Trademark protection and freedom of expression: an inquiry into the conflict between trademark rights and freedom of expression under European, German, and Dutch law

Sakulin, W.

Citation for published version (APA):
Sakulin, W. (2010). Trademark protection and freedom of expression: an inquiry into the conflict between trademark rights and freedom of expression under European, German, and Dutch law
1 Introduction

1.1 TRADEMARK PROTECTION VS. FREEDOM OF EXPRESSION: INTRODUCTION TO A POSSIBLE CONFLICT

In this book, I will analyse the legal conflict between the protection of trademarks rooted in national and international (European) trademark laws\(^1\) and norms protecting freedom of expression. More in particular, I will focus on the conflict between the exclusive trademark rights granted to right holders and the use of their trademarks by third parties as part of their freedom of expression.

This conflict arises because trademark law grants right holders exclusive, albeit limited, rights to use their trademarks, such as the right to prevent use of identical signs on identical goods, the right to prevent confusing uses of trademarks on similar and non-similar goods and, in the case of trademarks that have gained a reputation, the right to prevent detriment to, or the taking of unfair advantage of, the repute and distinctive character of the trademark.\(^2\)

On the other hand, freedom of expression, as protected by Article 10 of the European Convention on Human Rights and Fundamental Freedoms (‘ECHR’), grants all individuals a right to express themselves freely. As such, this fundamental right is deemed essential for the self-development of the speaker, but also essential for furthering cultural and political processes in society. In recent years, freedom of expression has been expanded to include the freedom of commercial parties to spread commercial information – in addition to the classical notion of citizens expressing their non-commercial, i.e. political, cultural, and social views vis-à-vis the state, a move deemed important for its beneficial, i.e. informative, effect on consumers. In practical terms, the freedom of commercial and non-commercial expression may include the freedom to use trademarks of third parties, in particular in artistic and political expression, but also in commercial expression, like comparative advertising, use as a reference, or use as a descriptive indication. Freedom of expression may thus conflict with the rights of the trademark holder to prohibit the use of his trademarks.

---

\(^1\) These are the national trademark rights that are extensively harmonised by the First Directive 89/104/EEC of the Council, of 21 December 1988, to Approximate the Laws of the Member States Relating to Trade Marks, OJ 1989, L 40/1. (herein further ‘European Trademark Directive’ or ‘TMDir’) and the largely identical trademark rights contained in the Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, [1994] OJ L-11/1 (herein further ‘European Trademark Regulation’ or ‘TMReg’).

\(^2\) Article 5 TMDir, as implemented in § 14 of the Gemran Markengesetz (herein further ‘MarkenG’) and Article 2.20.1 Benelux Convention on Intellectual Property (herein further ‘BVIE’); equal rights are contained in Article 7 TMReg.
Until recently, this conflict did not feature prominently in legal debate, as trademarks played only a commercial, rather than a social, political, or cultural role. Besides, the protection of trademarks, focusing on forestalling confusing use, had been uncontroversial, with freedom of expression failing to feature in discourse on commercial communication.

In the commercial sphere, trademarks have always been of major importance as identifiers of the product source and product qualities. The Coca Cola logo on a bottle, for instance, primarily discloses by which company the bottle has been produced and tells people who have consumed the soft drink before how the contents of the bottle taste. Without that trademark, such information could not be provided to consumers and, without the legal protection of trademarks, third parties could use identical or similar signs and confuse consumers, thereby destroying the information benefits of the trademark.

In this field, conflict between trademark protection and freedom of commercial expression may arise, where trademark law protects more than solely confusing use or third party traders need to use protected trademarks in their commercial communications, for instance in the context of comparative advertising or in other commercial communications that are aimed at informing or communicating with consumers. This type of conflict is of a purely commercial character, that is to say it is all about providing information and gaining access to consumers. While trademark law already addresses this issue by striking a balance between the exclusive right to use a trademark and the access of other commercial parties to the same sign by restricting e.g. the grant of trademark rights over descriptive signs, and allowing for referential use, descriptive use and comparative advertising, it remains to be seen whether freedom of commercial expression may provide third parties with an additional right to use trademarks in order to provide vital information to consumers.

Outside of this area of purely commercial communication, the conflict between trademark protection and freedom of expression has gained momentum, as the role and use of trademarks has changed, due to economic, social, political and corresponding legal changes, over the past 25 to 30 years.

First, the commercial role of trademarks has changed from that of an identifier to that of a communicator; as such, trademarks become part, if not the essence, of the advertising message, by lending credibility and lasting effect to it. Without trademarks, advertising messages would not be convincing, not least because they may be unrelated to the underlying product. Coca Cola, for instance, advertises with images of youth, positive spirit, and freedom. Without the Coca Cola logo prominently employed, it is less likely that anybody would believe these advertisements and associate these properties with the product in question. Trademark law has, by now, embraced the protection of trademarks as communicators by shielding them not just against confusing use, but by protecting the distinctive character and repute of trademarks against free-riding, tarnishment and blurring.

Second, the new role of trademarks as communicators goes hand in hand with the rise of consumerism. This has, for one, resulted in people satisfying some of their unconscious needs by consuming trademarks, rather than the goods and services covered by them. What is more, trademarks, through pervasive use in mass media, have assumed the role of political, societal, and cultural symbols. Traditional mass media, such as newspapers,
commercial television and the Internet, which is sometimes referred to as the *new mass media*, ensure that advertising messages, including trademarks, pervade spheres of life that were previously untouched, thus leaving people exposed to literally thousands of commercial messages every day. As a result, in today’s society, trademarks have come to play important roles in signalling status and defining membership of groups. Such *social functions of trademarks* have been actively shaped and promoted by right holders through advertising. While trademark law partly grants right holders control over such uses of trademarks by protecting the distinctive character and repute of trademarks, this has, in turn, triggered criticism, satire, and parody, all of which are protected by freedom of expression.

Third, politically speaking, trademarks, more than people, have come to represent the power, influence, and attitudes of companies in our age. It is therefore not surprising that criticism and commentary have been directed towards trademarks. Coca Cola, for instance, is seen by some as one of the key symbols of American cultural imperialism, while Greenpeace actively tries to target the logos of oil companies rather than naming and shaming the top managers of these companies.

Fourth, on a cultural level, some artists, both professionals and amateurs, creatively use and transform trademarks and their messages into works of art, often with the help of new technology. Examples of this development include Andy Warhol’s painting of Campbell’s soup cans, Tom Sachs with his creation of a ‘Chanel Guillotine’ and a ‘Prada concentration Camp’ and a German artist who creatively combined a poem by Goethe, the name ‘Rainer Maria Rilke’, and the trademark Milka on a purple postcard. Trademark right holders may fear this kind of art, because it takes certain amount of control over the meaning of trademarks out of their hands. By contrast, artists may be entitled to claim freedom of expression when using trademarks of third parties to influence and shape culture.

Taken together, many of the social, cultural and political uses of trademarks can be referred to as a process of ‘social, cultural, and political “meaning making”’[^3], whereby individuals use, shape and influence the meaning contained in those signs which they deem to be of great influence over their lives or over society. The ability to exert such influence may greatly influence the perceptions of a person’s place in society, as well as political and social processes.

Finally, the *emergence of new media* has created new and easy ways for third parties to use trademarks commercially and non-commercially and has enabled individuals to transmit their expression to a large audience. These new uses of trademarks may inherently conflict with the protection of the distinctiveness and repute of trademarks, which gives control over the meaning of signs to trademark right holders.

In the light of all the developments and changes briefly addressed above, this book aims to explore whether the current national and international (European) trademark laws are compatible with the freedom of expression as enshrined in Article 10 of the European Convention on Human Rights (ECHR) and corresponding provisions of various national

[^3]: For further elaboration on the use of trademarks in social, cultural and political meaning making, see sections 1.2.5 and 3.4.2.
laws. In analysing this question, I will argue that adopting a freedom of expression perspective is necessary as it allows to shift the focus of courts and legislators from the interests of trademark right holders, who seemingly are granted ever more protection, to the justified interests of third parties. In taking this perspective, I will attempt to resolve the conflict described above by suggesting ways to establish an adequate balance between the legitimate interests of trademark right holders and the freedom of expression of third parties using their trademarks. This involves a critical analysis and re-interpretation of existing trademark law and proposals for certain legislative amendments. The new insights and imperatives provided by this book may prove useful to both courts interpreting existing provisions of trademark laws and to legislators who are faced with the challenges of drafting new rules or revising existing laws.

1.2 THE EVOLUTION OF THE CONFLICT OVER TRADEMARK USE

The introduction provided a first glimpse into the evolution of the conflict between trademark protection and freedom of expression. I will now elaborate on this conflict in more detail, first by setting out a number of classifications that accentuate key elements of the conflict and then by describing the evolution of the conflict.

1.2.1 KEY ELEMENTS OF THE CONFLICT

1.2.1.1 Two Basic Functions of Trademarks

For the purposes of describing the evolution of the role of trademarks, I will distinguish two functions of trademarks: the identifier function and the communicator function. Further down in the book, I will distinguish a number of other functions, which fall under these two basic functions.

The identifier function refers to the part of the trademark that informs consumers about product characteristics and, thus, enables them to take a rational decision about the product. It also allows trademark right holders to identify their goods and services.

The communicator function features in advertising, where trademarks are used as communicators, allowing advertisers to transport messages to consumers. Such messages are often unrelated to the goods and services covered by the trademark and are given extra credibility by trademarks as a symbol of trust.

---

4 Trademark doctrine refers to various trademark functions, which are protected by trademark rights. In this introduction, I will refer to three functions, which best describe the evolution in the use of trademarks: identification, communication, and the commodity function. In section 2.3.1, I will refer to the functions, which are commonly used in legal doctrine: the source identification function, the product distinction function, the quality or guarantee function and the advertising function.

5 See section 2.3.1.
INTRODUCTION

1.2.1.2 The Idiosyncrasy of Trademarks

Trademarks are signs and as such they can carry multiple meanings. The sign ‘Chiemsee’ may distinguish windsurfing products of one undertaking from those of other undertakings; it is, however, at the same time the name of the biggest lake in Germany. While ‘Barbie’ is the trademark for the most famous doll on the planet, it is also a symbol for a blonde submissive and slightly dumb girl. Most of these meanings are composed through social convention, i.e. they become accepted once a sufficient amount of people understand these signs to ‘signify’ a certain meaning. Trademark right holders can also use advertising to forge a distinctive meaning or to make a sign highly commercially attractive.

The term idiosyncrasy describes the fact that trademarks can simultaneously have multiple meanings, e.g. one or several commercial meanings, as well as a cultural, social or political one. While it is justifiable to grant exclusive rights to one specific trademark right holder over some of these meanings (i.e. primarily the distinctive meaning), in the case of other meanings it may be too much of a burden to exclude third parties, as they may need to use such meanings or as such exclusive rights may impair their freedom of expression.

Trademark law must thus make many precise differentiations between this multitude of idiosyncratic meanings, e.g. allowing only for distinctive signs to be registered, or allowing third parties to use trademarks in a descriptive sense (Chiemsee for products stemming from the area of the Chiemsee other than windsurfing products). Overall, trademark law does differentiate quite well between the different commercial meanings of trademarks. However, the analysis will show that it fails to sufficiently differentiate between commercial and social, political, or cultural meanings carried by one and the same sign.

1.2.1.3 Monologic and Dialogic Communication

In the area of communication which is not purely commercial, the conflict between trademark protection and freedom of expression is best characterised as a clash between two modes of communication, as right holders use trademarks in a mode that differs strongly from that linked to the foundations of freedom of expression: rights holders use trademarks in a monologic manner, whereas freedom of expression, ideally, strives to ensure a dialogical mode of communication. Although I have borrowed this distinction between monologic and dialogic communication from social scientists,\(^6\) I do not employ the exact definitions as used by them.\(^7\) Instead, I use the definitions in order to illuminate a deep-rooted underlying cause for the conflict between trademark rights and freedom of non-commercial expression.

Monologic communication, which is enforced by trademark rights against third parties, can be described in the following manner:

---

\(^6\) The distinction goes back to Mikhail Bakhtin, a Russian philosopher, who introduced the terms for the study of literature arguing that literature that referred to and discussed previous literature was dialogical, and literature that just posed an opinion was monologic. Bakhtin 1981 (orig. 1930s).

\(^7\) In social sciences, the opposition between monologue and dialogue focuses on the relationship that participants have towards each other. In monologue “Other persons are viewed as “things” to be exploited solely for the communicator’s self-serving purpose: they are not taken seriously as persons.” Dialogic communication, in contrast, is characterised by social scientists as a process, in which one party has respect for other parties and has a genuine interest in the views of the other. Johannesen et al. 2008, p.69.
“[M]onologue seeks to command, coerce, manipulate, conquer, dazzle, deceive, or exploit. [...] Choices are narrowed and consequences are obscured. Focus is on the communicator's message, not on the audience's real needs. The core values, goals, and policies espoused by the communicator are impervious to influence exerted by receivers. Audience feedback is used only to further the communicator's purpose. An honest response from a receiver is not wanted or is precluded.”

In this monologue, trademarks as identifiers and communicators are thrust towards the public to the end of making profit and trademark law grants right holders partial control over the meaning of their trademarks.

*Dialogic communication* that is linked to freedom of expression is a form of social dialogue, which may be harsh and offensive or it may contain untrue or not immediately useful statements; yet expressions are always viewed as part of an ongoing (social) dialogue. From the perspective of freedom of expression, a response to protected expression is implicitly wanted or desired, this being one of the main reasons for granting the freedom.

### 1.2.2 Trademarks as Identifiers

In an economy, in which free competition is seen as resulting in the maximisation of the general good, a proper and efficient process of communication between market participants is essential. The market mechanism of supply and demand only works properly if enterprises provide sufficient and clear information about their products and services, so that consumers can make rational choices based upon the information. In this process, trademarks fulfil an essential informative function: They enable the producer to inform the potential consumer of the availability and properties of goods and services and, at the same time, they enable the consumer to quickly recognise goods that bear a trademark, since it indicates to him the origin, i.e. a certain producer, and certain product properties.

In order to serve as identifiers, trademarks need to be reliable and stable. If everyone were allowed to use trademarks freely and without restrictions, consumers could not be sure that, for instance, a Coca Cola bottle has the same origin or source today as it did the day before. The taste could be entirely different or the bottle might even contain cassis or petrol. Consequently, consumers would need to spend considerable amounts of time identifying and comparing the goods and services they want to buy. Market communication and economic decision-making might thus become a timely, unreliable, expensive, intensely frustrating experience and highly inefficient endeavour. Therefore, trademark law needs to prohibit confusing uses of trademarks by other traders.

The sum of the benefits that trademarks as identifiers confer upon consumers is referred to as a reduction of ‘consumer search costs’. Because this reduction of

---

9 See generally Bröcher, Hoffmann & Sabel 2005; Gielen & Wichers Hoeth 1992, p. 4; McCarthy § 3.4.
10 The origin of the term ‘search costs’ is linked to *George Stigler*’s paper ‘The Economics of information’. Stigler 1961 In this paper, Stigler argued that advertising plays a key role in reducing consumer’s costs (e.g. time and risk) in searching for the products they wanted. This search cost rationale has been equally applied to trademark protection mainly by members of the Chicago school of economics. See e.g. Economides
consumer search costs is such a vital economic effect, it is in everyone’s interest that trademark law protects the identifier function of trademarks.

Traditionally, there was no conflict between this form of protection and freedom of expression, as this kind of restriction can be considered absolutely necessary in a democratic society. A major legal development in this respect has been the application of freedom of expression to commercial expression. As a result, third party traders may claim the freedom to use protected trademarks, e.g. in comparative lists in catalogues with spare parts, as a reference on exchange parts, or when using such trademarks descriptively. The rationale behind this sort of protection is that the information contained in advertising can be beneficial to recipients. Therefore, advertisers should, to a certain extent, be granted the freedom to inform the public. However, this rationale has been - and still is - subject to a lot of debate.11

This new freedom reaches the core area of trademark law, because it applies, in principle, to the identifier function of the trademark. Third party uses that are meant to inform consumers, such as the use of descriptive and generic signs, as well as use of trademarks in comparative advertising, for spare parts, on web-sites or as ad-words, may well be protected by this kind of freedom of expression.

The question may be raised of what room for this freedom is, or should be left next to the core system of trademark law, since it coincides largely with the more specific provisions in trademark law that reduce the negative effects of the protection of the identifier function of trademarks for third parties.

Freedom of commercial expression may, however, provide an instrument for refocusing on the interest of consumers to receive adequate information, which also underlies trademark law, when too much protection is granted to right holders and, consequently, the freedom of commercial expression of third parties is severely impaired.

1.2.3 A CHANGE IN ADVERTISING PARADIGMS: FROM IDENTIFIERS TO COMMUNICATORS

As hinted at in the introduction, the conflict between trademark protection and freedom of expression evolved because of a shift in advertising paradigms, which resulted in a shift in the way trademarks are used. In advertising, trademarks have come to play the key role of communicating messages to the public and of lending credibility to advertisements. Arguably, these messages are even consumed and utilised like commodities.

Marketing and advertising may be characterised as forms of monologic communication; consequently, trademarks are also used as monologic communicators in advertising. As such, they play an essential role in gaining and keeping consumers’ attention and trust and, ultimately, aim at inducing consumers to buy. Advertising thus seeks to control the behaviour of recipients or consumers. Amongst others, trademark rights help in protecting this kind of communication and, thus, ensure that right holders have undistorted access to consumers and the latter’s undivided attention. By contrast,


11 E.g. Shiner 2003 p. 3; Moon 1991, p. 128; see further below section 3.4.3.
freedom of expression seeks to ensure dialogic communication, which results in
dialogue or discussion, with the intention of bringing forth truth and the advancement of
society.

But how has that change in advertising paradigms been brought about? During the
1980s, advertisers came to understand that the individualised consumer was not looking
for goods that only factually fulfilled his needs and that had previously been directed at
the class of society to which he supposedly belonged. Instead, consumers were looking
for goods that identified and differentiated them as individuals. Advertising campaigns
started to place an increased focus on addressing the needs and desires of individual
consumers. Hence, new advertising techniques were introduced.

According to Hellmann, such new advertising must pass three important stages.13
First, the message needs to solicit the attention of potential consumers. However,
attention by itself does not suffice, as it must also to lead to action – described as
“folgenreiche Aufmerksamkeit” (i.e. attention that is of consequence). To that end,
advertising must, as a second step, transmit a message that needs to be understood by the
consumer. A good way to achieve this is if the consumer is able to recognise himself in
the message. At this stage, advertising taps into the cultural or emotional framework of
consumers, often using pre-existing powerful symbols or creating new icons, like the
Marlborough Man, Joe Camel, or Ronald McDonald, to communicate with the consumer
through a recognisable intermediary. In this process, advertising employs trademarks as
communicators.14 Trademarks are loaded with familiar associations from the actual world
consumers live in. This is facilitated by the fact that most signs, and certainly all symbols,
carry cultural associations, which are part of a “systematic ‘object-language’” within
which [every object] has a purposeful relationship to other objects”.15 The tendency of
some trademark right holders to choose signs that describe goods or services in a positive
manner or to choose signs that carry great symbolic value, such as signs that belong to a
society’s cultural heritage, fits in this paradigm. Next to such descriptive meanings,
trademarks are used to fabricate myths. Drescher explains that right holders can use an
“obsessing technique,”16 e.g. a big advertising campaign, to add new meaning to a sign.
If, in such a process, extensive reference is made to an existing cultural or social
connotations, a complex positive myth can be created. He defines a myth as “an
integrated complex of cultural relationships or cultural associations, which is present in a
product or in a sign” and an obsessing technique as the efforts of advertisers to ensure
that “a product name, its trademark, is highly charged with the desired associations.”

It does not, however, suffice that consumers recognise the messages carried by
trademarks as being part of the world they live in. As a third stage, advertising must
induce consumers to purchase goods and services. According to Hellmann, this will only

13 Ibid.
14 Gielen & Wichers Hoeth 1992, p. 4 and 18. Gielen and Wichers-Hoeth place great emphasis on this
communication function. Franzen & van den Berg 2001, p. 55, refers to a development towards the use of
trademark as tools for ‘psycho-social differentiation’ created by advertising.
16 Drescher has taken this term from Levi-Strauss’ account of a shaman’s incantation, where a scene is
described, in which a shaman helps a woman through a difficult labour with the help of wooden figures and
a mythical song. The song is used in such a way that in the mind of the woman myth and reality become
indistinguishable. Ibid., 307; Levi-Strauss 1963.
occur if the message carried by the trademark transmits a “Differenzerfahrung”, i.e. an experience of difference.\textsuperscript{17} Hence, many trademarked goods are not just offering the primary benefit that lies in the consumption of the product, but also the benefits that are connected to the ‘consumption’ of the trademark itself. In this way, trademarks are used to exert a major influence on what consumers think of a product. Drescher comments on this development:

“In order to make identical products attractive to different consumer groups, advertisers distinguished the products on the basis not of substance but of mythic appeal.”

Behavioural science explains how consumers can make use of the image value of trademarks. A person may strive, for instance, to achieve congruence between his self-image and the image of his self as viewed by others. If trademarks fit a desired self-image, the trademarked goods or services may be purchased in order to display publicly this self-image. They may also be purchased for reasons of self-realisation through the internalisation of the portrayed values.\textsuperscript{18}

The additional benefits that are offered by trademarks range from a ‘feel good’ effect to defining the consumer by providing a sense of identity, status, belonging, or social inclusion. Wearing sanitary towels, for instance, can make people ‘care-free’ and happy; Gucci sun-glasses give the wearer status and prestige, but in order to fit in with a group of surfers one must rather prefer Oakley shades.

Some argue that, by providing an additional ‘experience of difference’, trademarks themselves have moved from being communicators to becoming meta-goods or commodities.\textsuperscript{19} Indeed, consumers seem to purchase and ‘consume’ the communicative value or status of trademarks. If and to the extent that certain trademarks communicate status, success, or (sexual) appeal, many consumers may be induced to buy trademarked goods and services in part or mainly because of the additional value offered by the trademark. This additional value satisfies needs that may differ from the needs that are satisfied by the good or service covered by the trademark. Such additional value may also explain price differences between e.g. trademark and house-mark goods that differ only slightly in terms of all objective qualities.\textsuperscript{20}

The most important function of trademarks as communicators is that they lend credibility to otherwise openly manipulative advertising messages. Put differently, advertisement campaigns create attention that is needed to reach consumers, while trademarks are the key in binding consumers to products and services, as they appear trustworthy and tie in with recognisable frameworks. As such, trademarks have become a

\textsuperscript{17} Hellmann 2003, p. 253.
\textsuperscript{19} Economides 1988, p. 533, “[i]n perception advertising a desired mental image is added to the physical commodity. The consumer buys the advertised mental image together with the physical commodity, and in his mind the commodity bought contains both. The perceived features are consumed like all other features of the commodity.” Kozinski 1993, p. 961, “There's a growing tendency to use trademarks not just to identify products but also to enhance or adorn them, even to create new commodities altogether.” Ramello & Silva 2006, p. 946. Ramello 2006, p. 559; Bröcher, Hoffmann & Sabel 2005, p. 23 and 40; Hellmann 2003, p. 272, “Marke as Eigenwert der Werbung”.
key contributor to commercial success in many markets by moving from being mere identifiers to being communicators that transmit a recognisable and credible message to consumers.

With soaring advertising and marketing costs, right holders perceived the need to see their investments secured. This was partly made possible by trademark law, through protection against dilution and protection of the repute of trademarks. With strong pressure from the industry, positive trademark law and jurisprudence has expanded the scope of the trademark rights. European trademark law protects the communicator function by protecting the distinctive character and repute of trademarks against free-riding, blurring, and tarnishment.21

However, this kind of protection may conflict with the freedom of commercial expression of competitors wanting to inform consumers, e.g. by means of comparisons or referential use, as well as with the freedom of third parties who want to use trademarks as social, cultural or political communicators, e.g. in art, criticism, parody, or satire. It is here that the core conflict with freedom of expression, in the form of a conflict between monologic and dialogic communication, comes into play.

### 1.2.4 Emergence of a Political Dimension to the Conflict

Through several economic processes since the 1980s, a shift in power from national governments to multinational corporations has taken place. In Europe, many services that had formerly been provided by governments, e.g. those in the telecommunication, broadcasting or medical sectors, were privatised, in order to let market forces enhance efficiency and lower prices. During more or less the same period of time, the globalisation of international trade has allowed some multinational companies to expand and not just become major international economic forces, but to be able to gain substantial influence on political decision-making. Of course, this holds true only for a minority of companies; besides, companies wielding major political influence are no new phenomenon, as can be witnessed by examples during the eras of colonisation and of the industrial revolution. What is different today, though, is that democratic governance has evolved. At a minimum, governments are bound by the rule of law and human rights and they are accountable to the electorate. Citizens of democratic nations are used to a continuous dialogue with political power, often openly voicing their criticism. Freedom of expression protects this dialogic form of communication as one of its core purposes.

By contrast, powerful companies do not offer democratic channels of communication. Instead, they communicate in a monologic manner through developing monologic public relations strategies that aim at controlling what is said about them and their trademarks in public discourse. As a result, criticism cannot directly enter into their decision-making processes. Trademarks may, however, offer a powerful vehicle for criticism, because they identify the right holder exactly in the way he presents himself to the public.22 In other words, not the executives of right holder companies, but their trademarks represent their power. In addition, trademarks are major commercial assets. Using trademarks in criticism is efficient because it means attacking the symbol of trust and positive

---

21 For a definition of these concepts see section 2.2.3.2.
22 Klein 2000 provides one of most famous and elaborate accounts of the political power of trademarks.
perception that lies at the core of these assets. Such criticism has been popular with NGOs, as well as with angry consumers.\textsuperscript{23}

Many lawsuits arose following this sort of criticism. In these, right holders have invoked trademark law to fend off criticism, while defendants have invoked their freedom of expression.\textsuperscript{24} Trademark rights can thus have the effect of limiting political discourse in the realm of the governance of multinational companies.

What is more, trademarks and monologic communication strategies have come to play a role in political communication itself. The political establishment has started to copy the strategies of commercial communication and to employ trademarks strategically. Politicians, political parties, governments, and non-governmental organisations register their names and logos as trademarks.\textsuperscript{25} If the political establishment succeeded in protecting their ‘trademarks’ against damage to the repute, symbols of political ideas could be removed from public discourse. This potentially creates a major restriction of freedom of expression. Such cases are rare but do occur, as is shown by a Dutch case in which the government tried to prohibit Greenpeace from using a logo and a slogan from a campaign of the ministry for environmental affairs.\textsuperscript{26}

In sum, a tendency that could be characterised as the convergence of the commercial and the political sphere has added a political dimension to the conflict.

1.2.5 **Emergence of a Social and Cultural Dimension of the Conflict**

Subsequently, the conflict further intensified, as well-known trademarks, through the rise of consumerism, have come to play a linguistic, sociological, and cultural role. Consumerism means that the ‘citizens’ of the consumer society have, willingly or not, accepted and endorsed trademark use as communicators and as satisfiers of needs. Consumers accept the message they convey and use them to assuage their needs, including the signalling of status, mindsets or membership in groups. For instance, wearing Gucci sunglasses when amongst windsurfers may hinder membership and acceptance as much as wearing a Heineken shirt in a golf club.

In addition, trademarks have taken the place of symbols and ideas that represent group identity (such as flags) and can thus be used to create a sense of community. Some commentators even argue that, in a globalised world, trademarks may become key points of reference and may provide consumers a “Markenheimat”, a home made of trademarks.\textsuperscript{27} These social functions of trademarks are actively shaped and promoted by right holders through advertising.

Trademark law partly protects the social function of trademarks by granting right holders control over the distinctive character and repute of trademarks. The social

\textsuperscript{23}Ibid.; Werner & Weiss 2006 published a black book of trademarks to criticise policies of companies.

\textsuperscript{24}To name but a few: Rb. ’s-Gravenhage 21 June 2005 *InHolland v. Kaasjager*; OLG Hamm 18 February 2003 (www.castor.de); LG Düsseldorf 30 January 2002 (scheiss-t-online.de); Cour d’Appel de Paris 30 April 2003 (www.jeboycottdanaone.fr); Cour d’Appel de Paris 16 November 2005 (Enso); Cour de Cassation 8 April 2008 (Areva); Rb. Amsterdam 6 January 2005 *Milleudedefensie v. Super De Boer*.

\textsuperscript{25}In the Netherlands a number of political parties have registered their logo’s as trademarks, e.g. Benelux Trademark Registration no. 0801798 (logo of the socialist workers’ party PvDA); Benelux Trademark Registration no. 0575391 (logo of the liberals VVD).

\textsuperscript{26}Rb Amsterdam 22 December 2006 *The Netherlands v. Greenpeace*.

\textsuperscript{27}Hellmann 2003, p. 337.
function of trademarks, in turn, triggers criticism, satire, and parody, all of which are protected by freedom of expression.

As explained in section 1.1, some artists and home-artists creatively use and transform these trademarks and their messages into works of art. In addition, as the theory of dialogic democracy, which draws on elements of postmodernist theories, explains that trademarks themselves have become key elements of today’s culture. As Rosemary Coombe states:

“Goods are increasingly sold by harnessing symbols, and the proliferation of mass media imagery means that we increasingly occupy a “cultural” world of signs and signifiers that have no traditional meanings within social communities or organic traditions […]”

Postmodernists suggest that we address the “textual thickness and the visual density of everyday life” in societies saturated with commodified forms of cultural representation. Such images so pervasively permeate all dimensions of our quotidian lives that they are constitutive of the “cultures” in which most people in Western societies now live.”

Trademarks as ‘commodified forms of cultural representation’ are seen by postmodernists as taking on a key role in an ongoing process of ‘meaning-making’. In the eyes of postmodernists, the focus of cultural – as well as political and social – processes is the struggle over controlling, changing, or shifting the meaning contained in culturally important signs. With trademarks assuming such a cultural role for themselves, we enter into yet another new terrain full of possibilities for conflict between trademark law and freedom of expression.

1.2.6 CONFLICTS IN THE NEW MEDIA

The last important reason why the conflict between trademark protection and freedom of expression has intensified in recent years lies in the emergence of new media, such as the Internet. Traditional mass media favoured monologic communication, as they provided for a one-way form of communication, whereas the ability of individuals to interact in print, voice, and visual media was limited due to the high costs involved and the need to act through intermediaries. The new media, on the contrary, provide a low-cost, easily accessible, and multi-directional communication platform with potential for global reach. This favours dialogic communication and provides new opportunities for communication to right holders, competitors, and third parties alike.

In the field of commercial communication, the Internet, with its global reach, is providing an important platform for global marketing strategies. For these strategies to work, trademarks need to be protected in domain names and their use on web-sites other than those of right holders themselves needs to be controlled. However, competitors also have found new ways to employ the trademarks of others to attract attention to their own goods and services. This happens either openly or covertly by e.g. employing trademarks

29 On the cultural role of trademarks see further Coombe 1998; Scafidi 2005.
as meta-tags or ad-words in search engines. The increased possibilities for the use of trademarks on the Internet and the ensuing struggle for control against free third party use of trademarks has led to a surge in internet-related trademark litigation, in which old trademark concepts are transformed and bent so as enable application to the new communications reality. Again, the question in such cases is whether freedom of expression, which grants the right to use trademarks in commercial expressions in order to inform consumers, is disproportionately impaired.

Moreover, in the field of social, political, and cultural communication, the Internet provides a powerful platform for individuals and groups to criticise, express themselves artistically or to create parodies or satire. The capability of allowing people to participate in a discourse on an equal footing with the commercial or political establishment is why the Internet can be seen as a new platform for free social, cultural, and political discourse and production.30 An open Internet has the unique potential to advance individual self-direction and democratic self-governance, though it may be obvious that this feature of the Internet conflicts with strategies of communication that employ trademarks in monologic ways. Consequently, numerous legal disputes have arisen over the use of trademarks in domain names of critical sites and over the use of trademarks in the content of web-pages.31

1.3 RESEARCH QUESTION AND OUTLINE

Against the background of the conflict that I have sketched so far, I will examine whether trademark rights in the European legal order are compatible with the freedom of expression of third parties. The main question that will be examined in this book is:

Does the exercise of ‘European trademark rights’, i.e. the rights granted to right holders under the European Trademark Regulation and the national trademark rights harmonised by the European Trademark Directive, cause a disproportionate impairment of the freedom of expression of third parties as protected by Article 10 ECHR?

At its core, this question comes down to a requirement that trademark rights be adequately balanced with the freedom of expression of third parties, implying that the justified interests behind these rights are balanced. Hence, in order to answer the research question, I need to, first, examine the justified interests protected by trademark rights and by freedom of expression. I will do this in chapter 2 with respect to trademark rights and in chapter 3 with respect to freedom of expression of third parties.

30 To name but a few authors from the realm of legal scholars: Lessig 2004, focusing on a cultural change brought about by the Internet; Benkler 2006, stressing the potentials of the Internet for new forms of ‘networked production’; Elkin-Koren 1995; Elkin-Koren 1996.
In chapter 2, I will examine European trademark law, and, in particular, the national trademark rights harmonised by the European Trademark Directive (“TMDir”) and the largely identical trademark rights contained in the European Trademark Regulation (“TMReg”), in light of its rationales. The sub-question of the research question that shall be answered in chapter 2 is:

In view of the need for balancing trademark rights and the justified interests behind them with freedom of expression, what are the rationales that justify trademark rights and are ‘European trademark rights’ justified by these rationales?

The chapter is based on one of the most essential premisses of distributive justice, i.e. that property and exclusive rights are not self-explanatory, but that they rather need to be justified by one or more rationales, since they exclude third parties from various forms of use of goods, or, as is the case with trademarks, from providing information and from communicating in general. Trademark jurisprudence and doctrine rely to a great degree on the definition of a number of legally relevant trademark functions, which need to be protected by trademark law. In discussing these functions, I will show that the ‘functional approach’ taken in jurisprudence and doctrine is deficient, as it does not pay sufficient attention to the ratio behind the need for protection. I will therefore examine the theories that, in my opinion, provide more appropriate rationales for the protection of trademark rights, i.e. economic rationales, such as the search cost rationale and the dynamic efficiency rationale, and ethical or fairness based rationales, such as rationales related to unfair competition or the labour rationale of John Locke. Subsequently, I will examine whether European trademark rights are justified by these rationales. In this analysis, it will be become clear that European trademark rights are not fully justified by the economic and ethical or fairness-based rationales and, moreover, that European trademark rights and the jurisprudence pertaining to them does not take account of the fact that trademark rights can restrict the freedom of expression of third parties.

In Chapter 3, I will examine the following sub-question of the research question:

Can or must freedom of expression, as granted under Article 10 ECHR, serve as a limitation to trademark rights and, if so, what level of protection would it grant to third parties?

In answering the first part of the question, I will examine the obligations created by Article 10 ECHR and other norms protecting freedom of expression. The analysis will show that Article 10 ECHR, as well as Article 5 of the German Grundgesetz, create the obligation to ensure that the exercise of trademark rights does not violate the freedom of expression of third parties. Accordingly, Article 10 ECHR and Article 5 GG, which normally apply only vertically (i.e. in the relationship between state and the individual), have an indirect horizontal effect in conflicts between private individuals, such a trademark right holder and a third (private) party using the trademark. I will argue that this obligation under Article 10 ECHR should be met at several levels, i.e. by legislators, courts and trademark registering authorities, in legislating and interpreting the law in a manner that the exercise of trademark rights causes no disproportionate limitation of freedom of expression.

In order to determine the level of protection of freedom of expression of third parties when using a protected trademark, I need to, first, examine the rationales for freedom of
expression, as they justify freedom of expression and are essential tools in interpreting its scope in a particular case. In these rationales, a dividing line can be discerned between non-commercial expression and commercial expression. This line is also present in freedom of expression jurisprudence. The classic rationales of freedom of non-commercial expression, i.e. the argument of discovering truth, the democracy rationale and the self-fulfilment rationale, support a general freedom of expression on matters of public interest or artistic expression even when it is oppositional, presents minority views, shocks or causes a degree of harm. They do, however, not specifically explain why freedom of expression of a third party may include the freedom to use a particular registered trademark. I have located this more specific rationale in the theory of dialogic democracy as articulated by e.g. Rosemary Coombe, which explains that society is involved in a constant cultural, social, and political struggle about meaning and that the signs (including trademarks) carrying this meaning are the key elements in this struggle. In this respect, also the theory of ‘bricolage’ explains that the particular choice to use a sign in art is an integral part of the expression itself. While these theories draw on descriptive elements of postmodernist theories, they also deliver a convincing normative argument in support of freedom of expression with respect to the use and choice of particular signs (including trademarks) in expression of a social, cultural, and political character.

The rationale for the protection of freedom of commercial expression, including the freedom of third parties to use trademarks in certain cases, is based on the positive effects of commercial expression for a citizen in today’s society. It is a freedom to provide information to (potential) consumers. Since commercial expression can also cause direct and clearly negative effects (e.g. when it is misleading, or about harmful products such as cigarettes) the rationale allows for more leniency in restricting freedom of commercial expression and, consequently, that freedom is of lesser strength than freedom of non-commercial expression.

After examining the rationales for freedom of expression of third parties to use trademarks, I will examine the jurisprudence of the European Court of Human Rights (‘ECHR’) and national courts with respect to freedom of non-commercial and commercial expression, exploring the varying strength of the protection granted. In particular, I will analyse the jurisprudence that grants stronger protection to expression about public figures, since it may be possible that analogous arguments be applied to those trademarks that are of such social, cultural, or political importance and that they have retained the status of ‘public symbols’. I will further focus on the treatment of artistic expression, the treatment of expression that contains both commercial and non-commercial elements (i.e. mixed expression), the treatment of purely commercial expression and the question of whether chilling effects caused by procedural requirements resulting in inequalities between litigants or by the severity of sanctions could, by themselves, amount to a disproportionate impairment of freedom of expression.

In chapter 4 and 5, I will examine two stages of balancing rights and interests in the actual conflict between trademark rights and the freedom of expression of third parties. Chapter 4 deals with the first stage, the balancing of the provision regulating the grant and revocation of trademark rights with the freedom of expression third parties; chapter 5 deals with the second stage, the balancing of the scope of protection of trademark rights with the freedom of expression of third parties.
Chapter 4 draws on one of the conclusions of chapter 3, i.e. that the protection of freedom of expression is best realised and the least chilling effects are caused, if trademark law internalises the necessary balancing with freedom of expression. This can and should be done by drafting and interpreting trademark law in such a manner that the exercise of trademark rights will cause no disproportionate limitations on freedom of expression. In chapter 4, I focus on registering authorities and courts who grant, invalidate, or revoke trademark rights, under the grounds for refusal, invalidity and revocation contained in the TMDir and TMReg. They can interpret the ‘open’ criteria in these grounds (i.e. the criteria that allow for open interpretation) in a manner that causes no disproportionate restriction to the freedom of expression of third parties. To do so, the grant and revocation of trademark rights, under the grounds for refusal, invalidity and revocation, should thus be weighed against a public interest that represents the freedom of expression of the potentially affected parties. That public interest has two aspects, the first being connected to the freedom of commercial expression of third party traders to use trademarks in a descriptive or otherwise informative manner in order to inform consumers about their own goods and services. The second aspect relates to trademark rights in signs of high social, cultural, or political value for expressive goods or services, e.g. a trademark right in the name Elvis Presley for the organisation of festivals, shows, or merchandise may grant the right holder such far-reaching control over the representation of the idol ‘Elvis’ in the public sphere, that such a trademark right may impair the freedom of expression of third parties and it may impair expressive diversity of society at large.

The sub-question to the research question that I will examine in Chapter 4 is thus:

Can the existing grounds for refusal, invalidity and revocation as defined by European trademark law and jurisprudence be interpreted in a manner to ensure that no trademark rights come into or are in existence, whose exercise would very likely cause a disproportionate impairment of freedom of expression?

In the analysis, I specifically will focus on the (open) interpretation of the grounds for refusal of trademark registration of descriptiveness, customariness, non-distinctiveness, bad faith and public policy and I will examine the ground for revocation for trademarks that have become a common name in trade. According to the ECJ, each of these grounds for refusal or revocation protects a specific public interest. While none of these interests is that of freedom of expression of third parties, it will become apparent that the grounds of refusal and revocation have the effect to protect, to some extent, both aspects of the public interest stemming from the freedom of expression of third parties. However, as certain elements of the public interest stemming from freedom of expression may not be sufficiently protected, I will examine whether the grounds for refusal and revocation can be interpreted in a manner that permits rectifying any (potential) impairment of the public interest.

In chapter 5, I will examine the second stage of balancing, i.e. the balancing of the scope of trademark rights with the freedom of commercial and non-commercial expression of third parties. The sub question of the research question that I will examine in chapter 5 is:

Can the criteria defining the scope of trademark rights as set by European trademark law, i.e. the constitutive criteria as well as the limitations, be interpreted
in a manner to ensure that the exercise of trademark rights will not cause a disproportionate impairment of freedom of expression?

In answering this question, I will analyse those constitutive criteria of the scope of trademark rights as well as limitations that can be interpreted in such a manner as to allow for balancing with freedom of expression. In particular, I will examine the criterion of ‘use in the course of trade’, which is supposed to limit the scope of trademark rights to the commercial sphere, the interpretation of the absolute protection of trademarks against the use of identical signs on identical goods, as well as that of the prohibition against confusing use. Furthermore, I will analyse in detail criteria relating to the right to prohibit trademark use that affects the distinctive character or repute of trademarks. A major part of this analysis is dedicated to examining the room for balancing trademark rights with freedom of expression under the limitations to that provision.

Finally, I will summarise the analysis in chapter 6 and I will present the most important recommendations to legislators and courts. In particular, I will indicate to legislators, in which areas of trademark law legislative action should be taken, and I will make recommendations for a number of limitations to trademark law that should aid legislators in drafting concrete amendments. Moreover, I will indicate possibilities to interpret present trademark law in line with Article 10 ECHR in the absence of action taken by the legislator.

1.4 LIMITATION OF THE SUBJECT-MATTER

As is the case with any research project, I have been forced by constraints of both time and space to limit my research. For one, this research has been finalised in September 2009 and no jurisprudence after that date has been considered. Moreover, I chose to focus my analysis on a certain number of problems in the relationship between trademark rights and freedom of expression and I am painfully aware that this book may leave some questions unanswered. With a view to managing the expectations of my reader, I want, in particular, to address two areas that I have excluded from the scope of this research.

First, I will not examine the question of whether the rules of trademark law may limit the freedom of expression of a prospective trademark rights holder himself. Instead, the focus of this research is on exploring the conflict between trademark holders’ rights and the free expression rights of third parties who may want to use the former’s trademarks.

It has been argued that this freedom of the trademark right holder may be impaired in particular where certain signs are not registerable as trademarks, e.g. because they belong to the sphere of government (such as flags) or they are considered to be against public policy or generally accepted principles of morality (such as offensive trademarks). A (potential) trademark right holder may invoke freedom of expression to justify his claim to register, or keep registered, a particular sign as a trademark. A good example is the case of the Washington Redskins, an American football team, whose trademark registration was cancelled after a lawsuit by four United States Associations of Native

32 Van Woensel 2007, p. 322.
Americans over the use of the diminutive term Redskins.\textsuperscript{33} In such cases, courts have been called upon to consider whether the freedom of expression of a trademark right holder may have been impaired.\textsuperscript{34} Moreover, it has been argued that the right to protect the distinctiveness or repute of trademarks may also follow from the freedom of expression of right holders, which should shield their goods or services from unwanted associations.\textsuperscript{35}

In my opinion, there is a severe dogmatic problem when assuming that the grant, refusal or limitation of trademark rights may impair the freedom of expression of the relevant trademark right holder. First, a (potential) trademark right holder always remains free to use a sign in trade, as he does not need a trademark right in order to use the sign. Second, and most importantly, however, trademark rights grant a right holder the exclusive right to prevent third parties from using a sign, which is the antithesis of freedom of expression, which grants a right to non-exclusive use of a sign in order to e.g. inform consumers. Not being granted such a right to prevent can never affect the freedom of expression of a right holder. Therefore, I will not deal with this alleged freedom of expression of trademark right holders.

Second, as this book follows the internal structure of trademark law, it does not contain separate thematic sections on conflicts involving domain names or ad-words. Cases involving domain names or ad-words are, however, discussed in the sections that deal with interpretation of the criteria defining the scope of trademark rights, e.g. the criterion of ‘use in the course of trade’ (section 5.2), the discussion of the likelihood of confusion (section 5.3) or the section dealing with the criticism of individuals (section 5.5.3.4).

Third, it is beyond the scope of the research to deal with the problem of cumulative application in intellectual property laws. In some countries, copyright law can be applied cumulatively to trademark law for slogans or logos that possess some degree of originality. However, the different nature of and rationale behind copyright law requires thorough study that can only be, and already has been, done in separate research.\textsuperscript{36}

1.5 A Comparative Perspective

As both the area of trademark law and that of freedom of expression are codified at the international (European) level, the main focus of this research will be on the analysis of norms and jurisprudence of the European Court of Justice and the Court of First Instance, as well as of the European Court of Human Rights.

However, since the harmonised norms at an international or rather European level have been transposed into national laws, they have thus become part of an ongoing process of interpretation, in which existing the legal traditions still can play a decisive

\textsuperscript{34} Hof Amsterdam 30 November 2006 (‘Shiva’).
\textsuperscript{35} Spence 2008.
role. It is therefore essential to consider European trademark law and freedom of expression in their national contexts and applications.

Since I deem it not necessary to discuss national norms, jurisprudence, and doctrine in separate national chapters, I will use these sources in thematic chapters that follow the line of the main argument. In this context, I have chosen to examine the norms and jurisprudence of two European jurisdictions, those of Germany and the Netherlands. In addition, I will, by way of a brief and selective comparison, also refer to cases from other European jurisdictions and to federal United States trademark law and jurisprudence.

I have selected Germany because its jurisprudence in cases concerning freedom of expression and trademark rights is rich, legal doctrine is well developed and German law has been influential in Europe both concerning trademark rights and concerning freedom of expression. Moreover, legal doctrine on constitutional rights such as freedom of expression, their place in society and their application to subjective rights of private law, such as trademark rights, offers valuable insights into the possible manners of achieving a balance.

Dutch trademark law, which is part of Benelux trademark law, has also been very influential in shaping the harmonisation process of European trademark rights. The particularly broad scope of Benelux trademark rights is more problematic with regard to freedom of expression, which makes for an interesting bias in balancing the interests in the question of trademarks versus freedom of expression.

I chose a selective comparison with United States law, because trademark law in the United States, while being very similar to European trademark law, puts a greater focus on freedom of competition and offers a range of valuable balancing solutions, in the form of fair use exceptions. Furthermore, in the US, the problematic relationship between trademark law and freedom of expression has been the subject of continuous and extensive doctrinal debate.