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## Fashion Upcycling as Protected Free Speech in Trademark Law

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## FASHION UPCYCLING AS PROTECTED FREE SPEECH IN TRADEMARK LAW

*Martin Senftleben\**

*Fashion upcycling offers unprecedented opportunities for the sustainable reuse of clothing. Using second-hand garments as raw material for new creations, upcyclers transform used pieces of clothing into new fashion products that may become even more sought-after than the original source material. The more fashion elements enjoy trademark protection; however, the more legal obstacles arise. Fashion upcycling may trigger allegations of consumer confusion, brand dilution, and unfair freeriding. As the Introduction will explain, the exhaustion of trademark rights after the first sale does not necessarily dispel concerns about trademark infringement. The rearrangement of branded garment components in the upcycling process may render the first sale doctrine inapplicable and give the trademark proprietor ammunition to oppose the resale. Against this background, the analysis explores other strategies to assure fashion upcyclers that, as long as they do not specifically aim at misleading consumers or damaging and exploiting protected brand insignia, they can rework trademarked fashion items without risking the verdict of infringement. To lay groundwork for this approach, Section I focuses on trademark theory that stresses the need to develop a specific set of rules capable of shielding the expressive use of trademarks against allegations of trademark infringement. In the light of cultural sciences, Section II demonstrates that fashion upcycling constitutes a specific form of artistic speech – and a specific form of expressive trademark use – that has particular societal value in the current environmental crisis. It offers a vision of alternative, more sustainable production and consumption patterns.*

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*Therefore, fashion upcycling should benefit from breathing space for free speech in trademark law. Taking this insight as a starting point, Section III discusses two avenues for supporting fashion upcycling in trademark contexts: first, the option of adopting a strict test of use as a trademark that could immunize sustainable fashion reuse from allegations of trademark infringement on the ground that consumers will understand the specific reuse context and perceive third-party trademarks on circular economy products as mere decorative elements. Second, the option of strengthening defenses, in particular the referential use defense, by developing labelling guidelines that allow upcyclers to ensure compliance with the requirement of honest practices in industrial or commercial matters. The Conclusion offers concluding remarks. The EU trademark system – the Trade Mark Regulation (“EUTMR”) and the Trade Mark Directive (“TMD”) – will serve as a reference point for the discussion.<sup>1</sup>*

INTRODUCTION.....	351
I. FREE SPEECH VALUES IN TRADEMARK LAW.....	357
II. HARBINGER OF NEW PRODUCTION AND CONSUMPTION PATTERNS	361
III. DEVELOPING DEFENSES FOR FASHION UPCYCLING .....	366
A. Gatekeeper Requirement of Use as Mark .....	368
B. Referential use Defense.....	375
CONCLUSION .....	386

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<sup>1</sup> Regulation 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union Trade Mark, 2017 O. J. (L 154) 1; Directive 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, 2015 O. J. (L 336) 1.

## INTRODUCTION

With rapid product cycles—new collections each season – the fashion industry produces a highly problematic fashion garbage heap every year.<sup>2</sup> Circular economy projects seeking to produce “new” garments by reworking second-hand and unsold fashion items have particular societal value against this background. Fashion upcycling – the act of “recycl[ing] (something) in such a way that the resulting product is of a higher value than the original item”<sup>3</sup> – is a central element of new production strategies seeking to reduce fashion waste. The transformation of pre-existing source materials, such as second-hand clothing, lies at the core of upcycling initiatives.<sup>4</sup> As it leads to the creation of an object of greater value from discarded objects,<sup>5</sup> fashion upcycling offers unprecedented opportunities for the sustainable reuse of clothing.<sup>6</sup>

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<sup>2</sup> Ashly Riches, *The Fashion Industry Is Not as “Green” as It Would Like You to Believe*, 33 DUKE ENV’T. L. & POLICY FORUM 83, 84 (2023); Arielle Elia, *Fashion’s Destruction of Unsold Goods: Responsible Solutions for an Environmentally Conscious Future*, 30 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 539, 541-51 (2020); Elisha Teibel, *Waste Size: The Skinny On The Environmental Costs Of The Fashion Industry*, 43 WM. & MARY ENVTL. L. & POL’Y REV. 595, 597-98 (2019).

<sup>3</sup> See *Upcycle*, MERRIAM WEBSTER, <https://www.merriam-webster.com/dictionary/upcycle> (last visited Apr. 25, 2024).

<sup>4</sup> See Jolie Brett Schenerman, *One Consumer’s Trash Is Another’s Treasure: Upcycling’s Place in Trademark Law*, 38 CARDOZO ARTS & ENM’T. L. J. 745, 755-62 (2020) (For a detailed description of different upcycling practices); Nina Q. Dorenbosch, *Upcycling – op het snijvlak van duurzaamheid en intellectuele eigendom [Upcycling – at the intersection of sustainability and intellectual property]*, 38 INTELLECTUELE EIGENDOM EN RECLAMERECHT 147, 147 (2022); Taina Pihlajarinne, *Repairing and Re-Using From an Exclusive Rights Perspective – Towards Sustainable Lifespan as Part of a New Normal?* 81, 92-94 (U. of Helsinki, Legal Studies Research Paper No. 61, 2020); Andie Bain, *“DANK” Customs, Bootlegs, and Reworked Pieces: for an expressive use defence of secondary trademark works*, 23 J. OF WORLD INTELL. PROP. 375, 383-84 (2020).

<sup>5</sup> See *upcycle*, *supra* note 3; Dorenbosch, *supra* note 4, at 147; Martin R.F. Senftleben, *Robustness Check: Evaluating and Strengthening Artistic Use Defences in EU Trademark Law*, 53 INT’L REV. OF INTELL. PROP. & COMPETITION L. 567, 572 (2022); Bain, *supra* note 4, at 383; Anthony M. Keats, *Trendy Product Upcycling: Permissible Recycling or Impermissible Commercial Hitchhiking?*, 110 TRADEMARK REP. 712, 712 (2020); Teibel, *supra* note 2, at 624-25.

<sup>6</sup> Elia, *supra* note 2, at 576-77; see also Schenerman, *supra* note 4, at 755-62.

Evidently, fashion upcycling has particular relevance in the light of the current environmental crisis and the urgent need for more sustainable modes of production. Trademark protection of brand insignia displayed on fashion items, however, can pose particular difficulties. The more individual fashion elements and garment components enjoy trademark protection, the more legal obstacles arise. Sustainable reuse may trigger allegations of consumer confusion and unfair freeriding when fashion elements bearing third-party trademarks remain visible on “new” circular economy products made of fashion waste.<sup>7</sup> In the EU, fashion upcyclers may be exposed to confusion and dilution claims that cannot be dismissed as evidently unfounded from the outset. The trademark owner can establish *prima facie* infringement by arguing that the display of brand insignia on circular economy products is confusing because it indicates a commercial connection with the trademark owner.<sup>8</sup> A confusion claim may also be based on post-sale confusion. Even if the true commercial origin is clearly indicated at the point of sale, the trademark owner may argue that confusion may arise once the purchaser leaves the store. The public seeing the goods outside may misinterpret third-party trademarks as indications of commercial source.<sup>9</sup> The trademark proprietor may also argue that use on circular economy products constitutes unfair freeriding because it exploits the positive image evoked by the third-party brand.<sup>10</sup> In the case of marks with a

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<sup>7</sup> Martin R.F. Senftleben, *Fashion Upcycling and Trademark Infringement – A Circular Economy/Freedom of the Arts Approach*, in *FASHION AND INTELLECTUAL PROPERTY LAW* (David Tan ed., forthcoming 2024).

<sup>8</sup> CJEU, 10 April 2008, case C-102/07, *Adidas/Marca*, para. 30-34. Anna Tischner & Katarzyna Stasiuk, *Spare Parts, Repairs, Trade Marks and Consumer Understanding*, 54 INT'L REV. OF INTELL. PROP. & COMPETITION L. 26, 35-36 (2023) (As to the broad concept of confusion in modern trademark law); Dorenbosch, *supra* note 4, 148-49; Keats, *supra* note 5, 713-14, 718-19; Mark A. Lemley & Mark P. McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413, 414-22 (2010).

<sup>9</sup> Case C-206/01, *Arsenal Football Club v. Matthew Reed*, 2002 E.C.R. ¶ 57; Dorenbosch, *supra* note 4, at 148-49; Schenerman, *supra* note 4, 766-67, 778-79; ANNETTE KUR & MARTIN R.F. SENFTLEBEN, *EUROPEAN TRADE MARK LAW – A COMMENTARY*, 5.13.1-5.1.4.6 (2017).

<sup>10</sup> Case C-487/07, *L'Oréal v. Bellure* ECLI:EU:C:2009:70 ¶ 49; Tischner & Stasiuk, *supra* note 8, at 26; Keats, *supra* note 5, at 719-20.

reputation,<sup>11</sup> this line of argument seems promising. In *L'Oréal/Bellure*, the Court of Justice of the European Union (“CJEU”) confirmed that, in contrast to blurring and tarnishment, the freeriding branch of the EU dilution doctrine does not require proof of damage<sup>12</sup> – in the sense of providing evidence of a change in the economic behavior of the average consumer.<sup>13</sup> By contrast, trademark protection already becomes available:

where a third party attempts, through the use of a sign similar to a mark with a reputation, to ride on the coattails of that mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark, the advantage resulting from such use must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark.<sup>14</sup>

By setting a low standard for the taking of unfair advantage, the Court thus creates a protection avenue that can be used when a showing of detriment is impossible. A brand owner who does not succeed in providing “evidence of a change in the economic behavior of the average consumer” can insist on the taking of unfair advantage instead. For this alternative basis of the infringement claim, the trademark proprietor merely has to argue that the fashion upcycler attempts to ride on the coattails of the mark with a reputation.

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<sup>11</sup> 2017 O.J. (L 154) art. 9(2)(c); 2015 O.J. (L 336) art. 10(2)(c); Martin R.F. Senftleben, *The Trademark Tower of Babel – Dilution Concepts in International, US, and EC Trademark Law*, 40 INT’L REV. OF INTELL. PROP. & COMPETITION L. 45, 50-55 (2009).

<sup>12</sup> *L’Oréal*, C-487/07 ¶ 49.

<sup>13</sup> Case C-252/07, *Intel Corp. v. CPM United Kingdom Ltd.* ECLI:EU:C:2008:370 ¶ 77; Case T-570/10, *Env’t Mfg. LLP v. Off. for Harmonisation in the Internal Mkt.* ECLI:EU:T:2012:250 ¶ 37, 43.

<sup>14</sup> *L’Oréal*, C-487/07 ¶ 49.

EU trademark law also shows how existing defenses against trademark infringement can be deprived of their potential to create reliable breathing space for sustainable reuse. Considering the specific context in which upcycling takes place – the reuse of fashion items that have previously been sold with the consent of the trademark proprietor – the exhaustion of trademark rights after the first sale immediately comes to mind.<sup>15</sup> Evidently, it is tempting to jump to the conclusion that the use of second-hand clothes in the circular economy does not amount to trademark infringement because of exhaustion. The crux, however, lies in the focus on the resale of goods in the specific form in which they have been marketed by the trademark owner. Changes can render the exhaustion doctrine inapplicable.<sup>16</sup> More specifically, Article 15(2) TMD and Article 15(2) EUTMR stipulate that exhaustion shall not occur:

where there exist legitimate reasons for the proprietor to oppose further commercialization of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.<sup>17</sup>

This configuration of the exhaustion rule in the EU renders the doctrine inapplicable in many fashion upcycling scenarios. Changes to the goods – the transformation of pre-existing source material – are inherent in the concept of “upcycling.” As a result, trademark proprietors will often have the opportunity to rebut exhaustion arguments by pointing out that the condition of the goods has been changed or that elements of the original goods have become part of new and different, upcycled goods.<sup>18</sup>

These counterarguments need not always have success. As indicated above, the EU exhaustion rule requires that the trademark proprietor have a “legitimate reason” for opposing the further

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<sup>15</sup> Council Regulation 2017/1001, art. 15(1), 2017 O.J. (L 154) 1 (EU).

<sup>16</sup> Dorenbosch, *supra* note 4, at 148.

<sup>17</sup> Council Regulation 2017/1001, art. 15(2), 2017 O.J. (L 154) 1 (EU).

<sup>18</sup> Dorenbosch, *supra* note 4, at 148-49; Annette Kur, ‘As Good as New’ – Sale of Repaired or Refurbished Goods: Commendable Practice or Trade Mark Infringement?, 70 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONAL 228, 232-33 (2021); Keats, *supra* note 5, at 715-16.



commercialization of the goods after the first sale. Considering the societal interest in a circular economy, it is conceivable to declare arguments based on the change/transformation of goods illegitimate from the outset unless the trademark proprietor manages to substantiate an unusual necessity to oppose the commercialization of products containing reworked brand insignia. For instance, the trademark proprietor could be obliged to produce evidence of use that deliberately aims at misleading consumers, damaging the mark, denigrating the business of the trademark proprietor etc.<sup>19</sup> This approach could be based on Article 37 of the EU Charter of Fundamental Rights (“CFR”)<sup>20</sup> and the European Commission’s Circular Economy Action Plan.<sup>21</sup> Article 37 CFR explicitly recognizes the importance of environmental protection projects:

[a] high level of environmental protection and the improvement of the quality of the environment must be integrated into the policies of the Union and ensured in accordance with the principle of sustainable development.<sup>22</sup>

Additional support for sustainable fashion reuse follows from the Circular Economy Action Plan<sup>23</sup> which the European Commission adopted in 2020 as a pillar of the European Green Deal – Europe’s agenda for sustainable growth.<sup>24</sup> The Action Plan seeks to make the EU economy fit for a green future, strengthen its competitiveness whilst protecting the environment, and give new rights to consumers. An

<sup>19</sup> Case C-228/03, *The Gillette Co. & Gillette Grp. Fin. Oy v. LA-Lab’y Ltd Oy*. ECLI:EU:C:2004:786.

<sup>20</sup> Charter of Fundamental Rights of the European Union, Feb. 18, 2000, 2000 O.J. (C 364) 1.

<sup>21</sup> European Commission, *A new Circular Economy Action Plan For a cleaner and more competitive Europe*, at 7-9, COM (2020) 98 final (Mar. 11, 2020); Tischner & Stasiuk, *supra* note 8, at 28; Charlotte Vrendenbarg, *IE en de circulaire economie: stimulans of obstakel? [IP and the circular economy: incentive or obstacle?]*, 14 DUTCH JURISTENBLAD, 971, 971-72 (2023); European Commission, *The European Green Deal*, COM (2019) 640 final (Dec. 11, 2019).

<sup>22</sup> Charter of Fundamental Rights of the European Union, 2012 O.J. (C 326) 403.

<sup>23</sup> *See generally* A new Circular Economy Action Plan For a cleaner and more competitive Europe, COM (2020) 98 final (Nov. 3, 2020).

<sup>24</sup> *See generally* The European Green Deal, COM (2019) 640 final (Nov. 12, 2019).

important element of the Action Plan is the objective to establish a legal framework that makes product policies more sustainable, in particular by enhancing the sustainability and repairability of goods in the European market.<sup>25</sup>

Nonetheless, doubts about the robustness of this solution remain. Even if particular importance is attached to the objective of protecting the environment and supporting sustainable development, it must not be overlooked that the protection of intellectual property also enjoys protection under the EU Charter of Fundamental Rights. Article 17(2) CFR explicitly offers protection for intellectual property rights under the umbrella of the right to property.<sup>26</sup> The environmental protection clause in Article 37 CFR, thus, does not constitute a *carte blanche* for overriding trademark rules. By contrast, it follows from Article 52(1) CFR that limitations of the trademark proprietor's right to property are subject to the principle of proportionality. While Article 37 CFR shows clearly that environmental protection constitutes an objective of general interest in the EU, this interest must be weighed against the trademark proprietor's interest in trademark protection and the broader societal interest in a well-functioning trademark system.<sup>27</sup> According to the above-described rules of EU trademark law, a change in the condition of branded goods is a standard scenario in which the trademark proprietor has the opportunity to oppose the resale of goods on the basis of the exhaustion doctrine. While the societal goal of environmental protection and sustainable development supports the position of fashion re-users in trademark infringement procedures, it is unclear whether this overarching

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<sup>25</sup> European Commission, *supra* note 21, at 7-9; Tischner & Stasiuk, *supra* note 8, at 28; Vrendenburg, *supra* note 21, at 971-72.

<sup>26</sup> See Jonathan Griffiths & Luke McDonagh, *Fundamental rights and European IP law – the case of art 17(2) of the EU Charter*, in CONSTRUCTING EUROPEAN INTELLECTUAL PROPERTY: ACHIEVEMENTS AND NEW PERSPECTIVES (for a more detailed discussion of this provision); see also Christophe Geiger, *Intellectual Property shall be protected!? Article 17(2) of the Charter of Fundamental Rights of the European Union: a Mysterious Provision with an Unclear Scope*, 3 EUR. INTELL. PROP. REV. 113 (2009).

<sup>27</sup> See KUR & SENFTLEBEN, *supra* note 9, ¶1.06-1.15 (providing an overview of the rationales of trademark protection).

objective, which has found its way into Article 37 CFR, will allow fashion upcyclers to prevail in infringement cases.<sup>28</sup>

#### I. FREE SPEECH VALUES IN TRADEMARK LAW

Considering the described legal uncertainty surrounding defense arguments based on the exhaustion of trademark rights, it is important to look beyond the exhaustion rule and assess the potential of other arguments that may shield fashion upcyclers more reliably against allegations of trademark infringement.

As the discussion on reconciling trademark protection with freedom of expression shows,<sup>29</sup> free speech arguments may offer a

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<sup>28</sup> Bain, *supra* note 4, at 402-03.

<sup>29</sup> As to the vivid debate on balancing trademark protection and free speech values on both sides of the Atlantic, see Michael Bohaczewski, *Conflicts Between Trade Mark Rights and Freedom of Expression Under EU Trade Mark Law: Reality or Illusion?*, 51 INT'L REV. OF INTELL. PROP. & COMPETITION L. 856 (2020); Lukaz Zelechowski, *Invoking Freedom of Expression and Freedom of Competition in Trade Mark Infringement Disputes: Legal Mechanisms for Striking Balance*, 19 ERA F. 115 (2018); Robert Burrell & Dev Gangjee, *Trade Marks and Freedom of Expression: A Call for Caution*, 41 INT'L REV. INTELL. PROP. & COMPETITION L. 544 (2010); Stacey Dogan, *Bullying and Opportunism in Trademark and Right-of-Publicity Law*, 98 BOS. UNIV. L. REV. 1293 (2016); Christophe Geiger, *Trade Marks and Freedom of Expression – The Proportionality of Criticism*, 38 INT'L REV. INTELL. PROP. & COMPETITION L. 317 (2007); Pratheepan Gulasekaram, *Policing the Border between Trademarks and Free Speech: Protecting Unauthorized Trademark Use in Expressive Works*, 80 WASH. L. REV. 887 (2005); Jesse A. Hofrichter, *Tool of the Trademark: Brand Criticism and Free Speech Problems with the Trademark Dilution Revision Act of 2006*, 28 CARDOZO L. REV. 1923 (2007); Sabine Jacques, *A Parody Exception – Why Trade Mark Owners Should Get the Joke*, 38 EUR. INTELL. PROP. REV. 471 (2016); Pierre N. Leval, *Trademark: Champion of Free Speech*, 27 COLUM. J.L. & ARTS 187 (2004); William McGeeveran, *Four Free Speech Goals for Trademark Law*, 18 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1205 (2008); Mohammed Nasser, *Trade Marks and Freedom of Expression*, 40 INT'L REV. INTELL. PROP. & COMPETITION L. 188 (2009); Lisa P. Ramsey, *Free Speech and International Obligations to Protect Trademarks*, 35 YALE J. INT'L L. 405 (2010); Lisa P. Ramsey & Jens Schovsbo, *Mechanisms for Limiting Trade Mark Rights to Further Competition and Free Speech*, 44 INT'L REV. OF INTELL. PROP. & COMPETITION L. 671 (2013); WOLFGANG SAKULIN, *TRADEMARK PROTECTION AND FREEDOM OF EXPRESSION – AN INQUIRY INTO THE CONFLICT BETWEEN TRADEMARK RIGHTS AND FREEDOM OF EXPRESSION UNDER EUROPEAN LAW* (2011); Jens Schovsbo, *“Mark My Words” - Trademarks and Fundamental Rights in the EU*, 8 UC IRVINE L. REV. 555

remarkable potential to encourage and support upcycling initiatives in the circular economy. More than 30 years ago, Rochelle Dreyfuss already highlighted the need for trademark rules that offer breathing space for the use of expressive meanings of strong brands that symbolize a particular lifestyle or attitude.<sup>30</sup> These expressive meanings may be the result of investments made by the trademark proprietor.<sup>31</sup> The richness of associations and meanings attached to a trademark may also follow from consumer activity. The consuming public frequently imbues trademarks with connotations distinct from and sometimes unrelated to the advertising messages conveyed by the trademark owner.<sup>32</sup> Against this backdrop, Dreyfuss identified a strong need to keep expressive use of the associations and meanings triggered by iconic trademarks free. Otherwise, the loss of the ability to use trademarks may impede the ability to communicate.<sup>33</sup> In Dreyfuss' words, trademarks:

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(2018); Martin R.F. Senftleben, *Free Signs and Free Us – How to Offer Room for Freedom of Expression Within the Trademark System*, in RESEARCH HANDBOOK ON HUMAN RIGHTS AND INTELLECTUAL PROPERTY, 354 (Christophe Geiger ed., 2015); Ilanah Simon Fhima, *Trade Marks and Free Speech*, 44 INT'L REV. INTELL. PROP. & COMPETITION L. 293 (2013); Katja Weckström, *The Lawfulness of Criticizing Big Business: Comparing Approaches to the Balancing of Societal Interests Behind Trademark Protection*, 11 LEWIS & CLARK L. REV. 671 (2007).

<sup>30</sup> See generally Rochelle C. Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397 (1990).

<sup>31</sup> Cf. Jane C. Ginsburg, *Intellectual Property as Seen by Barbie and Mickey: The Reciprocal Relationship of Copyright and Trademark Law*, 65 J. COPYRIGHT SOC'Y U.S.A. 245, 254-55 (2018); Jane C. Ginsburg, *Licensing Commercial Value: From Copyright to Trademarks and Back*, in THE LAW AND PRACTICE OF TRADEMARK TRANSACTIONS: A GLOBAL AND LOCAL OUTLOOK, 73-75 (Irene Calboli & Jacques de Werra eds., 2016).

<sup>32</sup> Dreyfuss, *supra* note 30, at 415, 424; Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L. J. 1717, 1732-33 (1999); Dev S. Gangjee, *Property in Brands: The Commodification of Conversation*, in CONCEPTS OF PROPERTY IN INTELLECTUAL PROPERTY LAW, 29, 51-56 (H. Howe and J. Griffiths eds., 2013); David Tan, *The Semiotics of Alpha Brands: Encoding/Decoding/Recoding/Transcoding of Louis Vuitton and Implications for Trademark Laws*, 32 CARDOZO ARTS & ENT. L.J. 225, 225-27 (2013); Deborah R. Gerhardt, *Consumer Investment in Trademarks*, 88 N.C. L. REV. 427, 430 (2010); Steven Wilf, *Who Authors Trademarks*, 17 CARDOZO ARTS & ENT. L.J. 1, 4-5 (1999).

<sup>33</sup> Dreyfuss, *supra* note 30, at 415-18.

have become products in their own right, valued as indicators of the status, preferences, and aspirations of those who use them. Some trademarks have worked their way into the English language; others provide bases for vibrant, evocative metaphors. In a sense, trademarks are the emerging lingua franca: with a sufficient command of these terms, one can make oneself understood the world over, and in the process, enjoy the comforts of home.<sup>34</sup>

Trademarks, thus, constitute focal points of communication – densely packed information units “infused with sets of denotations and associated connotations.”<sup>35</sup> They may be capable of evoking “vibrant, evocative metaphors.”<sup>36</sup> Accordingly, Dreyfuss emphasizes the necessity to distinguish between use of the “signaling function” of trademarks – corresponding with the traditional function of indicating the commercial origin of goods or services,<sup>37</sup> and use of the “expressive function” of trademarks which concerns use of the trademark as a shortcut for a certain image, lifestyle or attitude: “In referring to ‘Barbie’ in order to indicate that she was treated like a beautiful but empty-headed accessory, [Joan] Kennedy exploited a set of meanings that are quite different from the ones invoked by Mattel, and I label this use of the trademark ‘expressive.’”<sup>38</sup>

Hence, the “expressive function” in Rochelle Dreyfuss’ analysis refers to a specific form of using trademarks in a metaphorical sense: not as identifiers of commercial source but as symbols of personal or societal conditions.<sup>39</sup> The insight that a distinction can be made between a trademark’s “signaling function” and its “expressive

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<sup>34</sup> *Id.* at 397-98.

<sup>35</sup> *Id.* at 415.

<sup>36</sup> *Id.* at 397.

<sup>37</sup> See Case 1/81, Pfizer Inc. v. Eurim-Pharm GmbH, 1981 E.C.R. 2913, 2926; Case C-206/01, Arsenal Football Club v. Reed, 2002 E.C.R. I-10299, I-10316; cf. Ilahna Simon Fhima, *How Does ‘Essential Function’ Doctrine Drive European Trade Mark Law?*, 36 INT’L REV. INTELL. PROP. & COMPETITION L. 401 (2005).

<sup>38</sup> Dreyfuss, *supra* note 30, at 400; cf. Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413, 443-44 (2010).

<sup>39</sup> Cf. Katya Assaf, *The Dilution of Culture and the Law of Trademarks*, 49 IDEA: INTELL. PROP. L. REV. 1, 58-61 (2008).

function” is central to initiatives seeking to create breathing space for free speech in trademark law. It allows the development of trademark rules that support the unauthorized use of the expressive, metaphorical aspect of trade symbols, while still offering protection for the traditional signaling function of trademarks: the use of the trademark as an indicator of commercial source.<sup>40</sup> As Dreyfuss concludes:

[I]t should be possible to build upon the defences that trademark law has constructed for the competitive vocabulary a parallel set of principles to protect expressive speech. In a regime that recognized the facility to compartmentalize, signaling functions would be analysed according to the conventional *Polaroid* principles, and the newly developed doctrines would operate to allocate rights when trademarks are used expressively. Proprietary rights to marks would then be protected across the entire signaling spectrum, except in instances in which expressive communication was suppressed by the loss of vocabulary.<sup>41</sup>

Hence, a central point of Dreyfuss’ analysis is this: expressive use of trademarks is different and should be treated differently. Instead of rendering the verdict of infringement on the basis of standard infringement tests, expressive use should be assessed in the light of specific criteria that lend sufficient weight to the metaphorical context in which the use takes place.

Taking this central insight as a starting point, the question arises whether the use of third-party trademarks in fashion upcycling can be deemed a form of expressive use that justifies the development of a specific subset of trademark rules to immunize fashion upcycling against trademark infringement claims. In the upcycling discussion, Andie Bain has already pointed out that upcycling is not only an act of adding particular value to second-hand fashion elements but also an act of communication. The reworked goods “are reinterpreting the

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<sup>40</sup> *But cf. id.* at 79-80.

<sup>41</sup> Dreyfuss, *supra* note 30, at 418.

initial communicative act of a trademark."<sup>42</sup> But which type of reinterpretation is taking place? And has this reinterpretation sufficient weight to introduce specific trademark rules seeking to let free speech values prevail over the protection interests of brand owners? A foray into cultural sciences yields important insights in this regard.

## II. HARBINGER OF NEW PRODUCTION AND CONSUMPTION PATTERNS

To explore the particular societal value of free expression in upcycling contexts, Theodor Adorno's discussion of the role of art in modern society can serve as a starting point. In his aesthetic theory, Adorno underlines the societal relevance of art. Against the background of the alienation which the individual faces in a fully rationalized, efficiency-driven world, he warns of the affirmative nature of art. An artwork bringing a conciliatory reflection of enchantment into the disenchanted, empirical reality offers comfort in the rationalized world and supports the unbearable status quo.<sup>43</sup> In the light of the inhumanity of the real world, art would make itself an accomplice of present and coming disasters if it sustained positive visions of society and obscured the defects and poorness of reality.<sup>44</sup> With the prospect of a better world which, as an ultimate truth,<sup>45</sup> shimmers through each genuine artwork,<sup>46</sup> art may falsely pretend that existing societal conditions are acceptable. Therefore, art is constantly at risk of becoming guilty of supporting the inhuman status quo and fortifying present ideologies.<sup>47</sup>

On the other hand, art must not be condemned altogether because artworks are capable of unmasking the negativity of present societal conditions. Showing visions of a better, happier life, art can rouse opposition against the existing reality and contribute to necessary societal changes.<sup>48</sup> Artworks can play a decisive role in

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<sup>42</sup> Bain, *supra* note 4, at 389.

<sup>43</sup> THEODOR ADORNO, *ÄSTHETISCHE THEORIE* 10, 34 (Gretel Adorno & Rolf Tiedemann eds. Robert Hullot-Kentor trans., 1970).

<sup>44</sup> *Id.* at 28, 503.

<sup>45</sup> *Id.* at 128, 196-97.

<sup>46</sup> *Id.* at 199-200.

<sup>47</sup> *Id.* at 203.

<sup>48</sup> *Id.* at 25-26, 56.

society because they generate utopian views of a better life that may become drivers of a change for the better. This role of art defines its social character: art is the “social antithesis” of society.<sup>49</sup> Given this delicate position in the social fabric of modern societies, there is a fine line to be walked: the artist must relentlessly expose the inhumanity of reality without offering any prospect of reconciliation. In doing so, the artist creates genuine works which, by their very nature, offer shining visions of a better life and a better society in spite of the hopelessness reflected in the artworks themselves.<sup>50</sup> As an antithesis of real-world disasters, art becomes the messenger of an ideal, utopian world.<sup>51</sup>

According to Adorno, there is thus an inescapable dualism in contemporary artistic productions: the sadness of presenting a happier life as a goal that remains unattainable under present societal conditions.<sup>52</sup> To accomplish this task, art must seek to escape tendencies to undermine and neutralize its critical and irrational impetus, such as the efforts of the cultural industry to commercialize and canonize even the most rebellious and resistant works.<sup>53</sup> Reacting to the growing demand for enchantment in the disenchanting, rationalized reality,<sup>54</sup> the cultural industry offers artworks as consumer goods: abstract objects that function as a *tabula rasa* into which the purchaser can project her own feelings and aspirations.<sup>55</sup> As a result, an artwork becomes an echo and confirmation of the viewer's own hopes and attitudes. It becomes an escape from the unbearable real world.

This, however, leads to the “disartification” of art. Once art is consumed as an object of pleasure that offers comfort in an inhuman world, its critical impetus – the exposure of shortcomings of reality as an impulse for societal changes – is negated.<sup>56</sup> To escape this threat of disqualification, art must insist on its difference and autonomy by refusing claims for rule obedience and resisting the temptation to fulfil

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<sup>49</sup> Adorno, *supra* note 42, at 9-10, 19, 53.

<sup>50</sup> *Id.* at 127, 199.

<sup>51</sup> *Id.* at 55-56.

<sup>52</sup> *Id.* at 204-05.

<sup>53</sup> *Id.* at 32.

<sup>54</sup> *Id.* at 34.

<sup>55</sup> Adorno, *supra* note 43, at 33.

<sup>56</sup> *Id.* at 27-28 and 32-33.



societal expectations. It must preserve its opposition and dissonance by producing works of a non-identical and fragmentary nature that negate the unity of traditional productions, fall outside aesthetical categories and bring chaos in the established order.<sup>57</sup> Distancing itself from reality, the world of art must become a counter universe: the last refuge of humanity in an inhuman world that is disfigured by deal and profit maxims.<sup>58</sup> Remaining alien to the world, true art, by definition, is puzzling and gives rise to conflicting interpretations based on internal tension in the work or its connection to conflicts in society.<sup>59</sup>

From the perspective of this aesthetic theory, the use of third-party trademarks in upcycling projects can be regarded as a form of speech that conveys the important message that production and consumption patterns in the fashion industry must change. In line with Adorno's analysis, it can be said that the use of third-party trademarks in upcycling contexts constitutes a specific form of free expression with particular value for society: using worn pieces of clothing as source materials for new fashion items, upcyclers create important counterpoints to the glamorous, shining world of fashion that causes waste problems. In the case of upcycling artworks, the aura of luxury and exclusivity that is central to many fashion products does not arise from the use of brand-new, polished product components.<sup>60</sup> Instead, the source materials are old. It is the inclusion in a transformative upcycling project that adds value to the source materials and lends reworked fashion items the status of unique – and potentially prestigious – designer ware. Creating this contrast, upcycled products mirror current societal conditions and, at the same time, offer a vision of a better society in the sense of Adorno's theory: the use of worn pieces of clothing – instead of new fabrics – reflects the urgent need for a radical change of production and consumption patterns.

Arguably, this message is particularly clear and strong when fashion upcycling involves the use of trademarked pieces of clothing. Trademarked fashion elements allow consumers to recognize and

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<sup>57</sup> *Id.* at 41.

<sup>58</sup> *Id.* at 337-38.

<sup>59</sup> *Id.* at 197-98.

<sup>60</sup> See Tan, *supra* note 32, at 225-27 (analyzing the importance and magnetism of the aura of luxury and exclusivity).

identify the second-hand resources that have served as raw materials for the upcycled fashion product. Strong brands play a central role in this context: the more iconic the source material, the sharper the contrast produced by the upcycling project. An upcycled fashion product with well-known brand insignia is more surprising and has a deeper impact than the transformation of less prestigious or no-name fashion items. The use of iconic brand insignia indicates clearly that the whole sector must rethink and change its production and marketing strategy. Instead of fostering and profiting from wasteful materialism and consumerism, the fashion industry as a whole must find new, more sustainable ways of steering and satisfying consumer demand. For upcycling artists to express this alternative vision of fashion production and consumption, they must be free to transform worn garment components into new fashion items and offer these new fashion items in the marketplace – even if and particularly if these fashion items bear third-party trademarks. Only in this way can they show that there is no need to use – and waste – new raw materials. Creations made from used clothes are equally capable of satisfying the appetite for iconic fashion.

Creating this alternative vision of production and consumption, fashion upcycling with trademarked fashion elements reduces the pressure of consumerism and materialism substantially. This insight can be derived from Peter Bürger's analysis of avant-garde movements of the last century. Bürger refers to the central goal of avant-garde movements to organize a new life practice on the basis of art.<sup>61</sup> Avantgardists sought to overcome the isolation of art as a societal institution for the preservation of values that had no place in the modern, rationalized world, such as humanity, happiness, truthfulness and solidarity. Criticizing the detachment of art from everyday life, they strove for the integration of art in the societal mainstream to transform the inhuman, rationalized world by providing models for a new, better practice of life.<sup>62</sup>

According to Bürger, these avant-garde movements failed: art has not become a transforming factor changing daily life for the better. Instead, a false integration of art occurred. Due to the efforts of the

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<sup>61</sup> PETER BÜRGER, *THEORY OF THE AVANT-GARDE* 28, 67 (Michael Shaw trans., 1984).

<sup>62</sup> *Id.* at 67-68.

branding industry, everyday products have become more aesthetical. Consumer goods have become more appealing. This aestheticization of daily life, however, enhances the pressure of consumerism and materialism. It intensifies the subjection of the individual to the dictates of the market. Life does not become more human, truthful, solidary and happier. By contrast, the pressure of the rationalized world is further increased. Instead of helping the individual to emancipate herself from the pressure of consumerism and materialism, aesthetical consumer goods are a driving force and stabilizing factor behind the rationalization of daily life. They encourage mainstream consumption patterns. At the same time, they mask the exertion of pressure in the form of enhanced consumerism and materialism by lending mainstream consumption patterns the air of extravagance.<sup>63</sup>

Bürger's analysis can easily be placed in the context of Adorno's theory about works of art showing visions of a better, happier life that can rouse opposition against the existing reality and contribute to necessary societal changes.<sup>64</sup> Considering the ambition of historical avant-garde movements to change life for the better on the one hand, and the risk of aesthetical consumer goods intensifying and obscuring the inhumanity of the status quo on the other, it becomes possible to draw a distinction between "true" art capable of fulfilling the societal function of providing a stimulus for societal change, and "false art" making consumer goods more appealing: art that stabilizes the modern, rationalized world and does not provide impulses for societal change.

Applying this matrix to fashion upcycling, it can be said that upcycled products constitute artistic creations that deliver on the promise of historical avant-garde movements to impact daily life and change it for the better. Fashion upcycling reverses the false integration of art that Bürger denounces. The work of fashion upcyclers does not enhance the pressure of consumerism and materialism. It refrains from adding a false, aesthetic gloss to daily life and concealing the need for reforms. Instead, it employs the gloss of iconic fashion products – exponents of the false integration of art that

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<sup>63</sup> *Id.* at 72-73; see Tan *supra* note 32, at 225-27 (explaining the magnetism and importance of brand culture).

<sup>64</sup> BÜRGER, *supra* note 61, at 60-63, 81-85.

only makes consumer goods more appealing and amplifies the trend towards wasteful consumerism – to mirror the false, pressure-enhancing aestheticization of daily life. In this way, fashion upcycling reveals the risk of harmful production and consumption patterns. It does not distract from the environmental crisis. By contrast, it points directly at it.

### III. DEVELOPING DEFENSES FOR FASHION UPCYCLING

Considering these lessons from cultural sciences, it becomes apparent that strong freedom of expression objectives undergirds fashion upcycling.<sup>65</sup> In the quest for environmental sustainability, upcycling projects in the fashion sector provide important alternative visions of production and consumption patterns. With the creation and sale of upcycled fashion products bearing third-party trademarks, upcyclers make a critical statement on the wasteful use of resources in the fashion industry. The use of trademarked fashion elements plays an important role in this free expression context. It makes the use of second-hand source material visible to consumers and enables them to understand the upcycled fashion product as an exponent of an alternative, different approach: as a harbinger of an indispensable change of course. Evidently, the message emanating from upcycled fashion products carries particular weight in the current environmental crisis. It reflects the need for strategies to reduce fashion waste and paves the way for a fundamental change of production and consumption patterns.

Using Dreyfuss' above-described distinction between the "signaling function" and the "expressive function" of trademarks as a reference point,<sup>66</sup> it can be said that the use of third-party trademarks in fashion upcycling, indeed, falls within the category of expressive use in a metaphorical sense. In upcycling contexts, third-party trademarks do not play the role of identifiers of commercial source. Instead, they are used as symbols of traditional production and consumption patterns which the fashion upcycler seeks to overcome by providing an example of an alternative, sustainable approach. As postulated by Dreyfuss, third-party brand insignia are employed as

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<sup>65</sup> Schenerman, *supra* note 4, at 772-75.

<sup>66</sup> Dreyfuss, *supra* note 30, at 400.

metaphors in fashion upcycling initiatives.<sup>67</sup> They represent problematic societal conditions, namely wasteful materialism and consumerism.

Following in Dreyfuss' footsteps,<sup>68</sup> the insight that fashion upcycling concerns the expressive function of trademarks offers a basis for developing a specific set of trademark rules capable of supporting the unauthorized use of the expressive, metaphorical aspect of trade symbols for the important societal goal of protecting the environment. More concretely, it is of paramount importance to assure fashion upcyclers that, as long as they do not specifically aim at misleading consumers or damaging protected brand insignia,<sup>69</sup> they can rework trademarked fashion items without risking trademark infringement. Offering robust defenses, trademark law can support the sustainable reuse of fashion items in upcycling projects.<sup>70</sup> As fashion upcycling constitutes a specific form of expressive use with particular societal importance, it makes sense to explore options for establishing a specific set of trademark rules that would make second hand and unsold fashion items available as raw materials for upcycling even if these items bear third-party trademarks. A specific defense "infrastructure" for upcycling cases should offer legal certainty and strong support for productive fashion reuse.

It is thus necessary to explore avenues leading to sufficiently robust defenses for fashion upcycling. In the context of EU trademark law, two approaches<sup>71</sup> can be distinguished in this respect: on the one hand, it is conceivable to recalibrate the general gatekeeper requirements for infringement claims, namely the requirement of "use in the course of trade" and the requirement of "use in relation to goods

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<sup>67</sup> *Id.* at 397-98, 415-18.

<sup>68</sup> *Id.* at 418.

<sup>69</sup> See MARTIN R.F. SENFTLEBEN, THE COPYRIGHT/TRADEMARK INTERFACE – HOW THE EXPANSION OF TRADEMARK PROTECTION IS STIFLING CULTURAL CREATIVITY, 432-50 (2020) (detailing a discussion of a template for this approach).

<sup>70</sup> Pihlajarinne, *supra* note 4, 97-100.

<sup>71</sup> See Martin R.F. Senftleben, *Developing Defences for Fashion Upcycling in EU Trademark Law*, 73 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONAL 99, 104-10 (2024) (providing a more detailed discussion of these two distinct approaches).

or services”<sup>72</sup> which, taken together, may be called the requirement of “use as a mark”. Instead of asking whether upcycled fashion products call to mind a sign which the public recognizes as a third-party trademark, it should be decisive that the public understands that the trademark has become part of a “new” product consisting of reworked fashion items that served as raw materials. To support the artistic expression of fashion upcyclers, this finding should tip the scales in favor of the fashion re-user in the circular economy and reverse the burden of proof (section 4.1).<sup>73</sup> Alternatively,<sup>74</sup> it could be considered to introduce a more robust referential use defense that shields fashion upcycling reliably against the verdict of infringement by positing that the fashion reuse in upcycling contexts, presumably, constitutes permissible, decorative use. This referential use approach, however, is weaker and offers less legal certainty than an approach based on the upfront denial of use with trademark relevance (Section B).<sup>75</sup>

#### A. Gatekeeper Requirement of Use as Mark

To implement the first approach – an upfront test of use as a mark that prevents the trademark owner from establishing *prima facie* infringement – the work of Stacey Dogan and Mark Lemley can serve as a source of inspiration. They propose to limit trademark claims, from the outset, to situations where the alleged infringer deliberately uses another’s mark to market her own goods or services:

[L]imiting trademark rights to a right to prevent confusing uses of the mark as a brand helps to ensure that trademark rights remain tied to their search costs rationale – only those individuals or companies who

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<sup>72</sup> See European Union Trade Mark Regulation Article 9(2); see also Treaty on Mutual Defense Article 10 (2).

<sup>73</sup> cf. *Robustness Check*, *supra* note 5, at 568-70; Pihlajarinne, *supra* note 4, at 98-100. For a similar approach in EU trademark law, see European Union Trade Mark Regulation Article 9(3)(f); see also Treaty on Mutual Defense Article 10(3)(f).

<sup>74</sup> See Graeme B. Dinwoodie & Mark D. Janis, *Confusion Over Use: Contextualism in Trademark Law*, 92 IOWA L. REV. 1597, 1599-1600 (2007) (For a critique of the trademark use approach creating legal certainty upfront); see also SENFTLEBEN, *supra* note 69, at 469-74 (For the counterarguments focusing on the merits of this approach).

<sup>75</sup> SENFTLEBEN, *supra* note 69, at 474-76.

are using the mark to advertise their own products or services have the motive and opportunity to interfere with the clarity of the mark's meaning in conveying product information to consumers, and so only those uses ought to be of concern to trademark law.<sup>76</sup>

The benefits of this approach for fashion upcyclers are obvious. A trademark use requirement with this configuration focuses on instances of "misleading branding."<sup>77</sup> Dogan and Lemley understand their trademark use concept to cover only "those who themselves use marks in a way that suggests some affiliation between themselves and the trademark holder."<sup>78</sup> The central point here is the behavior of the fashion re-user. As long as the upcycler does not deliberately employ a third-party trademark to mislead consumers, the use should be qualified as purely decorative: a form of use that does not constitute actionable use as a trademark.

This approach would require a departure from established CJEU case law. Instead of following the outlined approach, the CJEU has opted for a much less efficient use of the gatekeeper criteria relating to use with trademark relevance – in the sense of use as a mark.<sup>79</sup> In *BMW/Deenik*, the Court concluded that use for the purpose of informing the public about repair and maintenance services offered with regard to trademarked products satisfied the criterion of "use in relation to goods or services" – even though Deenik had not used the trademark BMW to pass off his second-hand cars and repair services as offers stemming from BMW. In advertising, Deenik had merely referred to BMW as the owner of the car brand that was central to his own activities.<sup>80</sup> The CJEU also qualified use in comparative

<sup>76</sup> Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUSTON L. R. 777, 798 (2004).

<sup>77</sup> Stacey L. Dogan & Mark A. Lemley, *The Trademark Use Requirement in Dilution Cases*, 24 SANTA CLARA COMPUTER & HIGH TECH. L. J. 541, 542, 555 (2008); cf. SENFTLEBEN, *supra* note 69, at 429-31.

<sup>78</sup> *Trademarks and Consumer Search Costs*, *supra* note 76, at 799.

<sup>79</sup> Cf. Annette Kur, *Confusion over Use? – Die Benutzung "als Marke" im Lichte der EuGH-Rechtsprechung [The use "as a trademark" in the light of ECJ case law]*, GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONAL 1, 1-11 (2008).

<sup>80</sup> Case C-63/97, *Bayerische Motorenwerke AG (BMW) & BMW Nederland BV v Ronald Karel Deenik* ECLI:EU:C:1998:160 ¶ 42.

advertising as use in relation to goods or services on the ground that the advertiser made use of a competitor's trademark to distinguish her own products from those of the competitor.<sup>81</sup>

Summarizing the current, broad notion of "use in relation to goods or services," the Court stated that for satisfying this precondition for an infringement action, it was sufficient that a link was established with goods or services. This formula can also be found in the fashion-related *Céline* decision where the Court held with regard to the interface between trademark and trade name rights that once a link was established between the company, trade or shop name and the goods or services offered by the alleged infringer, trademark use in relation to goods or services could no longer be denied – even where the name was not affixed to marketed goods as such.<sup>82</sup> The formula of a link with goods or services, then, became established case law in later decisions dealing with keyword advertising. In *Google France and Google*, the CJEU confirmed that relevant use in relation to goods or services existed "in any event" where a third party used a conflicting sign in such a way that a link was established between that sign and the goods or services offered by the third party.<sup>83</sup> In *L'Oréal/eBay*, the Court found that the criterion of a link was satisfied because eBay's advertisements created "an obvious association between the trademarked goods which are mentioned in the advertisements and the possibility of buying those goods through eBay."<sup>84</sup> The CJEU thus adopted a low threshold requirement with regard to the connection with goods or service: a mere "link" or "association" is sufficient.<sup>85</sup>

As a result, the gatekeeper criterion of use as a mark does not prevent a trademark claim against references to the trademark that are

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<sup>81</sup> Case C-533/06, *O2 Holdings Ltd. & O2 (UK) Ltd. v Hutchison 3G UK Ltd.* ECLI:EU:C:2008:63 ¶ 35-36.

<sup>82</sup> Case C-17/06, *Céline SARL v Céline SA.* ECLI:EU:C:2007:39 ¶ 23.

<sup>83</sup> Case C-236/08-238/08, *Google Fr. & Google Inc. v. Louis Vuitton Malletier SA* ECLI:EU:C:2009:569 ¶ 72; Case C-324/09, *L'Oréal SA v. eBay Int'l AG* ECLI:EU:C:2010:757 ¶ 92; Case C-62/08, *UDV North America Inc. v. Brandtraders NV* ECLI:EU:C:2009:111 ¶ 47-48.

<sup>84</sup> *L'Oréal/eBay*, Case C-324/09 ¶ 93.

<sup>85</sup> See Roland Knaak, Annette Kur, & Alexander von Mühlendahl, *Study on the Functioning of the European Trade Mark System* ¶ 2.178 (Max Planck Inst. for Intell. Prop. & Competition, Law Research Paper No. 12-13, 2012) (summary as to the debate on this development).



only made to identify goods or services as those of the trademark owner and are not perceived by the public as indications of commercial source. The CJEU has brought several forms of referential use – references to the trademark as being the distinctive sign of the trademark owner – within the scope of EU trademark rights.<sup>86</sup> This elastic interpretation can have a deep impact on the reuse of fashion waste. In the absence of a strict requirement of use as a trademark – understood in the sense of use for the purpose of identifying and distinguishing the goods of the fashion re-user – the threshold criterion of use as a trademark loses its gatekeeper function.<sup>87</sup> The moment a mere link with trademarked fashion elements is sufficient to bring unauthorized use within the scope of trademark rights, a clear boundary line between non-actionable, decorative use and actionable, source-identifying use as a trademark is missing.<sup>88</sup> The mere use of a trademark in some relation to a circular economy product can already serve as a starting point for an infringement claim. Confirming this risk analysis, the CJEU held in *Adidas/Fitnessworld* that decorative use of a sign similar to a protected mark – the case concerned Adidas’ famous three stripes trademark – may already be sufficient to trigger protection against dilution.<sup>89</sup> A mere link with the trademark – in the sense of use that calls to mind the protected sign – may be deemed actionable in accordance with this assessment standard.<sup>90</sup> An elastic concept of actionable use also prevails in the context of protection against confusion. In *Adidas/Marca* – another case concerning allegedly infringing use of Adidas’ famous three-stripes logo – the Court stated that the public’s perception that a sign is a decoration could not constitute a restriction on anti-confusion claims when, despite its decorative nature, the sign used by the alleged infringer was so similar

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<sup>86</sup> Cf. KUR & SENFTLEBEN, *supra* note 9, at ¶ 5.50-5.54.

<sup>87</sup> *Id.* at ¶ 5.14-5.15, ¶ 5.49-5.56.

<sup>88</sup> Cf. Ilanah Simon Fhima, *Embellishment: Trademark Use Triumph or Decorative Disaster?*, 321 EUR. INTEL. PROP. REV. 28 (2006); Kur, *supra* note 79, at 12.

<sup>89</sup> Case C-408/01, *Adidas-Salomon AG & Adidas Benelux BV v. Fitnessworld Trading Ltd.* ECLI:EU:C:2003:404 ¶ 39.

<sup>90</sup> Bundesgerichtshof [BGH] [Federal Court of Justice], Feb. 3, 2005, *Lila Postkarte I* ZR 159/02, 583, 584 (Ger.)

to the trademark that the relevant public may assume an economic link with the trademark owner.<sup>91</sup>

In line with this CJEU jurisprudence, the decision on actionable use as a trademark and potential infringement in upcycling cases, thus, depends on the marketing efforts of the trademark proprietor and the resulting degree of trademark recognition.<sup>92</sup> Even if third-party trademarks serve decorative purposes and do not constitute an indication of commercial origin, trademark proprietors may have success in arguing that a connection with their protected signs is established in the minds of consumers that amounts to infringement. Investing heavily in advertising campaigns that educate consumers to establish a link whenever they see a similar sign, the trademark owner can shape consumer perception in a way that enhances the chances of proving *prima facie* infringement. This approach leads to a problematic bias in favor of the trademark owner who can increase the success rate of infringement claims against fashion upcyclers by investing in the recognition of brand insignia applied to fashion products.

To change the equation, it would be necessary to shape the gatekeeper requirement of use as a mark in a way that achieves the opposite result: a bias in favor of fashion upcyclers who rework trademarked fashion items in the context of circular economy initiatives. In *Adidas/Marca*, the CJEU concluded that the appreciation of a likelihood of confusion in the case of decorative use depended on “not solely on the degree of similarity between the trade mark and the sign, but also on the ease with which the sign may be associated with the mark having regard, in particular, to the recognition of the latter on the market.”<sup>93</sup>

Obviously, the mechanical reliance on the degree of trademark recognition as a yardstick for identifying actionable trademark use neglects the individual context in which the use takes place in upcycling cases. Instead of aligning the test of use as a mark with the degree of trademark recognition, the decorative context arising from the reworking of fashion items in the circular economy should play a

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<sup>91</sup> Case C-102/07, *adidas AG andt adidas Benelux BV v. Marca Mode CV* ECLI:EU:C:2008:14 ¶ 34.

<sup>92</sup> Bundesgerichtshof [BGH] [Federal Court of Justice], Nov. 24, 2011, *Medusa*, I ZR 175/09, ¶ 23 (Ger.)

<sup>93</sup> *Adidas/Marca*, Case C-102/07 ¶ 36.

decisive role. When the fashion upcycler ensures that consumers become aware of the specific circular economy context and the use of second hand or unsold fashion items as raw materials for “new” sustainable products, use with trademark relevance should be denied from the outset. The trademark use concept that has evolved in Australia can serve as a reference point in this regard. As Michael Handler explains, a judgment in the light of the specific use context should be made “by reference to likely consumer reaction, taking into account the particular manner and context of the defendant’s use. The converse of the trademark use requirement is that other types of use, such as nominative, descriptive, or decorative use, will not infringe.”<sup>94</sup>

Hence, the individual circumstances and behavior – “the particular manner and context” – should play a decisive role. If an allegedly infringing use is made in connection with the reworking of fashion items bearing third-party trademarks, this specific context should allow the fashion upcycler to escape the verdict of actionable use as a mark even if the reuse concerns a sign which consumers can easily recognize as a trademark. The decorative use may still call to mind the trademark. Nonetheless, the specific circular economy context – a trademarked fashion item receiving a second life – should prevent a finding of actionable use as a trademark.

Dogan and Lemley come close to this result when they propose to focus attention on the “non-branding way”<sup>95</sup> of use. The trademark owner may emphasize that consumers are likely to see not only a decorative element but also an indicator of commercial source. However, this argument no longer tips the scales in favor of a finding of actionable use as a mark. Once the decorative nature of the use and the specific context arising from the reworking of fashion items in the circular economy are the kingpin of the analysis, it becomes possible to arrive at a general presumption of non-infringement and an effective shield against trademark infringement claims: presumably,

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<sup>94</sup> Michael Handler, *What Should Constitute Infringement of a Non-Traditional Mark? The Role of “Trademark Use”*, in *THE PROTECTION OF NON-TRADITIONAL TRADEMARKS – CRITICAL PERSPECTIVES* 170 (Irene Calboli & Martin R.F. Senftleben eds., 2018) (referring to High Court of Australia, 23 November 1961, *The Shell Co. of Australia Ltd./Esso Standard Oil (Australia) Ltd.*, [1963] 109 CLR 407, 422 (Kitto J.)).

<sup>95</sup> *The Trademark Use Requirement*, *supra* note 77, at 542.

upcycling of a trademarked fashion item in the circular economy does not amount to trademark infringement. In confusion as well as dilution contexts, this legal presumption of non-actionable use is intended to pose a hurdle which trademark owners must first surmount before they can bring a claim against fashion upcycling: the trademark proprietor must convincingly rebut the presumption of permissible use. Only if the trademark owner succeeds in demonstrating that – despite the circular economy setting – a fashion upcycler specifically aims at causing consumer confusion or damaging and unfairly exploiting the trademark's distinctiveness or repute, it becomes possible to rebut the legal presumption of use in a decorative, non-branding<sup>96</sup> way. Only then, the trademark owner can save the infringement claim from being dismissed as unfounded from the outset.

In practice, the application of this upfront test of use as a mark means that the trademark owner must first overcome the hurdle of demonstrating that fashion upcycling in the circular economy has trademark relevance *at all*. Even if a fashion item bears a trademark with a strong distinctive character, the legal presumption of non-actionable use in a decorative circular economy context remains an obstacle to the assertion of trademark rights and functions as a barrier to infringement claims. More concretely, the trademark owner must show that fashion reuse in the circular economy is a pretext for explicitly misleading or deliberately diluting use. As long as the sign is not explicitly employed as a misleading badge of origin in respect of the circular economy product itself, the trademark owner cannot rebut the legal presumption of non-confusing, non-actionable use other than as a mark. A similar change can be observed in the area of protection against dilution. Instead of accepting the traditional trademark logic of anti-dilution claims based on mere association – the fact that the sign used in a circular economy setting calls to mind the protected mark<sup>97</sup> – the trademark owner must demonstrate that the fashion upcycler deliberately selected the trademark for a different reason, namely with

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<sup>96</sup> *Id.*

<sup>97</sup> Adidas/Fitnessworld, Case C-408/01 ¶ 39.

the specific aim of damaging or unfairly exploiting the distinctiveness or repute which the sign has acquired as a trademark.<sup>98</sup>

### B. *Referential use Defense*

Alternatively, it is possible to develop a robust statutory defense. Considering the described decorative use context arising from the reworking of trademark fashion items, the referential use defense in EU trademark law can be a promising basis for this second approach.<sup>99</sup> At the outset, however, it is important to highlight an important difference between the gatekeeper requirement of use as a mark that has been discussed in the preceding section, and traditional defenses against infringement claims: the distribution of the burden of proof. In a trademark system with a strict threshold requirement of use as a mark, the trademark proprietor must argue and demonstrate that fashion upcycling constitutes actionable “use in a branding way”<sup>100</sup> before judges lend weight to more specific infringement arguments based on confusion or dilution. Hence, the burden of proving that fashion reuse has relevance under trademark law – and allows the invocation of trademark rights – rests on the trademark proprietor. Ideally, this leads to a situation where legal counsels, from the outset, advise against claims targeting sustainable reuse in the circular economy. If the upfront refusal of trademark claims because of missing trademark relevance becomes established case law, attempts to assert trademark rights against fashion upcyclers appear futile indeed. In addition, the imposition of the burden of proof on the trademark owner leads to a situation where the latter must make the trademark claim plausible. The trademark owner must justify the invocation of trademark rights against use in the circular economy. Even if the fashion upcycler remains silent and does not submit counterarguments, the trademark claim will still be dismissed unless the trademark owner manages to provide convincing proof of use with trademark relevance: explicitly misleading or deliberately diluting use, as discussed in the preceding section.

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<sup>98</sup> See Benelux Court of Justice, 14 October 2019, case A2018/1/8, *Moët Hennessy/Cedric Art*, ¶ 9 (For a similar approach in existing case law in the EU).

<sup>99</sup> *Fashion Upcycling and Trademark Infringement*, *supra* note 7, at 7-17.

<sup>100</sup> *The Trademark Use Requirement*, *supra* note 77, at 542.

In comparison with this *ipso facto* immunity,<sup>101</sup> a mere defense against infringement claims is less effective.<sup>102</sup> A trademark system relying on statutory defenses in favor of fashion upcycling gives the trademark proprietor the opportunity to establish *prima facie* infringement and send cease-and-desist letters without any need to justify these enforcement measures. In principle, the infringement action is legitimate despite the specific circular economy context in which the allegedly infringing use takes place. In consequence, the fashion upcycler must bear the burden of proving that the use falls within the scope of a valid defense against the trademark infringement claim. She carries the burden of demonstrating circumstances that neutralize the infringement action which, *prima facie*, appears legitimate. As a result, fashion upcyclers face a less robust legal position. Even critics of upfront filtering on the basis of a trademark use requirement concede that the defense scenario is less favorable and enhances the risk of a deterrent effect of trademark protection:

At the same time, it is surely true that our approach is subject to one drawback that is characteristic of standards-based approaches: it achieves flexibility at the cost of trading away some certainty, and it therefore has the potential to chill some valuable social and commercial activity.<sup>103</sup>

In the light of the objective to support fashion upcycling, the adoption of a strict gatekeeper requirement of use as a mark is thus preferable. The development of reliable defense arguments only constitutes the second-best option.

Surveying the arsenal of defenses in EU trademark law, two candidates can be identified that, in principle, seem capable of supporting upcycling projects: the descriptive use defence and the referential use defense. In the area of descriptive use, Article 14(1)(b) TMD and Article 14(1)(b) EUTMR permit the unauthorized use of “signs or indications which are not distinctive or which concern the kind, quality, quantity, intended purpose, value, geographical origin,

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<sup>101</sup> Dinwoodie & Janis, *supra* note 74, at 1600.

<sup>102</sup> SENFTLEBEN, *supra* note 69, at 474-76; Pihlajarinne, *supra* note 4, at 97-100.

<sup>103</sup> Dinwoodie & Janis, *supra* note 74, at 1663.

the time of production of goods or of rendering of the service, or other characteristics of goods or services.”

Arguably, the inclusion of trademarked fashion elements in upcycled products can constitute permissible descriptive use in the sense of this provision. As long as consumers do not perceive a third-party trademark as an indication of commercial source, it is conceivable to qualify the use as non-distinctive or descriptive: reworked fashion elements bearing third-party trademarks appear as mere embellishments. They may also be qualified as indications of a specific product characteristic: the fact that the product contains reworked fashion components stemming from second hand or unsold garments.<sup>104</sup>

The success of this descriptive use argument, however, is unclear. CJEU jurisprudence indicates that the descriptive use defense is unavailable when a third-party trademark becomes a central element of the very contents of a product. Decorative use of this nature is unlikely to fall within the scope of the descriptive use concept.<sup>105</sup> As the CJEU concluded in *Adidas/Marca*, the use of a two-stripe motif on sports clothing “is not intended to give an indication concerning one of the characteristics of those goods.”<sup>106</sup> Constituting design features, the stripes were not intended to indicate the characteristics of the sports and leisure garments.<sup>107</sup> Similarly, the Court denied descriptive use in *Opel/Autec* on the ground that the faithful reproduction of the Opel logo on a scale model car could not be regarded as an indication of product characteristics. Instead, the logo became part of the product itself.<sup>108</sup>

Quite clearly, this case law may render the descriptive use defense inapplicable in fashion upcycling cases. It is an open question whether the Court is willing to give the second branch of Article 14(1)(b) TMD – the non-distinctive use defense – an independent meaning in circular economy contexts. The reference to signs or indications “which are not distinctive” in Article 14(1)(b) TMD is the result of the 2015 trademark law reform. It extends the scope of the

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<sup>104</sup> Pihlajarinne, *supra* note 4, at 95-98; SENFTLEBEN, *supra* note 69, at 158-61.

<sup>105</sup> KUR & SENFTLEBEN, *supra* note 9, at ¶¶ 6.23-6.27.

<sup>106</sup> *Adidas/Marca*, Case C-102/07 ¶ 48.

<sup>107</sup> *Id.*

<sup>108</sup> Case C-48/05, *Adam Opel AG v. Autec AG* ECLI:EU:C:2006:154 ¶ 44.

traditional descriptive use concept to non-distinctive signs and indications. Theoretically, it is possible to qualify the inclusion of third-party trademarks in circular economy products as a form of non-distinctive use.<sup>109</sup> Arguable, third-party brand insignia only serve non-distinctive, decorative purposes in this specific scenario. They are not intended to indicate the commercial source of the product. The CJEU, however, has not clarified the concept of “which are not distinctive” yet.<sup>110</sup> In particular, it remains unclear whether a sign that actually enjoys trademark protection could ever be found non-distinctive in certain contexts, such as the particular circumstances arising from fashion upcycling.

In the light of these legal uncertainties surrounding descriptive and non-distinctive use arguments, it is important to explore the referential use defense. Article 14(1)(c) TMD and Article 14(1)(c) EUTMR define referential use as use “for the purpose of identifying or referring to goods or services as those of the proprietor of that trade mark.” For instance, a parody using a trademark to symbolize and criticize policies of the trademark proprietor may fall within the scope of the referential use defense.<sup>111</sup> Arguably, the display of trademarked fashion elements on circular economy products can also fall within the scope of the referential use defense. As explained, fashion upcyclers make a critical statement on the wasteful use of resources in the fashion industry when they offer reworked fashion products with third-party trademarks.<sup>112</sup> Reworked fashion elements bearing third-party trademarks make the use of second-hand or unsold source material visible to consumers and enable them to understand the circular economy product as an exponent of an alternative, different

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<sup>109</sup> Cf. Tischner & Stasiuk, *supra* note 8, at 39-40.

<sup>110</sup> See SENFTLEBEN, *supra* note 69, at 510-12 (For a more detailed discussion of the field of application of this defense); Annette Kur, *Yellow Dictionaries, Red Banking Services, Some Candies, and a Sitting Bunny: Protection of Color and Shape Marks from a German and European Perspective*, in THE PROTECTION OF NON-TRADITIONAL TRADEMARKS – CRITICAL PERSPECTIVES 101 (Irene Calboli & Martin R.F. Senftleben eds., 2018).

<sup>111</sup> *Fashion Upcycling and Trademark Infringement*, *supra* note 7, at 581-82; see also Schenerman, *supra* note 4, at 772-75 (For non-infringement arguments based on a parallel between parody cases and upcycling).

<sup>112</sup> *Fashion Upcycling and Trademark Infringement*, *supra* note 7, at 9-14; Bain, *supra* note 4, at 389.



approach: as a harbinger of an indispensable change of course in the fashion industry. It reflects the need for strategies to reduce fashion waste and develop sustainable production and consumption patterns.<sup>113</sup> Rightly understood, fashion upcycling constitutes a legitimate and particularly important form of artistic expression that only makes use of third-party trademarks for the purpose of identifying and referring to these reworked fashion elements as those stemming from the trademark proprietor. As a socially desirable and particularly important form of referential use, it falls within the scope of Article 14(1)(c) TMD and Article 14(1)(c) EUTMR.

This outcome of the inquiry, however, is not sufficient to give the all-clear and declare fashion upcycling permissible. EU trademark law poses additional hurdles. The invocation of limitations of exclusive rights, such as the referential use defense, depends on compliance with honest practices in industrial or commercial matters. This additional, open-ended prerequisite follows from Article 14(2) TMD and Article 14(2) EUTMR. Before jumping to the conclusion that the referential use defense can be transformed into a strong defense for fashion upcycling, it is thus necessary to explore this open-ended proviso.<sup>114</sup>

Unfortunately, the requirement of honest practices can pose substantial difficulties. The CJEU tends to determine compliance with honesty in industrial and commercial matters on the basis of the same criteria that inform the analysis of *prima facie* infringement in trademark confusion and dilution cases.<sup>115</sup> This jurisprudence has led to concerns that the inquiry into honest practices may ignore competing societal values underpinning statutory limitations of exclusive rights.<sup>116</sup> Instead of shaping the honest practices test in a way that offers room for competing policy objectives, the CJEU simply replicates standard criteria of the trademark infringement analysis.<sup>117</sup>

<sup>113</sup> *Fashion Upcycling and Trademark Infringement*, *supra* note 78, at 13-17.

<sup>114</sup> Article 14(2) TMD; Article 14(2) EUTMR.

<sup>115</sup> KUR & SENFTLEBEN, *supra* note 9, at ¶ 6.73; Martin R.F. Senftleben et al., *The Recommendation on Measures to Safeguard Freedom of Expression and Undistorted Competition: Guiding Principles for the Further Development of EU Trade Mark Law*, 37 EUR. INTEL. PROP. REV. 337 (2015); Ilanah Simon Fhima, *The Role of Legitimacy in Trade Mark Law*, 65 CURRENT LEGAL PROBS. 489, 501-02 (2012).

<sup>116</sup> SENFTLEBEN, *supra* note 69, at 588-90.

<sup>117</sup> *Cf.* KUR & SENFTLEBEN, *supra* note 9, at ¶ 1.06-1.15.

In *Gillette*, for instance, the Court held that use would fail to comply with honest practices in industrial and commercial matters if:

- it is done in such a manner as to give the impression that there is a commercial connection between the third party and the trade mark owner;
- it affects the value of the trade mark by taking unfair advantage of its distinctive character or repute;
- it entails the discrediting or denigration of that mark;
- or where the third party presents its product as an imitation or replica of the product bearing the trade mark of which it is not the owner.<sup>118</sup>

While some of these assessment factors can be traced back to EU legislation in the field of comparative advertising,<sup>119</sup> the prohibition of use that gives the impression of a commercial connection with the trademark owner, and the ban on use that damages or takes unfair advantage of the mark's distinctive character or repute, correspond to infringement criteria in the field of trademark protection against confusion and dilution.<sup>120</sup> The risk of circularity is obvious: by copying almost literally the criteria for establishing *prima facie* infringement, the CJEU subjects the referential use defense to additional scrutiny in the light of the same criteria that enabled the trademark owner to bring the infringement claim against the fashion upcycler in the first place. Obviously, this circular line of reasoning may render the defense argument moot in practice.<sup>121</sup> In the keyword advertising case

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<sup>118</sup> *Gillette/LA-Laboratories*, Case C-228/03 ¶ 49.

<sup>119</sup> Article 4(d), (f), (g) and (h) of Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 Concerning Misleading and Comparative Advertising (codified version), *Official Journal of the European Communities* 2006 L 376, 21; cf. *KUR & SENFTLEBEN*, *supra* note 9, at ¶ 6.72.

<sup>120</sup> Article 9(2)(b) and (c) EUTMR; Article 10(2)(b) and (c) TMD.

<sup>121</sup> Cf. *KUR & SENFTLEBEN*, *supra* note 9, at ¶ 6.73; *see also* *SENFTLEBEN*, *supra* note 69 (see the literature reference associated with *supra* note 112).

*Portakabin*, for instance, the Court did not find it contradictory to conclude that:

the circumstances under which a trade mark proprietor is, pursuant to Article 5(1) of Directive 89/104 [nowadays Article 10(2)(a) TMD], entitled to prevent an advertiser from using a sign identical with, or similar to, that trade mark as a keyword may [...] easily correspond to a situation in which the advertiser cannot claim that it is acting in accordance with honest practices in industrial or commercial matters, and cannot therefore validly rely on the exception...<sup>122</sup>  
(comment within brackets added)

The corrosive effect of this circular approach on defense arguments that could support fashion upcycling is evident. Following the current CJEU approach, the same findings that have led to the verdict of *prima facie* infringement, support the denial of compliance with honest practices. In consequence, the requirement of use in accordance with honest practices in industrial or commercial matters degenerates into a torpedo which the trademark proprietor can employ to neutralize referential use arguments that support the activities of fashion upcyclers. The symmetry of criteria for assessing *prima facie* infringement and determining honesty in industrial and commercial matters can easily lead to a situation where a finding of a likelihood of confusion or unfair freeriding already foreshadows a finding of dishonest practices.

Luckily, the discussion on the honest practices proviso has also led to proposals for a different, more nuanced approach that would allow judges to escape the described dilemma of circularity. Seeking to provide guidance for the 2015 law reform, the “Recommendation on Measures to Safeguard Freedom of Expression and Undistorted Competition in EU Trade Mark Law”<sup>123</sup> proposed to solve the problem of circularity in honest practices jurisprudence as follows:

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<sup>122</sup> Case C-558/08, *Portakabin Ltd. & Portakabin BV v. Primakabin BV* ECLI:EU:C:2010:416 ¶ 69.

<sup>123</sup> Senftleben et al., *supra* note 115, at 341-43; cf. *Yellow Dictionaries*, *supra* note 110, at 105; KUR & SENFTLEBEN, *supra* note 9, at ¶ 6.74.

The only way to make sense of the wording would be to clarify that although the basic concepts (likelihood of confusion, abuse of reputation) informing the evaluation of honest business practices are the same as those governing infringement, their application is different in that the leeway for using a basically conflicting mark is much broader where applications or limitations apply, thereby confining the proprietor's right to oppose such use to cases of disproportionate harm.<sup>124</sup>

The argument, thus, runs as follows: even if the assessment of honesty in industrial and commercial matters rests on the same criteria that have previously been used to establish *prima facie* infringement, the outcome can still be different when the criteria are applied in a more flexible way.<sup>125</sup> The required flexibility can be derived from the values underlying the defenses in EU trademark law, such as freedom of referring to trademarked fashion elements for the purpose of conveying the important message that production and consumption patterns in the fashion sector must change. Operationalizing this approach, a proposal can be put to good use which Annette Kur has made in the discussion about the marketing of repaired and refurbished products. She argues for a "context-sensitive evaluation of infringement"<sup>126</sup> that devotes sufficient attention to the behavior of the alleged infringer<sup>127</sup> and, in particular, to information surrounding the allegedly infringing product, including labelling that clearly indicates the changed status of the product and the person that has carried out the repair or refurbishment.<sup>128</sup>

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<sup>124</sup> Senftleben et al., *supra* note 115, at 339.

<sup>125</sup> *Yellow Dictionaries*, *supra* note 110, at 105; *cf. also* KUR & SENFTLEBEN, *supra* note 9, at ¶ 6.74.

<sup>126</sup> *As good as new*, *supra* note 18, at 235-36.

<sup>127</sup> See Lotte Anemaet, "Which Honesty Test for Trademark Law? Why Traders' Efforts to Avoid Trademark Harm Should Matter When Assessing Honest Business Practices", 70 GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT INTERNATIONAL 1025, 1037-38 (2021) (For a further plea for a stronger focus on the concrete behavior of the alleged infringer).

<sup>128</sup> *As good as new*, *supra* note 18, at 236.

For the development of appropriate labelling rules, the CJEU decision in *Viking Gas* can serve as a reference point.<sup>129</sup> The case concerned composite gas bottles which were intended for reuse a number of times. Against this background, the Court was satisfied that the bottles did not constitute mere packaging, but had an independent economic value which made them goods in themselves. Purchasers would be prevented from fully enjoying this property if the trademark proprietor could restrict their rights even after the first sale with her consent.<sup>130</sup> For this reason, the Court held that the sale of a composite bottle exhausted trademark rights and transferred to the purchaser the right to use that bottle freely, including the right to exchange it, or have it refilled, by an undertaking of his choice, including competitors of the trademark proprietor. As a corollary of this right of purchasers, competitors had the right to refill and exchange empty bottles – as long as they kept their activities within the limits of the honest practices proviso following from Article 14(2) TMD.<sup>131</sup>

Arriving at this conclusion, the Court had the opportunity to formulate guidelines for meeting the honest practices test in refill cases. As a general rule, the Court emphasized the obligation to act fairly in the light of the legitimate interests of the trademark proprietor. More concretely, competitors offering refill services had to avoid the erroneous impression of a commercial connection with the trademark proprietor. To assess whether this condition was met, it was necessary to take into account the labelling of the bottles, the circumstances in which they had been exchanged, the practices in the sector concerned, and, in particular, whether consumers were accustomed to empty containers being filled by other dealers.<sup>132</sup> In *Viking Gas*, it had been established that the composite gas bottles at issue bore word and figurative marks made up of the name and logo of the original producer and trademark owner Kosan Gas, and that these marks remained visible when the competitor Viking Gas affixed additional labels indicating that it had refilled the bottles.<sup>133</sup> According to the Court, this additional product labelling constituted a proper

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<sup>129</sup> *Id.* at 235-36; *cf.* Dorenbosch, *supra* note 4, at 148-49.

<sup>130</sup> Case C-46/10, *Viking Gas A/S v Kosan Gas A/S*. ECLI:EU:C:2011:222 ¶ 30-33.

<sup>131</sup> *Id.* at ¶ 35.

<sup>132</sup> *Id.* at ¶ 39-40.

<sup>133</sup> *Id.* at ¶ 11.

means of reducing the risk of an erroneous impression of a commercial connection and escaping the verdict of trademark infringement.<sup>134</sup>

In the more recent *Soda-Club* case, the Court confirmed these guidelines.<sup>135</sup> In particular, the Court stated again that a finding of non-infringement is possible even if the trademark of the original seller remains visible on the refilled product. As long as additional product labelling ensures clarity about the commercial source of the refilled product in the light of the practices in the sector and consumer awareness, the use can be permitted without prior authorization of the trademark proprietor.<sup>136</sup>

Applying these guidelines to the sustainable reuse of trademarked fashion items in fashion upcycling cases, it can be said that the behavior of the fashion re-user is decisive. In particular, it is important to assess the effort made to avoid the impression of a commercial connection with the trademark proprietor.<sup>137</sup> Appropriate labelling of circular economy products – clearly indicating the logo of the fashion upcycler – plays a central role. To give fashion upcycling a chance and realize the societal benefits of environmental sustainability,<sup>138</sup> it can be assumed that the reuse of trademarked fashion elements is an accepted and increasingly widespread practice in the fashion industry.<sup>139</sup> Moreover, it should be assumed that consumers are well aware that trademarked fashion pieces may be reworked and included in circular economy products.<sup>140</sup> Third-party trademarks that remain visible in the context of sustainable upcycling may be reminiscent of the original fashion items that served as raw materials. Consumers, however, are unlikely to misinterpret these references to the original products as indications of the commercial

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<sup>134</sup> *Id.* at ¶ 39-41.

<sup>135</sup> Case C-197/21, *Soda-Club & SodaStream Int'l* ECLI:EU:C:2022:387 ¶ 54; *see* Vrendenbarg, *supra* note 21, at 973-74 (For a further plea for a stronger focus on the concrete behavior of the alleged infringer).

<sup>136</sup> *Id.* at ¶ 54.

<sup>137</sup> *Cf.* Anemaet, *supra* note 127, at 1037-38, 1041.

<sup>138</sup> Articles 11, 13, 37 CFR; *see* Vrendenbarg, *supra* note 21, at 973-74 (As to the need for a proper balance that gives room for circular economy initiatives).

<sup>139</sup> *See* Tischner & Stasiuk, *supra* note 8, at 35-36 (For a similar line of argument in the area of repaired goods).

<sup>140</sup> *Cf. Id.* at 41-42.

source of circular economy products.<sup>141</sup> Instead, consumers will look for additional labelling, such as the fashion upcycler's logo on clothes, tags showing the logo on the inside, logos displayed on packaging, in shops etc. Indicating the fashion upcycler's logo clearly on the products themselves and offering appropriate information in connection with their sale, the fashion upcycler can thus dispel concerns about (post-sale)<sup>142</sup> confusion, and avoid a finding of blurring, tarnishment or unfair freeriding.<sup>143</sup> In the light of the overarching policy objective to support fashion upcycling as a legitimate and particularly important form of artistic speech, the assessment must be based on the perception of an average consumer who knows about the sustainable reuse of fashion items in the circular economy and looks actively for indications of commercial origin which the fashion upcycler adds to ensure transparency.<sup>144</sup>

In line with the CJEU approach in *Viking Gas* and *Soda-Club*, these guidelines bring the behavior of the fashion upcycler into focus.<sup>145</sup> For a trademark infringement action to have success, more is necessary than some likelihood of confusion, risk of damage, or a likelihood of exploiting the magnetism of an iconic fashion trademark. The fashion upcycler must deliberately aim at misleading consumers, causing damage or deriving unfair profit.<sup>146</sup> Unless the circumstances

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<sup>141</sup> Schenerman, *supra* note 4, at 765-66 (Admittedly, a study of consumer responses to repaired goods bearing the logo of the original manufacturers yielded mixed results and showed that, in this specific case, consumers may be misled); *See* Tischner & Stasiuk, *supra* note 8, at 53 (The situation in the field of upcycled products, however, is different because third-party trademarks will appear on reworked, modified products. It is not the purpose of upcycling to restore the original appearance of products. The consumer perception will thus be different.).

<sup>142</sup> Schenerman, *supra* note 4, at 778-80.

<sup>143</sup> Tischner & Stasiuk, *supra* note 8, at 33-34; *As good as new*, *supra* note 18, at 235; Anemaet, *supra* note 127, at 1037-38, 1041; Schenerman, *supra* note 4, at 766-69; Keats, *supra* note 5, at 717-18.

<sup>144</sup> *See* SENFTLEBEN, *supra* note 69, at 352-55 (As to the inclusion of normative considerations in the consumer concept and the determination of the consumer's level of knowledge); Graeme B. Dinwoodie & Dev Saif Gangjee, *The Image of the Consumer in European Trade Mark Law*, in *THE IMAGES OF THE CONSUMER IN EU LAW: LEGISLATION, FREE MOVEMENT AND COMPETITION LAW* 367 (Dorota Leczykiewicz and Stephen Weatherill eds., 2016).

<sup>145</sup> *Cf.* Anemaet, *supra* note 127, at 1037-38.

<sup>146</sup> *Cf.* SENFTLEBEN, *supra* note 69, at 468-69.

of fashion upcycling indicate clearly that the fashion re-user specifically aimed at harming consumers or the trademark owner, or at exploiting the third-party brand in an unfair manner, no dishonesty can be found.<sup>147</sup> Hence, appropriate labelling is decisive. The upcycling of trademarked fashion elements constitutes permissible referential use when customary modes of labelling are used to indicate the true commercial origin of the upcycled product. Using this rule consistently as a guideline for applying the referential use defense, courts can create a robust defense for fashion upcycling in EU trademark law.

#### CONCLUSION

Fashion upcycling is a form of reusing second-hand garments that has particular societal importance. It reduces fashion waste and contributes to environmental sustainability. Reworking and selling second hand and unsold fashion items, fashion upcyclers make a critical statement on the wasteful use of resources in the fashion industry. The use of trademarked fashion elements plays an important role in this free expression context. It makes the use of second-hand source material visible to consumers and enables them to understand the upcycled fashion product as an exponent of an alternative, different approach: as a harbinger of an indispensable change of course. Upcycled fashion products reflect the need for strategies to reduce fashion waste and pave the way for new, sustainable production and consumption patterns in the fashion sector. In upcycling contexts, third-party brand insignia are used in a specific metaphorical sense: as symbols of traditional production and consumption patterns which the upcycler seeks to overcome by providing an example of an alternative, sustainable approach.

Considering the importance of the message emanating from upcycled fashion products in the light of the environmental crisis, it is desirable to develop legal solutions that offer support for the specific free expression context in which the use of third-party trademarks takes place. Fashion upcyclers should benefit from a particularly high degree of legal certainty - an immunity against allegations of

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<sup>147</sup> Cf. *Robustness Check*, *supra* note 5, at 598-600.



trademark infringement – even though they reuse fashion items that bear third-party trademarks. To attain this goal, it is advisable to first explore options for recalibrating the gatekeeper requirement of use as a mark. In the case of circular economy products displaying a sign which the public recognizes as a third-party trademark, it should be decisive that the public understands that the trademark is used as a symbol of problematic production and consumption patterns, and that it has become part of a “new” product consisting of reworked fashion items that served as raw materials and that have been included to provide an example of an alternative, sustainable mode of production. This finding should tip the scales in favor of the upcycler and reverse the burden of proof. The trademark proprietor should only be able to rebut the presumption of permissible use by producing evidence that the circular economy setting is a mere pretext for explicitly misleading or deliberately diluting use.

Second, it can be considered to introduce a robust referential use defense. The use of fashion elements that bear third-party trademarks in upcycling contexts can be qualified as a legitimate reference to products of the original trademark owner – a reference that is made for the socially valuable purpose of providing a vision of better, more sustainable production and consumption practices. Again, the trademark proprietor should only be able to rebut the assumption of permissible use by furnishing evidence that there are unusual circumstances that support a finding of infringement. Despite this conceptual parallel, there is an important difference: a solution based on the referential use defense does not prevent the trademark proprietor from establishing *prima facie* infringement. Hence, allegations of infringement and cease-and-desist letters are not unfounded and pointless from the outset. The referential use approach, thus, offers less legal certainty than an approach based on the upfront denial of use as a mark. Appropriate labelling guidelines, however, can strengthen the position of fashion upcyclers. For instance, trademark law can reassure upcyclers that, using customary modes of indicating the commercial origin of fashion products, they can ensure compliance with honest practices in industrial or commercial matters and reliably escape the verdict of trademark infringement.