>42</sup> Economic operators should be

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<sup>40</sup>*In re Abcor Dev. Corp.*, 588 F.2d 811, 813, 200 USPQ 215, 217 (C.C.P.A. 1978).

<sup>41</sup> See Art. 4(1)(c) TMD and its equivalent Art. 7(1)(c) EUTMR.

<sup>42</sup> CJEU, C-191/01, [2003] E.C.R. I-12447, paras. 25 and 31 – *EU IPO v. Wm Wrigley Jr Co.*; see also General Court, T-219/00, [2002] E.C.R. II-753, para. 27 – *Ellos AB v. EU IPO*; CJEU, C-53/01, [2003] E.C.R. I-3161, para. 73 – *Linde, Winward, Rado*; CJEU, C-104/01, [2003] E.C.R. I-3793, para. 52 – *Libertel Groep BV v. Benelux-Merkenbureau*; CJEU, C-363/99, [2004] E.C.R. I-1619, paras. 53-55, 95 – *Koninklijke KPN Nederland NV v. Benelux-Merkenbureau*. Note that the CJEU also refers to the distinguishing function in the context of Art. 4(1)(c) and (d) TMD, which may suggest that it also aims to guarantee the distinguishing

able to describe (the characteristics of) their goods or services<sup>43</sup> – including describing them to home-country consumers through composite branding – “without fear of infringement”.<sup>44</sup> This is also described as the “protective function” of trade mark law: the provision limits the risk of anticompetitive effects, by avoiding the monopolization of language by one business to the detriment of others.<sup>45</sup> Such an interpretation is supported by the relevant international treaty, the Paris Convention.<sup>46</sup> Art. 6<sup>quinquies</sup> B of that Convention excludes generic and descriptive trademarks from registration.<sup>47</sup> BIRPI’s 1969 Guide to the Paris Convention<sup>48</sup> states that Art. 6<sup>quinquies</sup> B is meant to guarantee that descriptive terms remain in the public domain, “even where the description as such is not known to the general public and [...] [may therefore not be] devoid of any distinctive character.”<sup>49</sup> In sum, both US and EU courts and the Paris Convention have recognized the protective function to be at the heart of provisions excluding descriptive and generic terms from protection.

That is important to recognize because US courts have sometimes grounded limitations on protecting foreign-language terms on more peripheral doctrines. For example, in the *Enrique Bernat* case, mentioned above, the court presented “international comity” as an alternative ground for refusing to protect foreign generic and descriptive

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capability of a mark. See CJEU, C-383/99, [2001] E.C.R. I-6251, paras. 39-40 – *Procter & Gamble Co v. EUIPO*; CJEU, C-37/03, [2005] E.C.R. I-7975, para. 41 – *BioID AG (In Liquidation) v. EUIPO*; CJEU, C-64/02, [2004] E.C.R. I-10031, paras. 40, 46 – *EUIPO v. Erpo Möbelwerk*; CJEU, C-273/05, [2007] E.C.R. I-2883, paras. 73, 77 – *EUIPO v. Celltech R&D Ltd.*; CJEU, C-363/99, paras. 67, 85; General Court, T-219/00, para. 28; CJEU, C-204/06, [2008] E.C.R. I-3297, paras. 61, 69 – *Eurohypo AG v. EUIPO*; CJEU, C-517/99, [2001] E.C.R. I-6959, para. 37 – *Merz & Krell GmbH & Co v. Deutsches Patent- und Markenamt*.

<sup>43</sup> CJEU, C-363/99, para. 55.

<sup>44</sup> *G. Tritton*, *Intellectual Property in Europe*, London 2018, para. 3-080.

<sup>45</sup> On the difference between the “protective” and “distinguishing” function of trademark law and its distinctiveness inquiry, see *Lionel Bently & Brad Sherman*, *Intellectual Property Law*, 2d ed. 2004, p. 803.

<sup>46</sup> Note that the TRIPS Agreement does not include a provision on descriptive terms; for grounds of refusal, it refers to the Paris Convention in Art. 15.2 TRIPS.

<sup>47</sup> Art. 6<sup>quinquies</sup> B reads: trademarks may not be denied registration or invalidated except when they are “devoid of any distinctive character, or consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, place of origin, of the goods, or the time of production, or have become customary in the current language or in the bona fide and established practices of the trade of the country where protection is claimed.”

<sup>48</sup> *G. H. C. Bodenhausen*, *Guide to the Application of the Paris Convention for the Protection of Industrial Property*, United International Bureaux for the Protection of Intellectual Property (BIRPI), 1969.

<sup>49</sup> *Bodenhausen* (supra note 48), p. 116.

terms: “because US companies would be hamstrung in international trade if foreign countries granted trademark protection to generic English words, the US reciprocates and refuses trademark protection to generic foreign words.”<sup>50</sup> However, limitations on the protection of generic and descriptive foreign terms are justified on grounds that are stronger than hope of reciprocation by foreign trademark authorities that will benefit domestic producers. Domestic consumers will suffer regardless of the conduct of those foreign authorities.

## **2. Which languages, which markets, which producers? The scope of the “keeping free” principle**

We have argued that the risk of anticompetitive effects presents a good reason for withholding trademark protection for foreign-language generic terms regardless of whether domestic consumers currently understand the meaning of those terms. But is that risk real for all possible languages?

Some limit is inevitable and sensible. Courts in the United States have sometimes articulated limits on consideration of the descriptiveness of foreign-language terms. They have stated that a term should be subject to distinctiveness analysis if it is “used in one of the modern languages of the principal nations of the world.”<sup>51</sup> Similarly, they have questioned “whether a word taken from an obscure or comparatively unknown foreign language would be held to be descriptive when used as a trade-mark in the United States.”<sup>52</sup> Similarly in the EU, the General Court found that words of Latin origin not currently used are not understood by domestic consumers.<sup>53</sup>

However, it is not sufficient to approach the issue at the abstract level of an entire language and its relative popularity or obscurity. If a particular foreign country, or a region of that country, is a principal source of a type of good, granting trademark protection for the word that designates the good in the language of that country or that region is likely to have anticompetitive effects, no matter how obscure that language is. And if one producer has filed an opposition or cancellation action against another, or if the issue has arisen in an infringement action, the potential anticompetitive effect is much clearer – there are at

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<sup>50</sup> *Enrique Bernat F., S.A., v. Guadalajara, Inc.*, 210 F.3d 439, 443 (5th Cir. 2000).

<sup>51</sup> *Id.*

<sup>52</sup> *In re Northern Paper Mills*, 64 F.2d 998, 1111 (C.C.P.A. 1933).

<sup>53</sup> General Court, T-341/06, 12 March 2008, [2008] E.C.R. II-00035 – *Compagnie générale de diététique SAS v. EUIPO*.



least two producers who want to be able to use the term in question.<sup>54</sup>

We therefore suggest that the burden should be on the party seeking trademark protection for a word or phrase that is descriptive or generic for the goods or services in question in any language to show that there is no reasonable likelihood that another producer will want to use that word or phrase in good faith to designate those goods or services, either in that producer's home market or in the market for which protection is being sought. That standard can take into account both the obscurity of the language in general, and any specific circumstances related to the particular goods or services in question. Producers may contend that it is difficult to prove a negative, but trademark authorities and courts should be willing to accept evidence that competitor need is unlikely. For example, if a producer wants to use the word "paida," which means "coat" in the now-extinct Gothic language, as a brand name for coats, evidence that an internet search and a trademark search turn up no instances of the use of that term to refer to coats should be persuasive.

### **3. Descriptive foreign words and descriptive fair use defenses**

Foreign generic terms should generally never be registered or protected, just like domestic generic terms. Similarly, foreign descriptive terms should be treated the same as domestic descriptive terms – they should be able to gain protection immediately in connection with fanciful elements as a composite mark<sup>55</sup> and later even by themselves upon proof of acquired distinctiveness or secondary meaning.<sup>56</sup> Although some of the details of acquired distinctiveness differ between the United States and the European Union – for example, federal law in the US recognizes the possibility of a statutory presumption of distinctiveness for marks that have been in substantially exclusive and continuous use for five years,<sup>57</sup> while EU law does not – the basic concepts are the same.

Even if a word gains protection as a trademark, both US and EU law include provisions that protect the descriptive use of that word by other

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<sup>54</sup> See, e.g., *Win Luck Trading Inc. v. Northern Food I/E/ Inc. dba Northern Food*, 2017 WL 3446802 (a cancellation action involving the registrations (in Chinese characters) of SHANGHAI YANGCHUN MIAN and LANZHOU XIAN LAMIAN for noodles).

<sup>55</sup> Under Art. 4(1)(c) and (d) TMD and 7(1)(c) and (d) EUTMR, only "exclusively" descriptive and generic terms are excluded from protection, leaving composite marks free to be registered, even if containing a descriptive element.

<sup>56</sup> See 15 USC. §1052(f); Art. 4(4) TMD and Art. 7(3) EUTMR.

<sup>57</sup> See 15 USC. §1052(f).

producers and merchants.<sup>58</sup> Those descriptive use provisions should be available for foreign-language words as well. However, the availability of a descriptive use defense may raise the question as to whether we need to be that careful about refusing to protect or register foreign descriptive terms that are descriptive, or whether we should instead rely entirely on descriptive-use defenses to protect competitors that want to make good faith uses of the terms.

In spite of the availability of a descriptive-use defense, trademark authorities and courts should still hesitate to register or otherwise protect foreign generic or descriptive terms as trademarks. While this defense permits traders to use a term protected as another company's trademark to describe their products when marketing them in the domestic market, traders can only claim that privilege as a defense in an infringement proceeding. The clear difference between having an acknowledged freedom to use a term – as a trader would have if a competing trader's application to register it had been denied on the ground that it was generic or descriptive – and having to seek such a freedom through a descriptive fair use lies in the legal costs of being involved in proceedings in a foreign and possibly unknown legal system. In the United States, at least, the descriptive fair use defense involves a reasonableness test in which the degree of confusion caused is considered along with the need to use the term.<sup>59</sup> That test makes it particularly difficult to assess the likelihood of prevailing, particularly if the descriptive term is incorporated more closely into branding. In any event, calculating the costs of litigation and the risk of losing will be difficult, leaving traders with the risk of incurring more costs than their imports are worth.<sup>60</sup>

#### **iv. Changes needed in current EU and US law**

We have argued that in trademark distinctiveness analysis, the meaning of a foreign word should generally be evaluated in its own

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<sup>58</sup> See 15 USC. §1115(b)(4) (protecting a party's "use, otherwise than as a mark ...of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party"); Art.14(1)(b) TMD (protecting a third party's use, in the course of trade, of "indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services")

<sup>59</sup> See *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 122-123 (2004); *Whirlpool Properties, Inc. v. LG Electronics U.S.A., Inc.*, 2005 WL 3088339, \*20-\*22 (W.D. Mich.).

<sup>60</sup> *Heath/Priifer*, Aus der Matratzengruft, section 4.c (manuscript on file with the authors).

linguistic context. How far is current EU and US law from that ideal, and what would need to be changed? In both cases, there is nothing in current legislation that is inconsistent with the approach that we propose, namely 1) to consider descriptiveness and genericness of foreign language terms in their own linguistic context and 2) to require evidence from the applicant either that there is no reasonable likelihood that other producers will want to use the term or (in the case of descriptive terms) that the applicant has developed secondary meaning.

There are lines of case law that run counter to the proposed approach, however, and conceptual frameworks that are confused and need to be clarified. In addition, in the case of the EU, it would be helpful to introduce a requirement for applicants of national and EU trademarks to produce a translation of any foreign-language term into the official language of the Member State, or in case of EU trademarks, into one of the five languages (English, French, German, Italian and Spanish) used by the EU Intellectual Property Office. As we note below, an equivalent requirement has been part of US Patent and Trademark Office practice for decades.<sup>61</sup> Such a requirement may not seem new in the EU either, as the European Commission suggested in its 2013 proposal for amendments to the Community trade mark to exclude foreign language or script terms from registration, where their translation would give rise to concerns under a ground of refusal.<sup>62</sup> However, this amendment was dropped from the final text. While we would have favoured a requirement to provide a translation of foreign language or script terms, the proposal raised concerns that all languages, no matter how widely spoken, would have been affected.<sup>63</sup> Arguably, it lacked a requirement to assess whether other producers, now or in the future, would want to use the term in trade with the EU. We have suggested above that registration of a foreign generic or descriptive term should be allowed if an applicant is able to demonstrate that there is no reasonable likelihood that another producer will want to use that word or phrase in good faith to designate or describe those goods or services. This limitation addresses the concern that the EU proposal would have barred registration even for terms of obscure or extinct languages that would have generated no anticompetitive effects.

## **1. The European Union**

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<sup>61</sup> See *infra* note 83 and accompanying text.

<sup>62</sup> European Commission, Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No. 207/2009 on the Community trade mark, COM(2013) 161 final, Art. 1(10)(b), amending Art. 7(2).

<sup>63</sup> *Win Yan LAM*, Chinese Character Marks in the Eyes of the European Public, 39 (12) EIPR 764 (768) (2017).

Art. 4(1)(c) and (d) TMD and Art. 7(1)(c) and (d) EUTMR exclude trademarks from registration that “consist exclusively of signs or indications which may serve, in trade, to designate” certain characteristics of the product, or “which have become customary in the current language or in the bona fide and established practices of trade.” We argue that our approach is fully in line with these provisions.

There is, however, case law in the EU regarding descriptive terms that could no longer be applied to foreign language terms. The relevant public has been interpreted in several CJEU cases to constitute traders and consumers “in the territory in respect of which registration is applied for.”<sup>64</sup> We argue that the relevant public should ordinarily consist of speakers of the foreign language, hence not focussing on the country of registration. This approach is supported by Art. 6<sup>quinquies</sup> B of the Paris Convention, requiring that the languages to be considered for the descriptiveness or genericness inquiry should reflect the practices that are commonly used in trade in which the country is involved in.

This will require a change of attitude by trademark authorities and courts, even though some authorities and courts have already manipulated the concept of the relevant public to make it more difficult to obtain trademark protection for foreign generic and descriptive terms. The UK IPO Trade Mark Manual, for instance, suggests that not only the average domestic consumer may be relevant, but also specialized workers: while “the average consumer is unlikely to understand the meaning of the Spanish language term ‘Paellera’ [...], a chef or kitchen worker in a Spanish restaurant would [be aware of this].”<sup>65</sup> An Austrian court has suggested that “Skyr” for a fermented milk product is not considered distinctive, even if its meaning is unknown to retail consumers, but known to the traders who are involved in the business of

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<sup>64</sup> CJEU, C-108/97, [1999] E.C.R. I-2779 – *Windsurfing Chiemsee Produktions- und Vertriebs GmbH v. Boots- und Segelzubehör Walter Huber*; E.T.M.R. 585, para. 29. Confirmed in CJEU, C-421/04, para. 24.

<sup>65</sup> See UK Intellectual Property Office, Trade Marks Manual, Examination Guide, Part B, last update August 2018, p. 130. Similarly, in a case where PRANAHAUS was rejected as a wordmark for yoga products, the CJEU confirmed the General Court’s finding that consumers with a special interest and expert knowledge in the field (here yoga and esotericism) form part of the relevant public. The sign was refused registration as a result. See General Court, T-226/07, [2008] E.C.R. II-00184, paras. 26, 29 and 35 – *Prana Haus GmbH v. EUIPO*; confirmed by CJEU, C-494/08, [2009] E.C.R. I-00210 – *Prana Haus GmbH v. EUIPO*. Cf. C-147/14, *Loutfi Management v. AMJ Meatproducts*, ECLI:EU:C:2015:420, para. 22 (when the products in question are consumed by consumers who speak Arabic, a likelihood of confusion inquiry must take into account the sound and meaning of words written in Arabic script).

exporting and importing that very product.<sup>66</sup> This is, we would suggest, an unusual perspective on the relevant public, but it pushes in the same direction as our approach, which is to open up the analysis to consumers and traders that speak the relevant language. Our approach would also address the cultural diversity of the European Union. Focussing on political borders when assessing the relevant public in the territory of registration does not account for the many speakers of minority languages and multicultural background of EU citizens,<sup>67</sup> who are encouraged to learn other languages and to freely move from one Member State to another. Assessing descriptiveness of a foreign language term in its own linguistic context avoids complicated and inconsistent assessments by trademark authorities and courts of the EU and Member States.

To be sure, assessing the descriptiveness of a word in a language that a trademark examiner does not speak will be more difficult. National and EU trademark examiners should begin with the translation provided by the applicant, and in many cases that will be determinative. Applicants should be cautioned that providing an inaccurate translation to avoid a rejection for descriptiveness would be counted as a bad faith act that could result in the registration being declared invalid.<sup>68</sup> In some cases, examiners may be able to locate other evidence of use of the word, such as use of the word to name a category in a directory, in newspaper and magazine articles, and in other contexts. However, in many cases, especially those cases in which the examiner cannot even read the script of the language in question,<sup>69</sup> she will have to make an assessment based

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<sup>66</sup> Oberlandesgericht Wien, 34R147/15k, 12 January 2016 (“Skr”) (“Under established precedent, a foreign term is not registrable when its descriptive character is recognized at least by the circle of professionals who are involved in international trade”) (our translation).

<sup>67</sup> *M. Hornsby/T. Agarin*, The End of Minority Languages? Europe’s Regional Languages in Perspective, *JEMIE*, Vol. 11, No. 1, 2012, 88-116, 111.

<sup>68</sup> Art. 4(2) TMD and Art. 52(1)(b) in the EUTMR. See *A. Moerland*, Descriptive Terms in International Trade, in: C. Heath/A. Kamperman Sanders/A. Moerland, Intellectual Property Rights as Obstacles to Legitimate Trade?, *IEEM International Intellectual Property Series* vol. 9, Wolters Kluwer 2018, pp. 77-105 (91).

<sup>69</sup> *U. Shen Goh* has noted that major Western trademark databases currently only support searches in Roman letters, which means that trademarks in other scripts, such as those in Chinese and Japanese, are registered as design marks. See *U. Shen Goh*, Branding Unfair Competition: What Foreign-Language Marks Mean for International Businesses, 15 *Asper Rev. Int’l Bus. & Trade L.* 25, 26-27 (2015). (*Goh* mentions the US and Canadian databases in particular, but this is also true for the EU and WIPO databases.) This creates an additional problem for handling international trademarks. WIPO announced in 2015 that it would begin development of Chinese and Japanese search interfaces, see *Zhang Zhao*, Chinese characters to be recognized for global trademarks, *China Daily*, 11 March 2015, available at

solely on the translation provided, and perhaps translations in other standard reference works. In those cases, competitors that believe the word to be generic or descriptive will still be able to oppose registration. Those competitors will be in a much better position than examiners to locate relevant evidence in the language at issue. As we have suggested above, even for a foreign word that is found to be descriptive or generic, an applicant should be able to submit evidence that there is no reasonable likelihood that another producer will want to use that word or phrase in good faith to designate or describe those goods or services. For a foreign word that is descriptive, the applicant should also be able to submit evidence that the term has gained secondary meaning in the domestic market.

## 2. The United States

Although the US federal trademark statute provides legal consequences for marks that are “generic” and “merely descriptive,” it does not specify exactly how courts should determine whether marks fall into those categories, nor how courts should treat words in a foreign language. There is a venerable and admirable tradition in US case law of analysing the distinctiveness of foreign words in the context of their own languages, regardless of whether domestic consumers understand those words.<sup>70</sup> However, the justification for that analysis has never been fully developed. This leaves it vulnerable. Judicial opinions also contain plenty of language that seems to link the genericness or descriptiveness

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<[http://english.gov.cn/news/top\\_news/2015/03/11/content\\_281475069522526.htm](http://english.gov.cn/news/top_news/2015/03/11/content_281475069522526.htm)>; as of this writing, those are not yet available.

<sup>70</sup> See *In re Hercules Powder Co.*, 46 App.D.C. 52, 54 (1917) (“A descriptive word in a foreign language, though meaningless to the public generally, would fall within the statut[ory prohibition on the registration of descriptive words], since it is the real signification of the word or device, and not the idea which it may, or may not, convey to the general public, which brings it within the act.”); *Nestle’s Milk Products v. Baker Importing Co.*, 182 F.2d 193, 196 (C.C.P.A. 1950) (“Foreign language words, not adopted into the English language, which are descriptive of a product, are so considered in registration proceedings despite the fact that the words may be meaningless to the public generally.”); *Weiss Noodle Co. v. Golden Cracknel & Speciality Co.*, 290 F.2d 845, 847 (C.C.P.A. 1961) (“The name of a thing is the ultimate in descriptiveness. ... It is immaterial that the name is in a foreign language.”); *In re Optica Int’l*, 196 U.S.P.Q. 775 (1977) (“It is a well established principle of trademark law in this country that the foreign equivalent of a merely descriptive English word is no more registrable than the English word itself despite the fact that the foreign term may not be commonly known to the general public.”); *In re Highlights for Children, Inc.*, 118 U.S.P.Q.2d 1268 (TTAB 2016) (quoting the above passage from *In re Optica International*). One scholar has identified this as the majority position. See *Elizabeth J. Rest* (supra note 7), 96 Trademark Rep. 1211 (1242-1243) (2006).

of foreign words to domestic consumer understanding. One scholar has argued that the reasoning of a 2009 Federal Circuit case requires the distinctiveness of foreign words to be assessed solely on the basis of current domestic consumer understanding.<sup>71</sup> We hope that our explanation of how trademark protection for foreign generic and descriptive terms can have anticompetitive effects independent of domestic consumer understanding provides a firmer foundation for the line of US cases that does not make that understanding determinative.

US case law on the distinctiveness analysis of foreign words has also become confused by importing concepts and doctrines from *infringement* analysis, and that confusion needs to be dispelled. US courts developed two doctrines – the “doctrine of foreign equivalents” and the “stop and translate test” – in the course of considering likelihood of confusion disputes involving two words or phrases in different languages, typically one in English and one in another language, as marks for identical or similar goods. In 1956, the US Patent and Trademark Office refused to register CHAT NOIR for cologne on the ground that BLACK CAT for perfume was already registered and in use in the United States, and that some consumers who knew both English and French would likely confuse the two marks, since they have the same meaning.<sup>72</sup> It announced the rule “that foreign words or terms may not be registered if the English language equivalent has been previously used on or registered for products which might reasonably be assumed to come from the same source.”<sup>73</sup> Another court dubbed that rule the “doctrine of foreign equivalents.”<sup>74</sup>

Later courts, however, decided that that rule was too broad. In *In re Tia Maria*,<sup>75</sup> the Trademark Trial and Appeal Board concluded that “there are foreign expressions that even those familiar with the language will not translate, accepting the term as it is.”<sup>76</sup> Thus, the TTAB found, even though “Tia Maria” means “Aunt Mary” in Spanish, a person who spoke both Spanish and English and who had encountered AUNT MARY’S branded canned food, and who then visited a TIA MARIA brand Mexican restaurant, would probably not translate “Tia Maria” to “Aunt Mary” and come to the conclusion that the canned food was

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<sup>71</sup> See *Krimnus* (supra note 7), at 161 (arguing that the Federal Circuit’s narrowing of the doctrine of foreign equivalents in *In re Spirits International*, 563 F.3d 1347 (Fed. Cir. 2009) should be applied across all trademark areas to which it has been relevant).

<sup>72</sup> See *Ex parte Odol-Werke Wien Gesellschaft m.b.H.*, 11 U.S.P.Q. 286 (Com’r Pat. & Trademarks 1956).

<sup>73</sup> *Id.* at 286.

<sup>74</sup> See *Rosenblum v. George Willsher & Co.*, 161 U.S.P.Q. 492 (TTAB 1969).

<sup>75</sup> 188 U.S.P.Q. 524 (TTAB 1975).

<sup>76</sup> *Id.* at 524.

produced by the same source as the restaurant.<sup>77</sup> Thus, a further test was born: the doctrine of foreign equivalents would be applied only if the ordinary American consumer would “stop and translate”<sup>78</sup> the foreign term into English, or vice versa.

In the context of infringement analysis involving an English term and a foreign term, the doctrine of foreign equivalents and the associated “stop and translate” test are unobjectionable, and there are many cases applying them.<sup>79</sup> However, the Federal Circuit and the Trademark Trial and Appeal Board have extended that analytical framework wholesale to distinctiveness inquiries.<sup>80</sup> The Patent and Trademark Office has followed their lead, including in the Trademark Manual of Examining Procedure language about the translation approach and the “stop and translate” test not only in sections concerning confusing similarity between marks,<sup>81</sup> but also in sections concerning distinctiveness.<sup>82</sup>

That is a mistake. Distinctiveness inquiries need not involve translation at all, and certainly should not involve a “stop and translate” test, which is inappropriate and can lead to mistaken conclusions. Rather, as stated previously, they should focus solely on the questions 1) whether the term is generic or descriptive in its own language, and 2) whether there is a reasonable likelihood that other producers may want to use the term. To be sure, it has been the longstanding practice of the US Patent and Trademark Office to require registration applicants to

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<sup>77</sup> *Id.*

<sup>78</sup> *Palm Bay Imports, Inc. v. Veuve Cliquot Ponsardin Maison Fondée en 1772*, 396 F.3d 1369, 1377 (Fed. Cir. 2005).

<sup>79</sup> See, e.g., *id.* (finding that it was “improbable that the average American purchaser would stop and translate “VEUVE” into “widow”); *In re Mark Thomas*, 79 U.S.P.Q.2d 1021 (TTAB 2006); *In re Les Collines, LLC*, 2011 WL 3871944 (TTAB 2011); *In re La Peregrina Limited*, 86 U.S.P.Q.2d 1645 (TTAB 2008); *In re Armstrong Vineyards & Winery*, 2008 WL 2385962 (TTAB). As Judge Nies commented, however, equivalence in meaning should not be determinative in a likelihood of confusion context, because “such similarity as there is in connotation must be weighed against the dissimilarity in appearance, sound, and all other factors, before reaching a conclusion.” *In re Sarkli, Ltd.*, 721 F.2d 353, 354 (Fed. Cir. 1983).

<sup>80</sup> See *Palm Bay Imports, Inc.*, 396 F.3d at 1377 (“Under the doctrine of foreign equivalents, foreign words from common languages are translated into English to determine genericness, descriptiveness, as well as similarity of connotation in order to ascertain confusing similarity with English word marks.”); *In re Yousef Saleh Alreshidi*, 2016 WL 7010629 (TTAB) (same) (citing *Palm Bay Imports*).

<sup>81</sup> See Trademark Manual of Examining Procedure (hereinafter “TMEP”) § 1207.01(b)(vi).

<sup>82</sup> See *id.* § 1209.03(g). The TMEP also includes comments about the doctrine of foreign equivalents in sections concerning geographic marks that may be either descriptive or deceptively misdescriptive, see §§ 1210.05(b), 1210.10, and whether a term is primarily merely a surname, see § 1211.01(a)(vii).



provide English translations of any foreign words or phrases that they are seeking to register as trademarks, and to provide transliterations of foreign words or phrases that are not written in Roman script. That practice was formalized in regulations in 2008.<sup>83</sup> However, that requirement is for administrative convenience, as many Trademark Examining Attorneys and Trademark Trial and Appeal Board judges may not speak the foreign language in question.<sup>84</sup>

By contrast, those who speak the foreign language in question need not “stop and translate” terms to English to recognize them as descriptive or generic. Correlatively, in a dispute about whether a foreign term is descriptive or generic, parties can introduce a wide variety of evidence that does not involve translation. That can include, for example, evidence that many independent producers of a liquor use a term as the liquor’s name;<sup>85</sup> evidence that official tariff regulations of a country have for many years used a term as the name of a fabric;<sup>86</sup> or evidence that recipe books use a term as the name for a type of noodles for which they provide recipes.<sup>87</sup> Courts can evaluate that evidence to determine whether the term in question is generic or descriptive in its own language.

Although many tribunals have unfortunately used the “doctrine of foreign equivalents” and the “stop and translate” test in distinctiveness analysis,<sup>88</sup> perhaps the simplest example of how that can lead to the

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<sup>83</sup> See 73 Fed. Reg. 33356, 33357 (12 June 2008) (proposing to add English translation and transliteration requirements to Patent and Trademark Office regulations, and noting that those requirements “are consistent with the longstanding practice of the Office; 73 Fed. Reg. 67759, 67768 (17 November 2008) (promulgating the regulations with those requirements).

<sup>84</sup> In *In re Lawrence Foods, Inc.*, 2017 WL 3446796 (TTAB), the Trademark Trial and Appeal Board correctly noted the difference between the regulatory requirement to translate foreign terms in registration applications and substantive trademark law, see *id.* at \*6; however, with regard to the latter, it then mentions the “stop and translate” test in the context of a distinctiveness inquiry, of which we are critical.

<sup>85</sup> See *Otokoyama Co. Ltd. v. Wine of Japan Import, Inc.*, 7 Fed. Appx. 112, 115 (2d Cir. 2001) (“Testimonial and documentary evidence, as well as actual sake products, supported W.J.I.’s claim that the term “otokoyama” has been used by as many as sixteen different sake breweries in Japan.”).

<sup>86</sup> See *Bart Schwartz Intern. Textiles, Ltd. v. Federal Trade Comm’n*, 289 F.2d 665, 667 (C.C.P.A. 1961).

<sup>87</sup> See *Win Luck Trading Inc. v. Northern Food I/E/ Inc. dba Northern Food*, 2017 WL 3446802, at \*9-\*10 (TTAB).

<sup>88</sup> For other cases approaching distinctiveness inquiries involving foreign terms through the lens of translation, see *Taza SystemS, LLC v. Taza 21 Co., LLC*, 2013 WL 5145859, \*11 (W.D.Pa.) (unlikely that the ordinary American purchaser would translate the Arabic term “Taza” into “fresh,” and hence the term is not descriptive of restaurant services); *Habeeba’s Dance of the Arts, Ltd. v.*

wrong result is the case that coined the term “stop and translate,” *In re Pan Tex Hotel Corporation*. In that case, the Trademark Examining Attorney refused to place the mark LA POSADA for hotel services on the Supplemental Register, on the ground that LA POSADA was generic for hotel services. On appeal, the TTAB reversed. It acknowledged “that applicant’s mark is the Spanish equivalent of the word ‘inn’ and that applicant operates an inn.” However, it noted that in the applicant’s specimens of use, “the words ‘motor hotel’ appear directly under the notation ‘LA POSADA.’” In that context, it concluded, purchasers would likely recognize that LA POSADA was being used as the name of the establishment, and they would therefore be unlikely to “stop and translate said notation into its English equivalent.”

The issue, however, should not be whether consumers who see a sign that states “LA POSADA motor hotel” would understand that the owners of the establishment are trying to use “La Posada” as the brand name of the establishment. After all, had the owners put up a sign that read “THE INN motor hotel,” many consumers would presumably understand that the owners are trying to brand their establishment “The Inn.” Yet “inn” is a common name for the service of providing temporary accommodations, and no single business should be able to obtain exclusive rights to use “inn” for temporary accommodations, even with a showing of some secondary meaning. Whether “La Posada” is similarly generic should be a matter of consulting Spanish dictionaries, Spanish-language yellow pages or “paginas amarillas,”<sup>89</sup> travel websites like Tripadvisor that list hotel names,<sup>90</sup> and other similar sources.

#### **v. Foreign-language terms in other trademark analyses: deceptiveness and likelihood of confusion**

Our focus in this article has been on the treatment of foreign-language words in distinctiveness analysis. The issue of how to treat foreign-language words also arises when considering whether to refuse

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*Knoblauch*, 430 F. Supp.2d 709 (S.D. Ohio 2006) (unlikely that the ordinary American purchaser would stop and translate the Arabic term Habeeba into “sweetheart, darling, or beloved woman”); *Attrezzi, LLC v. Maytag Corp.*, 436 F.3d 32, 38 (1st Cir. 2006) (translating the Italian term “attrezzi” into “tools” to determine whether it is descriptive for chef’s tools)

<sup>89</sup> See <<http://www.paginasamarillas.com/servicios/posadas>>.

<sup>90</sup> See <<http://www.tripadvisor.com>> (a search for “posada” conducted 21 June 2018 generated several thousand results in the categories of lodgings and vacation rentals, most of which appear to be independently-owned establishments with a distinguishing phrase after “posada,” such as “Posada Terra Santa” or “Posada Del Tepozteco.”).

trademark protection on grounds of deceptiveness or likelihood of confusion. We acknowledge that in those contexts, domestic consumer understanding may play a more dominant role – it is difficult for consumers to be deceived by a term whose meaning they do not understand, and consumers can be confused by similarities in meaning. Yet even in these contexts, distinctiveness concerns play a role, and we highlight them here.

## **1. Distinctiveness concerns in deception inquiries**

While misleading trademarks may raise concerns about deceiving consumers who understand their meanings, they also raise the same “keeping free” concerns that generic or descriptive marks do, and they raise the latter concerns whether or not consumers understand them. For example, if domestic consumers understand that the Italian term “birra” means beer, then the mark BIRRA RUSSO may be deceptive for a non-alcoholic fruit beverage – a beverage that is decidedly not beer. However, even if domestic consumers do not understand that “birra” means beer, granting exclusive rights to BIRRA for beverages to one producer will make it difficult for some Italian brewers, like BIRRA MORETTI, to enter the domestic market. If an Italian brewer has incorporated the generic Italian term for beer into its branding, the holder of domestic trademark rights to BIRRA will be able to claim that sale of a beverage under a brand name that prominently features the word “birra” will infringe those rights, because it is likely to confuse consumers as to the source of that beverage.

Trademark law in the United States at least partially recognizes this concern, because it excludes from registration “deceptively misdescriptive” marks (such as birra for beverages that are not beer) until they have gained secondary meaning.<sup>91</sup> These are marks that are believably inaccurate, but not in a way that would influence consumers’ purchase decisions.<sup>92</sup> They are placed on the same footing as “merely descriptive” marks, because they raise the same concerns as those marks – not that they will misdirect consumer purchase decisions, because as a definitional matter they will not, but because they will reduce the stock of terms available to competitors to truthfully describe their goods, without any showing that they have become recognized as origin

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<sup>91</sup> See 17 USC. § 1052(e)(1) (excluding from registration any mark that when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them); while Art. 4(1)(g) TMD and Art. 7(1)(g) EUMTR exclude deceptively descriptive marks from registration, acquired distinctiveness cannot overcome this ground of refusal, see Art. 4(4) TMD and Art. 7(3) EUTMR.

<sup>92</sup> See *In re Spirits Int’l, N.V.*, 563 F.3d 1347 (Fed. Cir. 2009).

indicators. Thus, distinctiveness concerns must also be taken into account in inquiries concerning inaccurate marks.

## **2. Distinctiveness concerns in likelihood of confusion inquiries**

Courts in both the US and the EU tend to give marks a broader scope of protection in likelihood of confusion inquiries when they are arbitrary or fanciful than when they are descriptive.<sup>93</sup> If domestic consumers do not understand a foreign word used as a mark, then one could argue that it should be treated as a fanciful mark, and granted broad protection. However, if that foreign word is descriptive or generic in its own language with regard to the good for which it is being used as a mark, broad protection amplifies the anticompetitive effects that we have described above: it is more likely to prevent competitors who have used that word, or even cognates of that word in the same language family, in its generic or descriptive sense as part of a composite brand. Courts should take those effects into account when engaging in likelihood of confusion inquiries concerning terms that are generic or descriptive in a foreign language, even one that domestic consumers do not understand.

Importantly, where descriptive elements in combination with fanciful elements are protected as composite marks,<sup>94</sup> courts should be wary of regarding the descriptive element of a mark as its dominant component in likelihood of confusion assessments. Unfortunately, in the so-called “Bambino” and “Bimbo Doughnut” cases, the EU General Court did exactly that. The first case involved an opposition filed against the figurative mark BAMBINO LÜK by the owner of an earlier mark that consisted of a stylized drawing of a baby placed to the left of the word “bambino”. Although the term “bambino” is descriptive of the use of the goods – toys – because, as even many speakers of other languages will know, it means “baby” in Italian, the Court found BAMBINO to be the dominant component of the composite mark and refused the mark based on a likelihood of confusion. In the second case, an EU trademark application BIMBO DOUGHNUT was opposed based on an earlier Spanish wordmark DOGHNUT. The ECJ confirmed the General Court’s finding that the “doughnut” element plays a significant role in the assessment of a likelihood of confusion because the vast majority of the Spanish public does not understand the word to be generic and hence it is distinctive to them.

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<sup>93</sup> See, e.g., *Juice Generation, Inc. v. GS Enters. LLC*, 794 F.3d 1334, 1338-39 (Fed. Cir. 2015); ECJ C-39/97, *Canon Kabushiki Kaisha v. Metro Goldwyn Mayer Inc.*, [1998] ECR I-5507, para. 18 and 23.

<sup>94</sup> See *supra* Part II.3.a.

Here, the ECJ wrongly neglected the fact that these terms are in the first case descriptive and in the second generic for the goods in their own language, and that a finding of likelihood of confusion has anticompetitive effects. Other manufacturers of similar goods risk infringement proceedings if they use the words “bambino” or “doughnut” in their composite branding, or to otherwise describe or refer to their products. This risk runs counter to the purpose of leaving exclusively descriptive terms free for all, as expressed in Art. 4(1)(c) and (d) TMD and Art. 14(1)(b) TMD (descriptive use defense).

## **VI. Conclusion**

Trademark protection for foreign generic and descriptive terms can have anticompetitive effects, not only when domestic consumers currently understand the meaning of those terms, but also when the terms are likely to be needed in the future to name or describe distinct goods, and when there is a reasonable likelihood that producers will incorporate the terms into their branding, as unprotected components of composite marks. Thus, in most cases, foreign words should be analysed for distinctiveness in the context of their own languages, and should be excluded from protection if they are generic, or protected only upon a showing of secondary meaning if they are descriptive. Adopting that analysis does not require any legislative amendments in either the EU or the US, but it does require revision of some case law. Only when that revision is made can the distinctiveness doctrine fully serve its purpose of preventing the owner of a mark from inhibiting competition in the sale of particular goods or services.