

Louis Vuitton loses the chequerboard match

Luxury lovers would certainly be familiar with the fabric referred to as “Damier Azur”, which has been used by the prestigious French Maison Louis Vuitton for the creation of certain bags and luggage since the end of the nineties. This material is characterized by a chequerboard pattern that has not only seen the spotlights of the catwalks, but also those of the administrative and judicial chambers, which for years have presided over fights about whether it should enjoy, or perhaps better to say, whether it should not lose, the “status” of trademark.

Indeed, the spotlights of the administrative offices first turned to this material in the – now distant – year 2015, when Mr. N.W. started proceedings before the EUIPO in order to obtain a declaration of invalidity of the international trademark protecting the pattern of the fabric “Damier Azur” as distinctive sign for bags and luggage, which was registered by LV in 2008 and designated, inter alia, the European Union.

LV lost the first round and, in 2016, the trademark was declared invalid for lack of distinctive character. The Maison appealed the decision, claiming that the contested mark had acquired distinctive character through use. However, the second round was similarly unsuccessful because, in 2018, the EUIPO held that the evidence provided by LV did not substantiate distinctive character acquired through use of the fabric “Damier Azur”. Accordingly, in 2019 LV turns to the European Court of Justice, finally obtaining a result that shows that the game is not over yet: the General Court held that during the appeal stage, the EUIPO failed to examine all the relevant evidence and to carry out an overall assessment of that evidence, and remanded the case to the EUIPO. Taking into account the indications provided by the court, the EUIPO revisited the issue in 2020, but, again, the Board of Appeal came to the conclusion that LV did not demonstrate that the pattern “Damier Azur” had acquired distinctive character.

This brings us to the fifth round. Following a second appeal by LV to the CJEU, the General Court delivered the decision at issue, i.e., case T-275/21 of October 19, 2022 in which, this time, the court rejects LV’s claims. Apart from the disappointing result for LV, the decision is quite interesting and, it is very likely that it will set a new direction for future rulings on the issue of secondary meaning.

It is apparent from the decision that the unitary character of the EU trademark is of the utmost importance. Indeed, the General Court has provided useful guidance to those in the future that seek to obtain a decision assessing distinctive character through use of a mark as set out in articles 7(3) and 59(2) of Regulation 2017/1001.

The type of evidence necessary to demonstrate the acquisition of distinctive character through use

As a useful starting point, in the decision, the General Court provides a list of examples of evidence that are indicated as useful to show that the public can associate a certain sign with a specific source of origin:

1. Documents containing information as to the market shares of the relevant trademark (intensity of use, geographic widespread and long-standing use are fundamental factor for the assessment);

2. Sale invoices;
3. Extracts of catalogues and advertising material;
4. Statements confirming the distribution of advertising material;
5. Documents showing use of the trade mark on the web;
6. Expert statements;
7. Opinion polls;
8. Documents relating to infringement proceedings concerning the contested mark.

The indications provided regarding each type of evidence

Then, the General Court provided additional indications – some of them specifically applicable to the luxury market – regarding the requirement of that the documents listed above be sound and reliable.

a) Market share

When the luxury market is involved, even if the general public does not usually purchase this type of product, it is however possible to take into account that said public has nonetheless the perception and knowledge of the luxury market and, as a consequence, the market share emerging from how the sector is ranked may be relevant to assess the public's perception of the trademark.

b) Sales invoices

Sales invoices showing the volume of sales are not per se sufficient to prove that the sign has acquired distinctive capacity through use, but they can be corroborated by other pieces of evidence, such as statements from professionals of the sector. Moreover, it will be necessary to take into account that, in the luxury sector, a limited number of sales invoices is not per se an indicator of the limited or lack of awareness by the relevant public, because the companies operating in the luxury market, generally, pursue a market strategy based on exclusivity.

c) Excerpts from catalogues and advertising campaigns

When such documents are written in a language that is different from the language used in the market of interest, this does not imply that the material should be considered irrelevant, in particular in the luxury sector, in which the public focuses its attention more on the images than on text. However, to be relevant, the material should be addressed to the public and not merely intended for internal use.

d) Statements concerning the distribution of advertising material

These types of statements may represent a useful piece of evidence when aimed, for example, at certifying the number of copies that were distributed on a certain market. In this respect, in order to establish if the number of copies is sufficient, it would be necessary to take into account the size of the population of the country at issue (in the case under consideration, distribution to the public of about 14.000 copies of a number of was considered by the judges to be sufficient for the Estonian market).

e) Evidence concerning the use of the mark on the internet

Currently, the growing importance of using a mark on the internet is undeniable, but in order to prove that a sign has acquired distinctive character, it is necessary to demonstrate that the website pages target a significant part of the relevant public in the member States where the mark was, ab initio, devoid of inherent distinctiveness. In this framework, the pieces of evidence referring to websites associated with generic top-level domain names, such as “.com” or “net” (or to use of the mark through social networks) will play a more important role than the documents referring to websites associated with a particular Member State (e.g., “.it”). Further, this kind of document must be corroborated by a traffic analysis report for the sites considered.

f) Expert statements

The probative value of statements made by experts who are not involved or somehow connected with the dispute (e.g., statements of the chambers of commerce) is higher, and indeed they constitute direct evidence having a “high probative value”.

g) Opinion polls

The results of an opinion poll may be categorized as direct evidence, provided they contain non-leading questions and are based on a representative sample. When the marketing strategy of the operator targets a group of EU Member States, the opinion polls may also reflect the same group of States.

h) Decisions confirming that the mark has been infringed

The outcomes of legal proceedings confirming that the relevant trademark has been infringed – possibly filed together with statements of the lawyers involved and stating the number and volume of any seizures involved – may also constitute a valid piece of evidence. However, the fact that the counterfeited products were found in a certain territory does not imply that said products may also be considered present on the market of other territories. In any case, the probative value will depend on the capacity of the applicant to demonstrate the link between the sign and the public’s perception.

Conclusions

As mentioned above, these guidelines must be interpreted taking into account the unitary character of the EU trademark. In this respect, the court recognized that it would be unreasonable to request separate and specific evidence for each country. As a consequence, the pieces of evidence may refer to several EU countries, or even to the whole European Union territory. Having clarified this, however, the proof submitted to demonstrate acquired distinctiveness must show that the mark has been used throughout the European Union territory and not only on a part of it, even if that part is quite large. It follows that, even when the evidence refers to “groups of member states”, they should not exclude any part of the EU territory.

It must be pointed out that the court’s decision has been adopted on the basis of the reasoning developed by the Board of Appeal of EUIPO with decision R- 274/2017 – 2, which analysed the evidence by dividing the EU member states in three groups. As a matter of fact, in the judgement examined herein, the General Court refers more than once to some pieces of evidence concerning a group of States where LV did not have a store (Bulgaria, Estonia, Latvia, Lithuania, Slovakia, and Slovenia) and concludes, sharing the conclusions raised by the Board of Appeal, that the distinctive character of the pattern “Damier Azur” had not been acquired.

The General Court also emphasized that LV’s observation that consumers of the luxury sector, being accustomed to travel and using the internet to search for information, would maintain a homogeneous behaviour in different countries, is a too vague an argument and it is not sufficient to satisfy the burden of proof that lies with the party that is required to demonstrate the acquisition of distinctive character through use. As a matter of fact, the proprietor has to adduce specific and substantiated evidence for that purpose.

In the present proceedings, the General Court noted that LV had not proved – or even alleged – that the groups of countries with geographic and cultural proximity (for example, according to LV, Latvia and Lithuania on the one side, and Poland and Sweden on the other side) would be part of the same distributive network, or of a group managed by the Maison according to the same marketing strategy.

Besides the unfavorable outcome for LV, this decision is likely to become the north star for those travelling into the dangerous waters of the evidence necessary to demonstrate that a pattern that is apparently common or banal has acquired distinctive character through use, such that the public can perceive it as a truly distinctive trademark